## GOVERNMENT OF INDIA MINISTRY OF CORPORATE AFFAIRS

# RAJYA SABHA UNSTARRED QUESTION NO. 1474 ANSWERED ON TUESDAY, THE 20<sup>th</sup> DECEMBER, 2022

### COMPLIANCE WITH CSR SCHEME

### **QUESTION**

### 1474. DR. ASHOK KUMAR MITTAL:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the number of companies registered under the Companies Act and complied with the CSR scheme, the details thereof, State-wise;
- (b) the number of companies that have failed to comply with the CSR scheme and the details thereof, State-wise;
- (c) the area that has received the most CSR spending by the companies; and
- (d) whether Government plans to encourage the companies to promote use of the funds for adding educational institutions, if so, the details thereof along with data of the steps taken so far by Government to increase CSR?

#### 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) & (b): The broad framework for Corporate Social Responsibility (CSR) has been provided under Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. Section 135 of the Act mandates every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1000 crore or more, or net profit of Rs. 5 crore or more during the immediately preceding financial year, to spend at least two per cent of the average net profits of the company made over immediately preceding three financial years towards CSR as per the CSR Policy of the Company.

As on 15.12.2022, total 24,49,031 companies are registered under the Act. As per the criteria mentioned in Section 135(1) of the Act, for the Financial Year (FY) 2020-21, a total of 18,012 companies have spent their CSR funds in various activities mentioned in Schedule VII of the Act. All data related to CSR filed by companies in MCA21 registry, including Development Sector wise, State wise and Company wise, is available in public domain at www.csr.gov.in.

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 safeguards in this regard.

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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, 174 applications for compounding have been made and 121 cases have been compounded. Now, the non-compliance of CSR provisions has been converted as a civil wrong w. e. f. 22nd January, 2021.

(c) & (d): Schedule VII of the Act indicates the eligible list of activities that can be undertaken by the companies as CSR. The Ministry vide General Circular no. 21/2014 dated 18th June, 2014 and no. 14/2021 dated 25th August, 2021 had clarified that items mentioned in Schedule VII are broad based and can be interpreted liberally. Item no. (ii) of Schedule VII, inter alia, covers "Promoting education, including special education and employment enhancing vocational skills" as an eligible CSR activity. Accordingly, 'Use of the CSR funds for aiding educational institutions' is an eligible CSR activity under item no. (ii) of Schedule VII. Under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor the CSR activities based on the recommendations of its CSR Committee. The CSR mandated companies can undertake any of the activities mentioned in Schedule VII subject to fulfillment of provisions as contained in the Act and Companies (CSR Policy) Rules, 2014. The Government does not issue any direction in this regard.

On the basis of filings made by the companies in MCA21 registry till 30.09.2022, a cumulative amount of Rs. 1,26,942.27 crores has been spent by companies under CSR during the FY 2014-15 to 2020-21. Out of that, 'Education' related CSR activities has received the highest amount of Rs. 42,044.69 crores under CSR during the same period.

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