

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 1308
ANSWERED ON TUESDAY, THE 1ST AUGUST, 2023**

FAILURE TO SPEND ON CSR

QUESTION

1308. DR. FAUZIA KHAN:

Will the Minister of Corporate Affairs be pleased to state:

- (a) whether it is a fact that more than 52 out of the country's 100 largest companies failed to spend the required 2 per cent on Corporate Social Responsibility (CSR) activities;
- (b) if so, the actions taken to ensure compliance;
- (c) whether Government is planning to formulate a more stringent legislation to punish violators; and
- (d) if so, the details thereof and if not, the reason therefor?

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. 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. 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.

The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. All data related to CSR filed by companies in MCA21 registry is available in public domain and can be accessed at www.csr.gov.in. On the basis of annual filings made by the Companies in the MCA21 registry, the CSR spent by the 100 largest companies (on cumulative basis) during the last three Financial Years (FY) 2019-20 to 2021-22 is given below.

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total CSR Amount Spent (Amount in Cr.)	12,451.53	12,376.75	11,605.09

(Data up to 31.03.2023) [Source: National CSR Data Portal]

Section 135 (7) of the Act specifies the provision for penalty in case of default of CSR obligation by the Company. It states that in case of default, a company as well as officer in default, will be liable to a penalty as specified therein.

Further, whenever violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Companies Act, 2013, and rules made thereunder after due examination of records and following due process of law.

(c) & (d): 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. Earlier, CSR related defaults were compoundable offences. So far, sanction for prosecution has been accorded in 366 cases. Of these, 175 applications for compounding have been made and 131 cases have been compounded. Now, the non-compliance of CSR provisions has been converted as a civil wrong w. e. f. 22nd January, 2021.
