CSR CONSULTANTS

QUESTION

*188. DR. SANJEEV KUMAR SINGARI:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government is aware of the existence of the Corporate Social Responsibility (CSR) consultants, who most of the time dwindle away huge share of CSR fund as consultation fee;

(b) if so, the details thereof including the statuary actions taken against such consultants during each of the last two years;

(c) the details of the rules under the Act to deal with such corrupt practices;

(d) whether the Government has audited CSR activities conducted by various companies situated in Kurnool district of Andhra Pradesh since the implementation of the Companies Act, 2013, if so, the details thereof during the last seven years, company-wise; and

(e) if not, the reasons therefor?

ANSWER

THE MINISTER OF FINANCE
AND CORPORATE AFFAIRS

(SHRIMATI NIRMALA SITHARAMAN)

(a) to (e): A Statement is laid on the Table of the House.

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STATEMENT REFERRED TO IN ANSWER TO PART (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 188* (8TH POSITION) FOR 8TH MARCH, 2021 REGARDING CSR CONSULTANTS.

(a) to (c): The Government provides the broad framework for Corporate Social Responsibility (CSR) through Section 135 of the Companies Act, 2013 (‘Act’), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. 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. Section 135 read with Rule 4 of the Companies (CSR Policy) Rules, 2014 prescribes that the Board of the company is empowered to undertake its CSR activities either by itself or through implementing agencies as mentioned in the said rule. There is no provision for CSR consultants in the legal framework of CSR provided in Section 135 of the Act and rules made thereunder. Whenever any violation of CSR provisions is reported, action against such non-compliant companies are initiated as per provisions of the Companies Act, 2013 after due examination of records and following due process of law. Further, the recent amendments in the Companies (CSR Policy) Rules, 2014 notified on 22nd January 2021 have strengthened the CSR eco-system by bringing more objectivity, transparency, entrusting more responsibility on the Board and enlarging the disclosures by the companies.

(d) & (e): The entire CSR architecture is disclosure based and CSR mandated companies are required to file details of CSR activities annually in MCA21 registry. Every company covered under Section 135 of the Act is required to provide additional information in its Profit & Loss Account regarding amount of expenditure incurred on CSR activities. The details reported in the annual financial statement of the company are required to be audited by the statutory auditor of the company under the Act. Further, the Board of the company is also required to disclose in its report, the CSR Policy developed and implemented by the company, including the details like funds earmarked, expenditure made, implementing agencies appointed etc. 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 sufficient safeguards in this regard.

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