

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 4032
ANSWERED ON TUESDAY, THE 3rd APRIL, 2018**

ACTION AGAINST NON-COMPLIANCE OF CSR NORMS

QUESTION

4032. SHRI K. K. RAGESH:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether a large number of companies are failing to comply the mandatory norms of spending two per cent of their annual average net profit on Corporate Social Responsibility (CSR),
- (b) if so, the details of such companies for the last three years, year-wise; and
- (c) the details of action taken against such companies for non-compliance of CSR norms?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a) to (c): Section 135 of the Companies Act, 2013 ('the Act') mandates every company above the specified thresholds of turnover, or net worth, or net profit to spend at least two per cent of the average net profits earned during the three immediately preceding financial years on Corporate Social Responsibility (CSR) activities specified in Schedule VII of the Act. As per second proviso to section 135(5) of the Act, the Board of a company shall give specific reasons for not spending the prescribed CSR funds and disclose the same in its Board's Report. Whenever violation of CSR provisions is noticed, action under section 134 (8) of the Act is initiated. Government has so far accorded permission for initiating such penal action against 228 companies for non-compliance of provisions of section 135 read with section 134 (3) (o) of the Act for financial year 2014-15.
