

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
STARRED QUESTION NO. 100
ANSWERED ON TUESDAY, THE 7TH DECEMBER, 2021**

CONDUCT OF INQUIRY ON EXPENDITURE UNDER CSR

QUESTION

*100. DR. KIRODI LAL MEENA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government conducts an inquiry in relation to the spending of profit as required under CSR by the public and private sector companies in the country, if so, the details thereof;
- (b) the details of such companies against which Government has taken penal action for non-compliance of the CSR provisions of the Companies Act, during the last three years company-wise;
- (c) whether Government shall find out covert activities adopted by the said companies to evade their required expenditure under CSR; and
- (d) other steps taken by Government to ensure the expected spending of profits by the said companies under their CSR?

ANSWER

THE MINISTER OF FINANCE
AND CORPORATE AFFAIRS

(SHRIMATI NIRMALA SITHARAMAN)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 100* FOR 7TH DECEMBER, 2021 REGARDING CONDUCT OF INQUIRY ON EXPENDITURE UNDER CSR

(a) to (c): The Government provides the broad framework for Corporate Social Responsibility (CSR) through Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR committee. The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. The corporate governance framework along with the existing legal provisions such as mandatory disclosures, accountability of the CSR Committee and the Board, provisions for statutory audit of accounts of the company etc. provide adequate safeguards in this regard. Whenever any violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Act after due examination of records and following due process of law. Earlier, CSR related defaults were compoundable offences. So far, sanction for prosecution has been accorded in 366 cases. Of these, 148 applications for compounding have been made and 75 cases have been compounded. Now, the non-compliance of CSR provisions has been converted as a civil wrong w. e. f. 22nd January, 2021.

(d): The Companies (Amendment) Act, 2019 and 2020 have made requisite amendments to Section 135 of the Act and provided for treatment of unspent CSR amount on the basis of nature of the project. In case of an ongoing project, the company is required to transfer the unspent amount to a special account of the company 'Unspent CSR Account' and spend the same in pursuance of its CSR policy within three financial years from the date of such transfer. After lapse of three financial year, the amount remaining unspent, if any, is required to be transferred to any Fund mentioned in Schedule VII of the Act. In case of other than ongoing project, the company is required to transfer the unspent CSR amount within a period of six months from the end of the financial year to any Fund mentioned in Schedule VII of the Act.

Furthermore, the amendments in the Companies (CSR Policy) Rules, 2014 have also been notified on 22nd January, 2021. These amendments aim at strengthening the CSR ecosystem by enhancing the disclosures, simplifying the compliances, bringing in more objectivity, transparency and entrusting more responsibility on the Board of the company.
