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## Decriminalisation of CSR Violation

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Finance Minister has announced that corporate social responsibility (CSR) violations **would not be treated as criminal offences and would instead be a civil liability.**

- The imprisonment of up to 3 years for officials of companies that fail to comply with the specified corporate social responsibility (CSR) expenditure has been **rolled back.**
- Recently, **Injeti Srinivas panel** had been set up to study CSR expenditure.
- **Implications of decriminalisation of CSR Violations:**
  - It will allow the corporations to think and employ their CSR funds in an effective way.
  - Freedom to decide and choose the field of CSR related work for corporations.
- Recently, **Parliament passed amendments to the Companies Act, 2013** which includes:
  - Unspent CSR funds by companies should be transferred into an escrow account called **Unspent Corporate Social Responsibility Account.**
  - The transferred funds needs to be utilised within **three years of transfer.**
  - Any unspent annual CSR funds must be transferred to one of the funds under **Schedule 7 of the Companies Act** like Prime Minister's Relief Fund within six months of the financial-year end.

### **Corporate Social Responsibility**

Under the **Companies Act, 2013**, certain classes of profitable entities are required to spend at least **two per cent** of their **three-year annual average net profit** towards Corporate Social Responsibility (CSR) in a particular financial year.

**Source:TH**