

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

STARRED QUESTION NO:74

ANSWERED ON:11.07.2014

CORPORATE SOCIAL RESPONSIBILITY POLICY

Panda Shri Baijayant "Jay";Pradhan Shri Nagendra Kumar

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has notified the Corporate Social Responsibility Policy Rules, in pursuance of the enactment of Companies Act, 2013 and if so, the salient features of the CSR Policy Rules;
- (b) the activities on which funds for CSR permitted to be expended;
- (c) whether the Government has held deliberations with major stakeholders including civil society before formulation of the statutory rules on CSR and if so, the details thereof;
- (d) whether the Indian Institute of Corporate Affairs has signed any Memorandum of Understanding (MoU) with Grant Thornton India LLP for effective implementation of CSR rules and if so, the details thereof along with the objectives of the said MoU; and
- (e) the other steps taken/proposed to be taken by the Government for effective implementation of CSR Policy Rules by companies across the country?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN ANSWER TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 74 FOR 11.07.2014 REGARDING CORPORATE SOCIAL RESPONSIBILITY POLICY

(a) to (c): The Companies (Corporate Social Responsibility Policy) Rules, 2014 were finalised in consultation with various stakeholders including civil society and notified on 27.04.2014. The Rules have been placed in the Ministry's website (<http://www.mca.gov.in>). The salient features of Rules include the following:

(i) While companies with Independent Directors will have the Corporate Social Responsibility (CSR) Committee of the Board in accordance with Section 135 of the Act, private companies and others without such Directors will have their CSR Committee without Independent Directors.

(ii) Companies with only two Directors will have a Committee consisting of these persons.

(iii) Foreign companies required to comply with Section 135 will have two persons in the Committee, one of whom must be a resident of India.

(iv) Every company which ceases to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to constitute a CSR Committee and comply with the provisions contained in sub-section (2) to (5) of the said section till such time it meets the criteria specified in sub-section (1) of section 135.

(v) The Board's report shall include an annual report on CSR containing particulars specified in prescribed format. The Companies (Corporate Social Responsibility Policy) Rules, 2014 provide the format for the annual report on CSR.

(vi) Companies are free to implement their CSR Policy through Trusts or Societies or Section 8 companies (Section 25 companies under the Companies Act 1956) floated/established by them. Alternatively, they can get their CSR Policy implemented through similar agencies with three years' proven track record.

Indicative activities which can be undertaken by a company under CSR have been specified in Schedule VII of the Act, as conveyed vide notification dated 27-02-2014. The items enlisted in Schedule VII are provided at Annexure.

(d): A Memorandum of Understanding (MoU) was signed between Indian Institute of Corporate Affairs (IICA) and Grant Thornton India LLP on 03rd June 2014 with the following main objectives:

(i) Developing capacities of Indian companies for effective implementation of the CSR Rules.

(ii) Assistance to companies to give effect to activities undertaken in pursuance of their CSR Policies.

(e): The Ministry has issued a series of clarifications through a General Circular dated 18th June 2014 (<http://www.mca.gov.in>) for effective implementation of CSR Policy Rules and to deal with certain matters not covered under the Act or Rules but which facilitate smooth implementation of their CSR Policies.