

enrolment of a vertical chain of investors/agents constitutes "Money Circulation" and is banned under the Prize Chits and Money Circulation (Schemes) Banning Act, 1978 which is implemented by the States. In order to facilitate effective control of MLM a Group of Officers from Ministries of Finance, Corporate Affairs and Consumer Affairs along with representatives of Reserve Bank of India, Central Economic Intelligence Bureau (CEIB) and the Serious Fraud Investigation Office (SFIO) have prepared Model Rules called Money Circulation Scheme (Banning) Rules, to explicitly cover MLM under the said Act. Ministry of Finance (Department of Financial Services) has sent the rules for notification to the States.

Inspection of fraudulent companies

3605. SHRI K. C. TYAGI: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government has conducted inspection of companies which were found to have indulged in irregularities;
- (b) if so, the names of such companies inspected after receiving complaints against them during the last five years; and
- (c) the steps taken by Government, including amendment of the laws, if any, to keep effective check on frauds/irregularities committed by companies against the investors?

THE MINISTER OF STATE OF THE MINISTRY OF CORPORATE AFFAIRS (SHRI SACHIN PILOT): (a) and (b) Yes, Sir. During last five years *i.e.* from 2008-09 to 2012-13, 782 inspection reports in respect of companies were received in the Ministry. Based on the findings in the inspection reports, penal actions have been taken against the companies and their directors/officers in default for violation of various provisions of the Companies Act, 1956.

(c) The Ministry has taken following steps to keep effective check on frauds/irregularities committed by companies:

- (i) An Early Warning System has been devised to generate alerts on the basis of certain parameters;
- (ii) Market Research and Analysis Unit has been set up in the Serious Fraud Investigation Office; and

- (iii) Certain class of companies have been mandated to file their balance sheets in Xtensible Business Reporting Language (XBRL) mode for analysis of data and generation of alerts on the basis of certain parameters.

Restriction on religious donations under CSR

3606. SHRI P. BHATTACHARYA:

SHRI AJAY SANCHETI:

SHRI K.C. TYAGI:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government has any plan to put a strict provision in the proposed Companies Bill to stop religious donations in the garb of Corporate Social Responsibility (CSR);

(b) if so, the details thereof; and

(c) how it would ensure that CSR funds are invested in such a way that it contributes to growth and quality of life of common people?

THE MINISTER OF STATE OF THE MINISTRY OF CORPORATE AFFAIRS (SHRI SACHIN PILOT): (a) to (c) The Companies Bill, 2012 incorporates a provision of Corporate Social Responsibility (CSR) under clause 135 which states that every company having net worth Rs. 500 crores or more, or turnover of Rs. 1000 crores or more or net profit of rupees five crores or more during any financial year, shall constitute a CSR Committee of the Board consisting of three or more Directors, including at least one Independent Director, to recommend activities for discharging corporate social responsibilities in such a manner that the company would spend at least 2 per cent of its average net profits of the previous three years on specified CSR activities. Draft rules would be framed in consultation with stakeholders/public once the Bill is passed in the Rajya Sabha.

Contribution to trusts under CSR

3607. SHRI ARVIND KUMAR SINGH:

SHRI PRABHAT JHA:

SHRI ALOK TIWARI:

Will the Minister of CORPORATE AFFAIRS be pleased to state: