

Govt issues notices to 272 firms for non-compliance with CSR norms

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The Ministry of Corporate Affairs has issued "preliminary notices" to 272 companies for alleged non-compliance with CSR provisions under the companies' law.

In a written reply to the Rajya Sabha, the Minister of State for Corporate Affairs P P Chaudhary said whenever violation of CSR provision is reported, the Registrar of Companies takes action after due examination of records.

Under the Companies Act, 2013, certain class of entities is required to spend at least 2 per cent of their three-year average net profit towards Corporate Social Responsibility (CSR) activities.

"The ministry has established Centralised Scrutiny and Prosecution Mechanism (CSPM) in April, 2018 for the financial year 2015-16 onwards on pilot basis for enforcement of CSR provisions.

"CSPM has been tasked to start with examination of records of top 1,000 companies mandated to spend on CSR. Based on inquiry, preliminary notices have been issued to 272 companies," Chaudhary said.

According to him, for the 2014-15 fiscal, the ministry sanctioned prosecution against 254 companies and out of them, 33 firms filed applications for compounding.

Generally, compounding refers to paying an amount in lieu of prosecution proceedings.

In another written reply, the minister said the Companies Act is administered through a mechanism of inquiries, inspections, investigations and prosecution.

"These are carried out with due examination of the company's documents filed on MCA registry, books of account and other records... by following due procedure of law.

"Hence, there is no blind application of provisions of the Act," he noted.

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