

AS INTRODUCED IN THE RAJYA SABHA
ON THE 5TH DECEMBER, 2025

Bill No. XXXII of 2025

THE COMPANIES (AMENDMENT) BILL, 2025

A
BILL

further to amend the Companies Act, 2013.

BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India
as follows: —

1. (1) This Act may be called the Companies (Amendment) Act, 2025.

Short title and
commencement.

(2) It shall come into force on such date as the Central Government may, by
notification in the Official Gazette, appoint.

2. In section 135 of the Companies Act, 2013 for sub-section (1), the following shall be substituted, namely:—

“(1) Every company having net worth of rupees one hundred crore or more, or turnover of rupees five hundred crore or more or a net profit of rupees three crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director and one among the other directors shall have extensive experience in planning and implementing Corporate Social Responsibility projects.

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.”

STATEMENT OF OBJECTS AND REASONS

In India, the Ministry of Corporate Affairs introduced Corporate Social Responsibility (CSR) as a mandatory compliance for large companies under the Companies Act, 2013. Thus, it is a statutory obligation for companies to engage in CSR activities, which will help them to achieve sustainable development goals and transform societal conditions. As of now, it is stipulated in the Companies Act, 2013 that all firms with net worth of rupees 500 crore or higher, or turnover of rupees 1,000 crore or above that, or a net profit of rupees 5 crore or more during the immediately preceding financial year, are required to compulsorily spend 2 per cent. of their average annual profit of the preceding three years on CSR activities.

Ever since the Government has made CSR mandatory for companies belonging to a certain category, there has been substantial investment in community development, education and health. The spending on CSR by the firms indeed plays a vital role in social and economic transformation especially when the Government is retreating from social sector spending. Therefore, there is a need to increase the magnitude of CSR operations in order to reach more people and communities. This can be attained through the expansion of the scope of the CSR into more companies with medium size. Hence, the proposed bill provides for lowering the limits of the mandatory conditions for CSR in order to reach out to smaller companies. If CSR is mandatory for all firms with net worth of rupees 100 crore or more, or turnover of rupees 500 crore or more or a net profit of rupees 3 crore or more, a large number of companies will be automatically included under the purview of CSR funding. This would result in more social sector funding from the private sector.

Besides, the existing CSR law stipulates the formation of a CSR Committee at the board level, with three or more directors with an independent director. However, there is no provision for including a director with deep knowledge and expertise in the idea and practice of CSR. The proposed Bill aims to fill this gap with the appointment of a director with extensive experience in CSR activities.

Hence, this Bill.

SANDOSH KUMAR P.

ANNEXURE

EXTRACT FROM THE COMPANIES ACT, 2013
(18 OF 2013)

* * * * *

Corporate Social
Responsibility.

135. (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director:

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.

* * * * *

RAJYA SABHA

A
BILL

further to amend the Companies Act, 2013.

(Shri Sandosh Kumar P., M.P.)