

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): (a) No such proposal is under consideration of the Government.

(b) and (c) Corporate Social Responsibility (CSR) is a board driven process and the board of the company is empowered to decide the activities to be undertaken as per Schedule VII of the Companies Act, 2013 taking into consideration the recommendation of its CSR committee. The entire CSR architecture is disclosure based and CSR mandated companies are required to file details of CSR amount spent annually in MCA21 registry. Whenever any violation of CSR provisions is reported, action against such non-compliant Companies are initiated as per provisions of Companies Act, 2013 after due examination of records. So far, sanction for prosecution has been accorded in 366 cases. All CSR related offences are compoundable. So far 118 applications for compounding have been made and 37 cases have been compounded.

Transparency in Chit Funds schemes

2408. SHRI P. BHATTACHARYA:

DR. AMEE YAJNIK:

SHRI VIJAY PAL SINGH TOMAR:

SHRI RAJMANI PATEL:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether any action has been taken by Government for increasing the transparency in the Chit Funds schemes, which have earned negative image in the recent past and to protect the subscribers and also to regulate the Chit Fund Industry; and

(b) if so, the details of the action taken by Government to tackle this issue?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): (a) and (b) The Ministry of Finance, Department of Financial Services has informed that to facilitate orderly growth of the Chit Funds sector, to remove bottlenecks being faced by the Chit Funds industry, and to enable greater financial access to people, the Chit Funds (Amendment) Bill, 2019 was introduced in Lok Sabha on 05.08.2019. The Bill was passed by the Lok Sabha on

20.11.2019 and by the Rajya Sabha on 28.11.2019. The Bill provides for amendments to the Chit Funds Act, 1982 to provide for the use of the terms "Fraternity Funds" and "Rotating Savings and Credit Association (ROSCA)" as alternate names for chit funds, so that legitimate/registered chit funds are distinguished from illegal "Prize Chits", helping in image make-over and brand building. Prize Chits are entirely different and are banned under a separate legislation, namely the Prize Chits and Money Circulation Schemes (Banning) Act, 1978. Similarly, the Bill provides for amendments to replace the term "chit amount" by "gross chit amount" and the term "prize amount" with "net chit amount", to remove confusion with respect to illegal prize chits.

Tax deduction on CSR funding

2409. DR. T. SUBBARAMI REDDY: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the High Level Committee on Corporate Social Responsibility (CSR) suggested doing away with provision for imprisonment in case of violation of CSR spending requirement and also allowing for tax deduction on the expenditure;
- (b) if so, the response of Government thereto;
- (c) whether the Ministry will take up strongly with the Finance Ministry for allowing tax deduction on the CSR fund spending in the respective year; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI ANURAG SINGH THAKUR): (a) to (d) Yes, Sir. The High Level Committee on Corporate Social Responsibility (HLC-2018) submitted its report to the Government on 07.08.2019. The report is available on the Ministry's website at www.mca.gov.in. The Committee recommended that in case of violation of CSR provisions, penalty may be imposed instead of imprisonment. In respect of tax benefit for CSR activities, the Committee recommended that all activities listed under Scheduled VII of the Companies Act, 2013 to enjoy uniform tax benefit and CSR expenditure to be made deductible from the income earned for the purpose of taxation. Ministry of Corporate Affairs is considering these recommendations for implementation.