

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO. 3456

ANSWERED ON MONDAY THE 16TH MARCH, 2020

PHALGUNA 26, 1941 (SAKA)

AUDIT OF CSR FUNDS

QUESTION

3456. MS. RAMYA HARIDAS:

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

- (a) whether Corporate Social Responsibility activities are required to be audited;
- (b) if so, the details thereof along with the percentage of companies who got their CSR spending audited during each of the last three years and if not, the reasons therefor;
- (c) the details of the percentage of companies that did not fulfil their CSR requirements during the said period; and
- (d) the other steps taken by the Government in this regard?

ANSWER

**THE MINISTER OF STATE FOR FINANCE
AND CORPORATE AFFAIRS**

(SHRI ANURAG SINGH THAKUR)

वित्त एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री अनुराग सिंह ठाकुर)

(a) to (d): **Section 135 of the Companies Act, 2013 (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 during the three immediately preceding financial years, towards Corporate Social Responsibility (CSR) in any of the eligible activities enlisted in Schedule VII of the Act. Pursuant to Schedule-III (Form of Financial Statement), every company covered under Section 135 of the Companies Act, 2013 is required to provide additional information in its Profit & Loss Account regarding amount of expenditure incurred on Corporate Social Responsibility (CSR) activities. The Financial Statement is required to be audited by the Statutory Auditor under Chapter X of the Companies Act, 2013. Further, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor the CSR activities of the company based on the recommendation of its CSR committee. The entire CSR architecture is disclosure based and CSR mandated companies are required to file details of CSR expenditure annually in MCA21 registry. All data reported in the MCA21 registry by companies on CSR is available on National CSR Data Portal at www.csr.gov.in . Whenever any violation of CSR provisions is reported, action against such non-compliant Companies are initiated as per provisions of Companies Act, 2013 after due examination of records and following due process of law. So far, sanction for prosecution has been accorded in 366 cases. All CSR related offences are compoundable. So far 121 applications for compounding have been made and 37 cases have been compounded.**
