

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 17  
ANSWERED ON TUESDAY, THE 11<sup>th</sup> DECEMBER, 2018**

**COMMITTEE FOR COHERENT POLICY ON CSR**

**QUESTION**

17. SHRI D. RAJA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that a High Level Committee was set up to set out a roadmap for a coherent policy on Corporate Social Responsibility (CSR);
- (b) if so, the details and the result thereof;
- (c) whether the provision in the Companies Act, 2013 under which the companies should spend at least two per cent of its average net profit for the previous three years on CSR activities, has been implemented; and
- (d) if not, what action has been taken against the erring companies?

**ANSWER**

**THE MINISTER OF STATE FOR LAW AND JUSTICE  
AND CORPORATE AFFAIRS**

**(SHRI P. P. CHAUDHARY)**

(a) and (b) : Yes, Sir. A High Level Committee on Corporate Social Responsibility-2018 has been constituted on 22.11.2018 under the Chairmanship of Secretary, Ministry of Corporate Affairs (MCA) to review the existing framework and guide and formulate the roadmap for a coherent policy on CSR. The scope of Committee are as follows:

- (i) To review existing CSR framework as per Act, Rules and Circulars issued from time to time.
- (ii) To recommend guidelines for enforcement of CSR provisions.
- (iii) To suggest measures for adequate monitoring and evaluation of CSR by companies.
- (iv) To examine and recommend audit (financial, performance, social) for CSR, as well as, analyze outcomes of CSR activities /programmes/projects.
- (v) Any other matter incidental or connected thereto.

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(c) and (d): Yes, Sir. Every company having net worth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or net profit of Rs. 5 crore or more during the immediately preceding financial year shall ensure that company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately financial years, on Corporate Social Responsibility (CSR) activities, in areas or subjects specified in Schedule VII of the Companies Act, 2013 ('Act'). Further, 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. CSR activities are enlisted under Schedule VII of the Act and broadly, include policy initiatives of the government for sectoral development. 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 284 companies were sanctioned out of which 33 companies have filed application for compounding. In addition to this, 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. Based on scrutiny, preliminary notices have been issued to 5,382 companies for financial year 2015-16.

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