

**Bill No. 167 of 2018**

THE COMPANIES (AMENDMENT) BILL, 2018

By

SHRI BHAIRON PRASAD MISHRA, M.P.

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*further to amend the Companies Act, 2013.*

BE it enacted by Parliament in the Sixty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Companies (Amendment) Act, 2018.

(2) It shall come into force on such date as the Central Government may, by notification  
5 in the Official Gazette, appoint.

Short title and  
Commencement.

Insertion of new section 135A. **2.** After section 135 of the Companies Act, 2013, the following section shall be inserted, 18 of 2013. namely:—

Provision of spending specific amount of Corporate Social Responsibility earmarked in every financial year in Bundelkhand region. "135A. Notwithstanding anything contained in this Act, the Board of every company shall ensure that the company spends, in every financial year, at least twenty *per cent.* of the amount earmarked for Corporate Social Responsibility in Bundelkhand region of the country." 5

#### STATEMENT OF OBJECTS AND REASONS

The Bundelkhand region is one of the most backward regions in the country. The unemployment in the Bundelkhand region is at its zenith. The person residing there are bound to migrate. Due to scarcity of irrigation system, the farmers are unable to have sufficient income and are committing suicide. The region has no industry at all. For the purposes of development of the Bundelkhand region and completion of social welfare schemes, the amendment in the Companies Act, 2013 is necessary.

The Bill, therefore, seeks to amend the Companies Act, 2013 with a view to make mandatory provision in the Act that Companies/Public Sector Undertakings should spend at least twenty per cent. of their Corporate Social Responsibility Funds in the Bundelkhand region so that the region does not lag behind in infrastructure and social development.

NEW DELHI;  
*August 1, 2018.*

BHAIRON PRASAD MISHRA

ANNEXURE

EXTRACTS FROM THE COMPANIES ACT, 2013

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Corporate  
Social  
Responsibility.

**135.** (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall,—

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall,—

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profit of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

*Explanation.*—For the purposes of this section — average net profit shall be calculated in accordance with the provisions of section 198.

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*(Shri Bhairon Prasad Mishra, M.P.)*