

Govt to take up Cos Bill in Budget Session: Moily

The government today said it is hopeful of taking up the new Companies Bill for consideration and passage in the upcoming Budget Session of Parliament.

"Standing Committee had their first meeting on January 24. I expect them to give (clearance) as early as possible so that I can present the Bill in the next session of Parliament and get it passed," Corporate Affairs Minister Veerappa Moily told reporters here.

The Companies Bill, 2011, which was listed for passage in the Winter Session, was strongly opposed by the Opposition parties and UPA ally Trinamool Congress as they said this was virtually a new Bill with considerable alterations to the earlier version.

As a result, the Bill has to be sent back to the Parliamentary Standing Committee on Finance for scrutiny.

The new legislation seeks to replace the half-a-century-old Companies Act, 1956, and modernise corporate practices in line with developments taking place across the globe.

The Bill will introduce new rules, covering areas such as corporate social responsibility (CSR), class action suits and a fixed term for independent directors. It also proposes to tighten laws for raising money from the public.

The Bill also seeks to strongly check insider trading by company directors or key managerial personnel by treating such activities as a criminal offence.

Further, it has proposed that companies should earmark 2% of their average profit of the preceding three years for CSR activities and make a disclosure to shareholders about the policy adopted in the process.

Meanwhile, speaking at the CSR Conclave organised by SCOPE-IICA, SCOPE Director General U D Choubey said the mandatory provision of corporate social responsibility (CSR) in the public sector should be extended to the private sector.

Choubey also stressed on the need for social audit of the expenses incurred by NGOs.

Under the CSR provisions for PSUs, a company with a net profit of less than Rs 100 crore will have to spend 3-5% of it on the CSR.

Those PSUs with a net profit of Rs 100-500 crore a year will have to earmark 2-3% of it for CSR. A company with a bottomline of Rs 500 crore and above will have to set aside 0.5-2% for CSR activities, which should preferably be related to its business as a natural corollary.

Moily further said he has sought a report on the huge quantum of 'sundry income' reported by several Indian entities of PricewaterhouseCoopers (PwC).

"I sought a report... First we will get an appropriate report. If there is prima facie case, we will proceed later," Moily added.

(Business Standard)