

Spending under CSR

2249. SHRI RONALD SAPA TLAU: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that Government has made it mandatory for all PSUs and contractors to regularly pay a certain percentage of their budget for Corporate Social Responsibility dues;

(b) if so, the present percentage required;

(c) whether Government has a system to annually assess their performance;

(d) if so, the steps Government proposes to take against the defaulters; and

(e) if not, the benefit accruing to Government by making such a rule?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI P. P. CHAUDHARY): (a) to (e) Every company having net worth of ₹ 500 crore or more or turnover of ₹ 1000 crore or more or net profit of ₹ 5 crore or more during the immediately preceding financial year shall be liable to spend at least 2% of the average net profits of the company made during the three immediately preceding financial years on Corporate Social Responsibility (CSR) activities in areas or subjects specified in Schedule VII of the Companies Act, 2013 (Act). Every such company will have a CSR Committee which will (i) formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the company (ii) recommend the amount of expenditure to be incurred on such activities and (iii) monitor the CSR policy from time to time. Further, the Board of such company shall approve the CSR policy recommended by the CSR Committee and ensure that activities included in the CSR policy are undertaken by the company. Whenever, violation of CSR provision is reported, the Registrar of Companies initiates action against such non-compliant companies after due examination of records. For the FY 2014-15, prosecution against 254 companies were sanctioned out of which 33 companies have filed applications for compounding. In addition to this, the Ministry has established Centralized Scrutiny and Prosecution Mechanism (CSPM) in April, 2018 for the financial year 2015-16 onwards on pilot basis for enforcement of CSR provisions. CSPM has been tasked to start with examination of records of top 1,000 companies mandated to spend on CSR. Based on inquiry, preliminary notices have been issued to 272 companies.