

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 356
ANSWERED ON MONDAY, THE 26TH NOVEMBER, 2012**

EXPENDITURE ON CSR

QUESTION

356. Dr V. MAITREYAN:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government has made it mandatory for corporate sector to spend two per cent of the companies' net profit under Corporate Social Responsibility (CSR);
- (b) if so, the details thereof;
- (c) whether the corporate sector has expressed their reservations/objections in this regard; and
- (d) if so, the details thereof and Government's reaction thereto?

ANSWER

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE
MINISTRY OF CORPORATE AFFAIRS (SHRI SACHIN PILOT)

- (a) to (d): Clause 135 of the Companies Bill, 2011, interalia, provides for the Boards of specified companies to spend atleast 2% of the average net profits (of last 3 years) in pursuance of the company's Corporate Social Responsibility(CSR) policy and in case of failure, to specify the reasons for not spending such amount in the Board's Report.

The provisions on CSR in the Companies Bill, 2011 were formulated also keeping in view the suggestions received from various stakeholders. The Hon'ble Parliamentary Standing Committee on Finance which examined the Companies Bill, 2009 and the Companies Bill, 2011 has also recommended inclusion of these provisions in the Bill. The Ministry has not received any communication from any company expressing reservations/objections about the provision referred above.
