

Shortfall in CSR spending by companies

509. SHRIMATI RENUKA CHOWDHURY: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that two third of the top listed companies have failed to spend the minimum 2 per cent of profits on social responsibility activities;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether any of such companies has given any explanation for the shortfall in CSR spending and if so, the details thereof; and
- (d) the steps taken by Government to ensure compliance of CSR provisions by the companies?

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY): (a) to (c) Corporate Social Responsibility (CSR) expenditure of 460 listed companies, which have placed their annual reports on their websites, is estimated at ₹ 6337.36 crores during the year 2014-15. Of these 460 companies, 266 companies have spent less than 2 per cent of their average profit.

The reasons given by these companies for not being able to spend the minimum 2 per cent of profits on CSR are summarised below:

- being the first year of implementation of CSR legislation, inability of company to formulate well conceived CSR Policy;
- adoption of long term CSR programmes/projects;
- non-receipt of utilisation certificate from implementing agencies by the year end;
- difficulty to find suitable implementing agency; and
- delay in formation of CSR committee/implementation of plan/reorientation of CSR Policies etc.

(d) Ministry has issued clarificatory circular and Frequently Asked Questions (FAQs) dated 18.06.2014 and 12.01.2016 respectively to facilitate effective implementation of CSR and ensure compliance by companies under the legislation.