

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

RAJYA SABHA

UNSTARRED QUESTION NO. 201

ANSWERED ON TUESDAY, DECEMBER 5, 2023

DEVELOPMENT OF BACKWARD AREAS THROUGH CSR FUNDS

QUESTION

201 SHRI S. SELVAGANABATHY:

Will the Minister of Corporate Affairs be pleased to state:

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

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 Government does not use CSR funds for its development schemes. 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.

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, etc. are considered as eligible CSR activities. Further, 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.

(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 area or activity. On the basis of filings made by the companies in the MCA 21 registry, companies have spent an amount of Rs. 1022.46 crores in aspirational districts as identified by NITI Aayog in FY 2021-22 (data up to 31.03.2023) as against Rs.651.43 crores in FY 2020-21. 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 companies are required to file CSR details for FY 2022-23 on or before 31.03.2024.
