

*" Be the change that you wish to see in the world"*

- **Mahatma Gandhi**

**Corporate Social Responsibility (CSR)** is a concept whereby organisations take responsibility for their impact on society and the environment. Though the goal of CSR is encourage a positive impact on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere, to me, **it's an ethical payback to the society and the planet, we live in.**

Companies Bill, 2012 mandates CSR by Sections 134, 135, Schedule III and Schedule VII of the Companies Bill 2012. The sections 134 and 135 are part of Chapter IX on Accounts of Companies. Subsection (1) of Section 135 of the Companies Bill 2012 defines the companies for whom formation of a Corporate Social Responsibility Committee of the Board is mandatory. As per the same, every company having net worth of INR 500 crore or more, or turnover of INR 1,000 crore or more or a net profit of INR 5 crore or more, (anyone of the above) during any financial year. Companies qualifying as above are required to form a CSR Committee with at least one independent director.

The CSR spend of a company which meets the aforementioned threshold is required to be 2% of the average net profits for the preceding three financial years. The CSR Committee so formed shall formulate and recommend a 'CSR Policy' to the Board which would indicate the activities to be undertaken by the company, recommend the amount of expenditure to be incurred in relation to the CSR policy and monitor the progress of the CSR policy from time to time. While formulating the CSR policy, the company has to give preference to their neighborhood. The various CSR activities recognised under the Bill include:

- Eradicating extreme hunger and poverty;
- Promotion of education;
- Promoting gender equality and empowering women;
- Reducing child mortality and improving maternal health;
- Combating HIV, AIDS, Malaria and other diseases;
- Ensuring environmental sustainability;
- *Imparting employment enhancing vocational skills;*
- Social business projects;
- Contribution to certain funds.

While no specific penalties are contemplated in the Bill with respect to CSR, Chapter XXIX of the Bill (Sections 450 and 451) provide for general penalties for contravention and repeat offences.