

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 174**

ANSWERED ON MONDAY, NOVEMBER 25, 2024/AGRAHAYANA 4, 1946 (SAKA)

CSR FUNDS ALLOCATED FOR RURAL DEVELOPMENT

QUESTION

174 SHRI SAPTAGIRI SANKAR ULAKA:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has any data on CSR funds allocated to rural development by corporate entities during the last year and if so, the details thereof;**
- (b) the status of cases filed under the Companies Act during the last two years, and the effectiveness of the resolution mechanism;**
- (c) the incentives which are being offered to companies for adopting environmentally sustainable business practices;**
- (d) whether the Government has taken any steps to simplify regulatory compliance for small and medium-sized enterprises (SMEs) companies and startups; and**
- (e) if so, the details thereof?**

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

[SHRI HARSH MALHOTRA]

(a): There is no provision of allocation of Corporate Social Responsibility (CSR) funds under the Companies Act, 2013. The legal framework for 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

Contd...2/

company made over immediately preceding three financial years towards CSR as per the CSR Policy of the Company. Every eligible company has to constitute a CSR Committee comprising three or more directors. The Committee shall formulate and recommend the CSR policy which indicates the activities to be undertaken by the company in area or subject specified in Schedule VII. CSR framework provides that CSR activities may be undertaken by the company itself or through the entities as mentioned in Rule 4(1) of Companies (CSR Policy) Rules, 2014. The Board of the company plans, decides, executes and monitors the CSR activities of the company based on the recommendation of its CSR Committee. Further, Item No.(x) of the Schedule VII of the Act inter alia mentions "Rural Development Projects".

On the basis of filings made in the MCA21 registry by the companies, the CSR spent in Rural Development Project for the last three financial years 2020-21, 2021-22 and 2022-23 is at Annexure-I.

(b): Status of cases filed under the Companies Act during the last two years is as under:

S. No.	Period	Cases filed in courts	Disposed off	Withdrawn
1.	2022-23	1,946	1,000	108
2.	2023-24	1,452	1,160	6,267
3.	01.04.2024 to 31.10.2024	953	1,056	41

Further, the only resolution mechanism available under the Companies Act, 2013 is under Section 441 of the Companies Act, 2013, by way of compounding of offences.

The number of cases which have been compounded and fee imposed are at Annexure II.

Contd...3/

(c), (d) & (e): The Government has taken many steps for adopting environmentally sustainable business practice and to simplify regulatory compliance for small and medium-sized enterprises (SMEs) companies and startups. Some of the important measures are as under:

- i. Amendments made in CA-13 in 2019 to de-criminalize technical & procedural violations under Companies Act.**
- ii. Amendments made in CA-13 in 2020 to facilitate ease of doing business, further decriminalization of offences and improve compliance requirements, specifically for Small Companies, One Person Companies, Start-ups & Producer Companies.**
- iii. Various Rules prescribed under the CA-13 have been notified as well as amended from time to time to address the difficulties experienced and suggestions made by the industry chambers and other stakeholders.**
- iv. Extended the fast track process for mergers under the Companies Act, 2013 to also include mergers of Startups with other Startups and with Small companies, so that the process of mergers & amalgamations is completed faster for such companies.**
- v. New section 446B for lesser penalties for One Person Companies, small companies, startups and Producer Companies.**
- vi. Provisions relating to Producer Companies (Earlier Part IXA of Companies Act, 1956) included in the Companies Act, 2013.**
- vii. The Ministry has amended the Companies (Adjudication of Penalties) Rules, 2014 on 05.08.2024 (effective from 16.09.2024) to provide that the adjudication proceedings under Section 454 of the Companies Act, 2013 by the Adjudicating Officers and Regional Directors shall take place in electronic mode only through the e- adjudication platform developed by the Ministry for this purpose. This would enable adjudication of such proceedings to be in a faster and user-friendly manner.**
- viii. Amendment has been made in rule 25A of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 on 9th Sep. 2024 (effective from 17th Sep. 2024). Pursuant to this amendment, merger of a holding company incorporated abroad with its wholly owned subsidiary incorporated in India would require approval of Central Government (delegated to Regional Directors). Prior to this amendment, such mergers required approval of the NCLT. This would make this process speedier and would allow NCLT to concentrate on other areas.**

- ix. As per Section 2(40) of the Companies Act 2013, One Person Company and Small Company do not need to prepare and file cash flow statements as part of their financial statement.**
- x. As per the proviso to Section 92(1) One Person Company and Small Company are not mandatorily required to get the Annual Return signed by Company Secretary. One Person Company and Small Company also have lesser compliance requirement in comparison to others when it comes to meeting of board under Section 173 of this act.**

**ANNEXURE REFERRED TO IN REPLY OF LOK SABHA UNSTARRED QUESTION NO.
174 FOR 25.11.2024**

CSR Expenditure for Rural Development Projects from 2020-21 to 2022-23			
Sector	FY 2020-21	FY 2021-22	FY 2022-23
Rural Development Projects (INR Cr.)	1,850.71	1,833.76	2,005.37

(Data upto 31.03.2024) [Source: Corporate Data Management Cell]

Annexure-II**ANNEXURE REFERRED TO IN REPLY OF LOK SABHA UNSTARRED QUESTION NO.
174 FOR 25.11.2024**

S. No.	Cases filed for compounding/period	Status		Compounding fee imposed
		No. of cases compounded	Pending	Pending
1.	2022-23	999	744	21,87,09,410
2.	2023-24	954	764	22,20,44,825
3.	01.04.2024 to 31.10.2024	507	513	13,59,65,810