

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

RAJYA SABHA

UNSTARRED QUESTION NO. 1469

ANSWERED ON TUESDAY, THE 20TH DECEMBER, 2022

INCENTIVE MECHANISM FOR EFFECTIVE UTILISATION OF CSR FUNDS

QUESTION

1469. SMT. MAUSAM NOOR:

Will the Minister of Corporate Affairs be pleased to state:

- (a) whether there is any incentive mechanism for effective utilisation of Corporate Social Responsibility (CSR) funds by the companies;
- (b) if so, the details thereof; and
- (c) if not, the steps taken or being taken by Government to encourage the profit making companies to willingly undertake CSR activities as per CSR norms?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]

(a) to (c): There is no specific incentive mechanism in place to incentivise the effective utilisation of Corporate Social Responsibility (CSR) funds by the companies as this is a regulatory requirement under the Companies Act, 2013 ('Act'). However, the Ministry has amended the CSR provisions of the Act to provide flexibility to the Board of companies to carry forward the unspent CSR amount as well as set-off the excess CSR spent in any particular financial year upto succeeding three financial years as per the requirements of CSR projects.

Further, on the recommendation of High Level Committee on CSR (HLC-2015), the Ministry has instituted National CSR Awards to recognise companies for their outstanding contribution through CSR initiatives. These awards (Winners and Honourable Mentions) are given to companies in three broad categories which are as follows:

- (i) Corporate Awards for Excellence in CSR – Recognition to a company based on total eligible CSR spend (upto 4 awards).
- (ii) Corporate Awards in CSR in Challenging Circumstances – Recognition to a company based on its CSR efforts in challenging circumstances, aspirational districts, difficult terrains/ disturbed areas and others. One award for each region of the country i.e. North, North East, East, South & West (upto 5 awards).
- (iii) Corporate Awards based on contribution to National Priority Areas such as education, health, women & child development, etc. (upto 11 awards).

One award in each category is earmarked for Micro, Small & Medium Enterprises (MSME) only.

The First National CSR Awards Ceremony was held on 29th October, 2019 wherein 19 companies were awarded as 'Winners' and 19 companies as 'Honourable Mentions'.

Furthermore, as per the input provided by Department of Public Enterprises (DPE), the consolidated Memorandum of Understanding (MoU) guidelines for the year 2021-22 and onwards, inter-alia, provide that the aggregate score of Central Public Sector Enterprises (CPSEs) would be subject to compliance of guidelines issued by DPE from time to time on CSR expenditure by CPSEs and in case of non-compliance of the same two marks would be deducted from the aggregate score.