

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 356
ANSWERED ON TUESDAY 6, 2023**

CSR FUNDS

QUESTION

356 Shri Ryaga Krishnaiah:

Shri Ayodhya Rami Reddy Alla:

Will the Minister of Corporate Affairs be pleased to state:

- (a) the manner in which the Ministry is promoting responsible business practices and Corporate Social Responsibility (CSR) activities;
- (b) whether incentives are provided for extending direct CSR funds to certain underdeveloped regions; and
- (c) whether impact assessments of CSR proposals have been conducted or are being planned?

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): The Ministry of Corporate Affairs has been undertaking various initiatives to ensure responsible business conduct by the companies. In this direction, the Ministry had released a 'National Guidelines on Responsible Business Conduct (NGRBC)' in March 2019 taking into account the national and international developments in the area of responsible and sustainable business. The NGRBC has been designed to assist the businesses to embrace the principle of responsible conduct going beyond the requirements of regulatory compliance. The NGRBC comprises of 9 Principles and provides a framework for the companies to grow in an inclusive and sustainable manner while addressing the concerns of stakeholders. In order to reflect the NGRBC principles in a reporting framework, a 'Business Responsibility and Sustainability Report (BRSR)' has been developed. The BRSR prescribes a format for disclosures by the companies on non-financial issues including performance of the companies in respect of each principle of the NGRBC.

Further, 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. The activities mentioned under Schedule VII are broadly aligned with national priorities and related to inclusive and sustainable development such as health, education, poverty eradication, hunger, women empowerment, welfare of armed forces veterans, environment, sports, rural development, slum area development, welfare of weaker sections, disaster management etc.

(b): Under the CSR provisions of the Companies Act, 2013 and rules thereof, no such incentives is provided by the Government to companies. Further, 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 specific direction to the companies to spend in any particular area or activity.

(c): The relevant provisions of impact assessments have been provided under Rule 8 of the Companies (CSR Policy) Amendment Rules, 2021 w.e.f. 22nd January, 2021 which contains provisions related to impact assessment of CSR projects by certain class of companies. Further, the said rule also requires that the impact assessment be conducted by an independent agency. The Board has the prerogative to decide on the eligibility criteria for selection of the independent agency for impact assessment.
