

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 6
ANSWERED ON MONDAY, JULY 18, 2022/
ASHADHA 27, 1944 (SAKA)**

MONITORING MECHANISM FOR CSR

QUESTION

***6. SHRI VIVEK NARAYAN SHEJWALKAR:**

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य

मंत्री

be pleased to state:

(a) whether any monitoring mechanism has been put in place to ensure smooth execution of Corporate Social Responsibility (CSR) activities of the profit making companies in the country;

(b) if so, the details thereof; and

(c) whether any amount of CSR has been used for the improvement of health facilities during the Corona crisis and if so, the details thereof?

ANSWER

**THE MINISTER OF FINANCE
AND CORPORATE AFFAIRS**

वित्त एवं कारपोरेट कार्य मंत्री

(SHRIMATI NIRMALA SITHARAMAN)

(श्रीमती निर्मला सीतारामन)

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

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (c) OF LOK SABHA STARRED QUESTION NO. *6 FOR 18TH JULY, 2022 REGARDING 'MONITORING MECHANISM FOR CSR'.

(a) & (b): The broad framework for Corporate Social Responsibility (CSR) has been provided through Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014. 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. The CSR mandated companies are required to provide additional information in their Profit & Loss Account regarding amount of expenditure incurred on CSR activities and the same is required to be audited by the statutory auditors of the company. Further, Ministry has notified the Companies (Auditor's Report) Order, 2020, ("CARO, 2020") applicable from FY 2021-22 which requires auditors to state details of any unspent CSR amount. The Board of the company is also required to disclose the CSR Policy implemented by the company in its Board report. Thus, 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 adequate mechanisms for monitoring the CSR activities implemented by the companies.

The Government monitors the disclosures made by the companies in the MCA 21 portal. 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. Earlier, CSR related defaults were compoundable offences. Now, the non-compliance of CSR provisions has been converted as a civil wrong w. e. f. 22nd January, 2021.

(c): The Ministry vide General Circular no.10/2020 dated 23.03.2020 had clarified that spending on activities related to COVID-19 is an eligible CSR activity. Further, Companies (CSR Policy) Rules, 2014 were amended to enable companies to undertake CSR activities in their normal course of business for undertaking research and development of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 & 2022-23.

In addition, vide General Circulars no. 01/2021, 05/2021 and 09/2021 dated 13.01.2021, 22.04.2021 & 05.05.2021 respectively, the Ministry had also clarified that spending of CSR funds for carrying out awareness campaigns/programmes or

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public outreach campaigns on COVID-19 Vaccination programme, setting up makeshift hospitals and temporary COVID care facilities, creating health infrastructure for COVID care, establishment of medical oxygen generation and storage plants, manufacturing and supply of Oxygen concentrators/ ventilators/ cylinders and other medical equipment for countering COVID-19 are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Act.

All data related to CSR filed by companies in MCA21 registry is available in public domain at www.csr.gov.in. On the basis of filings made in the MCA21 registry up to 31.03.2022, all CSR eligible companies have spent a cumulative CSR amount of Rs 24,865.46 Crores in FY 2020-21, out of which an amount of Rs. 6,946.75 Crores were spent on 'healthcare related activities' including activities related to COVID-19. The Ministry does not specifically maintain CSR funds spent by the companies for COVID-19 separately.
