

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 2808
ANSWERED ON MONDAY, MARCH 21, 2022/
PHALGUNA 30, 1943 (SAKA)**

AMENDMENT OF CSR RULES

QUESTION

2808. SHRI SUDHEER GUPTA:

SHRI SANJAY SADASHIVRAO MANDLIK:

SHRI MANOJ TIWARI:

SHRI BIDYUT BARAN MAHATO:

SHRI SHRIRANG APPA BARNE:

SHRI DHAIRYASHEEL SAMBAJIRAO MANE:

SHRI PRATAPRAO JADHAV:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is planning to amend the Corporate Social Responsibility (CSR) rules under the Companies Act, 2013 to make it mandatory for the companies to create a corpus for disaster management;**
- (b) if so, the details thereof and the work done by the Government in this direction so far;**
- (c) whether the Government has directed companies to create its separate disaster management fund and if so, the details thereof and the response of the prominent companies in this regard;**
- (d) whether the Government intends to introduce any further non-financial obligations as part of CSR such as mass awareness campaigns, distribution of disaster management kits, etc. and if so, the details thereof;**
- (e) whether CSR funds spent by the companies is often digressed by the companies resulting in defeat of the purpose and if so, the details thereof; and**
- (f) the other steps taken/being taken by the Government to make sure that CSR funds are spent properly by the companies?**

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): No such proposal is under consideration of the Government.

(c): No such direction has been issued by the Government.

(d): 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. Schedule VII of the Act indicates the activities that

can be undertaken as CSR. Item no. (xii) of Schedule VII of the Act enlists 'disaster management, including relief, rehabilitation and reconstruction activities' as eligible CSR activity. The Ministry vide General Circular no. 21/2014 dated 18th June, 2014 and 14/2021 dated 25th August, 2021 had clarified that items mentioned in Schedule VII are broad based and can be interpreted liberally. Accordingly, mass awareness campaigns, disaster management kits, etc. are eligible CSR activities subject to fulfillment of Companies (CSR Policy) Rules, 2014.

(e) & (f): 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 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 at www.csr.gov.in.

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. Whenever any violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Act after due examination of records and following due process of law.

Section 135 of the Act was amended vide Companies (Amendment) Act, 2019 and Companies (Amendment) Act, 2020. These amendments provided for the transfer of unspent CSR amount and made the non-compliance of CSR provisions a civil wrong w. e. f. 22nd January 2021. Further, Companies (CSR Policy) Rules, 2014 was also amended which have strengthened the CSR eco-system by bringing more objectivity, transparency, entrusting more responsibility on the board and enhancing the disclosures by the companies.
