

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
STARRED QUESTION NO. 346
ANSWERED ON TUESDAY, THE 5TH APRIL, 2022**

CSR FUND FOR THE DEVELOPMENT OF BACKWARD AREAS

QUESTION

*346. SMT. GEETA ALIAS CHANDRAPRABHA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is proposed to develop the socially, economically and educationally backward areas of the country through the Corporate Social Responsibility (CSR) fund;
- (b) if so, the criteria for selecting the said areas; and
- (c) the quantum of funds allocated for the development of the said areas during the last two years, the details thereof?

ANSWER

THE MINISTER OF FINANCE
AND CORPORATE AFFAIRS

(SHRIMATI NIRMALA SITHARAMAN)

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

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION
NO. 346* FOR 5TH APRIL, 2022 REGARDING CSR FUND FOR THE DEVELOPMENT
OF BACKWARD AREAS

(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. As per the extant framework, the CSR provisions are applicable across areas or regions including socially, economically and educationally backward areas of the country. Though the first proviso to Section 135(5) of the Act provides that the company shall give preference to the local area and areas around where it operates, however, the emphasis on local area is only directory and not mandatory in nature as companies need to balance the local area preference with the national priorities. The same has also been clarified through Frequently Asked Questions (FAQs) on CSR issued vide General Circular no. 14/2021 dated 25.08.2021.

Similarly, Schedule VII of the Act enlist the eligible CSR activities. As per Schedule VII, activities such as eradicating hunger, poverty and malnutrition, promoting health care, provisioning of sanitation and safe drinking water, livelihood enhancement projects, measures for reducing inequalities faced by socially and economically backward groups, training to promote rural sports, contribution to any other fund set up by the central government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women etc. are considered as eligible CSR activities. Further, the Ministry vide General Circular no. 14/2021 dated 25.08.2021 had clarified that entries in Schedule VII are broad- based and must be interpreted liberally so as to capture the essence of the subjects enumerated therein. As such socially, economically and educationally backward areas of the country are also intended to be important beneficiaries of CSR spending.

Moreover, as per the input provided by Department of Public Enterprises (DPE), it has been issuing guidelines from the financial year (FY) 2018-19 to all the administrative Ministries and Central Public Sector Enterprises (CPSEs) for adopting a theme-based focussed approach every year regarding CSR expenditure by the CPSEs. These guidelines, inter-alia, provide that CSR expenditure for such thematic programmes should be around 60% of annual CSR expenditure of the CPSEs and the aspirational districts as identified by NITI Aayog may be given preference while undertaking CSR activities.

(c): Under the Act, 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 Government does not issue any directions to the companies to spend in particular geographical area or activity. On the basis of filings made by the companies in the MCA 21 registry, companies have spent an amount of Rs.507.47 crores in 84 aspirational districts as identified by NITI Aayog in FY 2020-21 (data up to 31.12.2021) as against Rs.331.91 crores in 82 aspirational districts in FY 2019-20. All data related to CSR filed by companies in the MCA21 registry, including district-wise data, are available in the public domain and can be accessed at www.csr.gov.in. Further, the data for FY 2020-21 is subject to change as the levy of additional fees for the late filing had been relaxed till 15.03.2022.
