

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 1380
ANSWERED ON FRIDAY THE 18TH JULY, 2014
[ASHADHA 27, 1936 (SAKA)]**

**CORPORATE SOCIAL RESPONSIBILITY
QUESTION**

**1380. SHRI KODIKKUNNIL SURESH :
SHRI BADRUDDIN AJMAL :**

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Government proposes to include Corporate Social Responsibility (CSR) for all the public and private sector companies under the new Companies Act, 2012 mandating compulsory expenditure of two per cent of their profits on various social activities including improvement of health sector and if so, the details thereof along with the activities under CSR allowed in the existing CSR Policy;
- (b) whether the Government proposes to include more activities and enhance expenditure in the existing CSR for the said companies and if so, the details thereof along with the annual average expenditure incurred by the companies including Mahanavratna and Navratna companies under CSR during each of the last three years and the current year;
- (c) whether the cases of under misutilisation of funds by the said companies under CSR have come to the notice of the Government during the said period and if so, the details thereof, company-wise and the action taken by the Government thereon;
- (d) whether the Government has put in place any monitoring mechanism to monitor the utilisation of funds by the said companies under CSR and if so, the details thereof; and
- (e) the other steps taken/being taken by the Government to ensure proper implementation of CSR and judicious use of funds therein by the said companies?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS
कारपोरेट कार्य मंत्री

(SHRI ARUN JAITLEY)
(श्री अरुण जेटली)

(a) to (e): Section 135 of the Companies Act 2013 mandates every company above a certain threshold level of turnover or net worth or net profit to spend at least

two per cent of its average net profits during the three immediately preceding financial years on Corporate Social Responsibility (CSR). Activities that can be undertaken have been specified in Schedule VII of the Act, which is annexed. As announced in the budget speech of Hon'ble Finance Minister, 'Slum Development' is also proposed to be added to Schedule VII.

As per provisions of the Act, monitoring of implementation of CSR policy is with the Board of the Company. Besides, Audit under the Companies Act will also afford effective monitoring in this regard. In order to provide guidelines to corporates for proper implementation of CSR, the Ministry has also issued a series of clarifications through a General Circular dated 18th June 2014 (<http://www.mca.gov.in>), that deals with certain matters not covered under the Act or Rules but which facilitate smooth implementation of their CSR Policies.

The provisions of CSR under Section 135 of the Companies Act, 2013 and Rules made thereunder have come into force only recently, i.e., 01.04.2014. Details about the expenditure incurred by the companies under CSR would be available to Ministry of Corporate Affairs only after the mandatory disclosures of CSR expenditure are made by companies, which would be due within six months after completion of financial year 2014-15, i.e. after September 2015. Department of Public Enterprises have informed that no complaints of misutilisation of CSR funds by Maharatna companies have come to their notice.

ACTIVITIES COVERED IN SCHEDULE VII OF THE COMPANIES ACT 2013

Indicative activities which can be undertaken by a company under CSR have been specified in Schedule VII of the Act, as conveyed vide notification dated 27-02-2014, the Schedule VII enlists the following items:

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation and making available safe drinking water;**
- (ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;**
- (iii) promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;**
- (vi) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;**
- (v) Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;**
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;**
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and 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 and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;**
- (ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;**
- (x) rural development projects.**
