



**KAMARAJ IAS ACADEMY**  
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# Corporate Social Responsibility

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**Why is in news?** Shri Sarbananda Sonowal launches New CSR guidelines 'Sagar Samajik Sahayog'

The Union Minister of Ports, Shipping & Waterways and Ayush launched 'Sagar Samajik Sahayog' - the new guidelines of Corporate Social Responsibility (CSR) by the Ministry of Ports, Shipping & Waterways.

The new guidelines empower ports to undertake CSR activities directly.

CSR has the ability to become a major agent of change in a location or on an activity to bring positive change in the lives of the people.

The new CSR guidelines unveiled today will impact projects and programmes relating to activities specified in Section 70 of the Major Port Authorities Act, 2021.

For the purpose of planning and implementing CSR projects, a Corporate Social Responsibility Committee shall be constituted in each major port.

## Corporate Social Responsibility:

CSR is a concept that suggests that it is the **responsibility of the corporations operating within society** to contribute towards economic, social and environmental development that **creates positive impact on society at large**.

The **Companies Act, 2013** is a **landmark legislation** that made India the first country to **mandate and quantify CSR expenditure**. The inclusion of CSR is an attempt by the government to engage the businesses with the national development agenda.

**Section 135(1) of the Act** prescribes thresholds to identify companies which are required to constitute a CSR Committee – those, in the immediately preceding financial year of which:

**Net worth** is Rs 500 Crore or more; or.

**Turnover** is Rs 1000 Crore or more; or.

**Net profit** amounts to Rs 5 Crore or more.

As per the **Companies (Amendment) Act, 2019**, CSR is applicable to companies **before completion of 3 financial years**.

Companies are **required to spend, in every financial year, at least 2% of their average net profits** generated during the 3 immediately preceding financial years.

For companies that have not completed 3 financial years, average net profits generated in the preceding financial years shall be factored in.

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The CSR activities in India should not be undertaken in the normal course of business and must be with respect to **any of the 17 activities of CSR** mentioned in Schedule VII of the act. The activities include:

Eradicating extreme hunger and poverty,

Promotion of education, gender equality and empowering women,

Combating Human Immunodeficiency Virus, Acquired Immune Deficiency Syndrome and other diseases,

Ensuring environmental sustainability;

Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women etc.

The **National Corporate Social Responsibility Data Portal** is an initiative by **Ministry of Corporate Affairs**, Government of India to establish a platform to disseminate Corporate Social Responsibility related data and information filed by the companies registered with it.

**Primary objective of CSR:** To **promote responsible and sustainable business philosophy** at a broad level and encourage companies to come up with innovative ideas and robust management systems.