

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 522
ANSWERED ON TUESDAY, THE 7TH FEBRUARY, 2023**

VIOLATION OF CSR PROVISIONS

QUESTION

522. SHRI BINOY VISWAM:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) the details of companies that are found in violation of Corporate Social Responsibility (CSR) provisions by the Registrar of Companies since 2019, year-wise;
- (b) the details of prosecution sanctioned against such companies since 2019, year-wise;
- (c) implementation status of the Centralized Scrutiny and Prosecution Mechanism (CSPM); and
- (d) whether Government intends to increase the fine for violation of CSR provisions from the existing amount of a maximum ₹25 lakh?

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. The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. The Government monitors the compliance of CSR provisions through the disclosures made by the companies in the MCA21 portal. 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) : Ministry established Centralized Scrutiny and Prosecution Mechanism (CSPM) in April 2018 on pilot basis for examining the Corporate Social Responsibility (CSR) compliances of the companies. Subsequently, Section 135 of the Companies Act, 2013 (the 'Act') was amended vide Companies (Amendment) Act, 2019 and Companies (Amendment) Act, 2020. These amendments provided for the transfer of unspent CSR amount and made the non-compliance of CSR provisions a civil wrong w. e. f. 22nd January 2021. Further, Companies (CSR Policy) Rules, 2014 was also amended which have strengthened the CSR eco-system by bringing more objectivity, transparency, entrusting more responsibility on the board and enhancing the disclosures by the companies.

(d): The penal provision related to violation of CSR provision w.r.t CSR expenditure is provided under Section 135 (7) of the Act. As per the existing provision, penalty is prescribed against the company and every officer in default which is determined on the basis of unspent CSR amount of the Company. Further, there is no such proposal under consideration to increase the existing penalty amount.
