

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
RAJYA SABHA
QUESTION NO 07.03.2011
ANSWERED ON
USE OF PROFITS FOR NON CORE SOCIAL ACTIVITIES

1139

Sardar Sukhdev Singh Dhindsa

Will the Minister of COALCORPORATE AFFAIRS be pleased to state :-

- (a) whether Government is planning to make it mandatory for companies to set aside 2 per cent of their profits for non-core social activities; and
- (b) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE (SHRI R.P.N. SINGH) MINISTRY OF CORPORATE AFFAIRS

(a) & (b) Parliamentary Standing Committee on Finance has recommended the spending of 2% of average net profit during the three immediately preceding financial years on Corporate Social Responsibility (CSR) activities by a company along with sufficient disclosure in the Directors' report to the members. In case the companies are not in a position to spend as above, they are required to explain the reasons thereof. These provisions have been included in the Companies Bill, 2011.