

## Labour Ministry moots social security fund linked to CSR norms

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The labour ministry is pushing for expanding the definition of 'spending' under corporate social responsibility (CSR) norms to include contributions towards social security fund for unorganised workers. It has initiated discussions with the corporate affairs ministry, which is responsible for setting norms for CSR.

The ministry has proposed constituting a social security fund or funds for provision of social security to unorganised workers, platform workers or gig workers or any class of such workers to be administered by the central government in the social security code, which was introduced in the recent winter session of Parliament.

"It makes sense to include contributions to the fund as part of CSR. The labour ministry will press for its inclusion," said a government official, who did not wish to be identified.

Initial estimates by the labour ministry peg total funding requirement for the fund at Rs 20,000 crore. If the proposal is accepted, the labour ministry expects a swift rollout of benefits such as insurance, maternity and pension to more than 80% of about 500 million workers in the country.

The idea of giving companies the option of putting part of their mandatory CSR contribution in the social security fund stemmed from the thinking to quickly shore up the fund, said officials.

The social security code bill seeks to empower the central government to formulate and notify, from time to time, suitable welfare schemes for unorganised workers, including audiovisual workers, beedi workers and non-coal workers, on matters relating to life and disability cover; health and maternity benefits; old age protection; education; housing and any other benefit.

"The structure of the fund as well as suitable schemes for unorganised workers will be framed as we go along after the passage of the bill," said the official cited earlier.

The government had expanded the scope of CSR spending in September by including expenditure on publicly funded incubators and contributions to research in science, technology, medicine and engineering at major institutions to help boost research and development investments in the country.

Prior to this, companies were allowed to provide CSR funds to technology incubators located within Centre-approved academic institutions only.

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According to the Companies Act, firms with a net worth of at least Rs 500 crore or turnover of at least Rs 1,000 crore or net profit of at least Rs 5 crore are mandated to spend 2% of average net profit of the preceding three years on CSR activities.

In the past four years (2014-15 to June 2019), Indian companies spent more than Rs 52,533 crore on CSR activities across sectors such as education, healthcare, sanitation, environmental sustainability, poverty alleviation and skill development, as per a written reply by the minister of state for finance Anurag Thakur in the Lok Sabha in the winter session. Of this, more than Rs 15,742 crore was spent on the education sector, followed by healthcare (over Rs 9,093 crore).