

## CSR rules to be finalized by first week of January: Sachin Pilot

Moving ahead with implementation of the new companies law, government will soon begin notifying detailed rules for its various provisions, beginning with the much-awaited corporate social responsibility (CSR) norms in first week of January.

Replacing the nearly six-decade old regulations for corporates, the new Companies Act makes it mandatory for certain class of profitable enterprises to spend money on social welfare activities and such expenses are estimated to total about Rs.15,000-20,000 crore a year.

The rule-making process for Companies Act, 2013, saw extensive public consultations and the exercise is now nearing completion, while CSR regulations would be among the first to get a detailed set of rules.

“The ministry has finalized the CSR rules and we have send it to the law ministry for vetting. In about a week’s time, we will notify these rules,” corporate affairs minister Sachin Pilot told *PTI* in an interview.

According to him, the rules are exhaustive and efforts have been made to include as much as possible, including health care and environment. Besides, a provision has been made under which any activity deemed as CSR by the board of the concerned company would qualify for the same, provided a disclosure is made about that for the benefit of shareholders.

Considered first of its kind, the new legislation requires certain class of companies to spend at least 2% of their three-year average annual net profit towards CSR activities. Companies having net worth of at least Rs.500 crore or having minimum turnover of Rs.1,000 crore or those with at least net profit of Rs.5 crore, have to make CSR spend. In case the firms are unable to spend the money, they have to provide reasons and disclose the same.

When asked what would happen if companies fail to make necessary disclosures on CSR, Pilot said then it is a “serious offence”. “There are some compulsory reporting (requirements)... If you don’t spend and you don’t report, then there is trouble for the company,” the minister said.

Asserting that any activity should be approved by the company’s CSR committee and the board, Pilot said the government only wants “full disclosure”.

Pilot has always maintained that the government would not want to be the judge and jury on how to spend the CSR money.

In response to a query on whether creating electoral awareness would be considered as CSR, the minister said if a company is interested in doing so they can do it but with the

approval of its board. “Any CSR activity, whether it is in the rule or not, has to be approved by the CSR committee of the board,” he said.

*(Livemint.com)*