

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

UNSTARRED QUESTION NO. 1058

ANSWERED ON MONDAY, FEBRUARY 10, 2025

MAGHA 21, 1946 (SAKA)

AMENDMENT IN COMPANIES ACT, 2013

QUESTION

1058. Shri Anil Firojiya:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

(a) whether the Government proposes to make any amendment to the Companies Act, 2013 and if so, the details thereof along with the objectives of the said amendments and its likely impact on the companies,

(b) the steps taken by the Government to monitor the expenditure incurred and projects undertaken by the companies under the Corporate Social Responsibility (CSR); and

(c) whether the Government has formulated any new policy to check the misuse of CSR funds and if so, the details thereof?

ANSWER

**THE 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):- In line with the Government's objective of promoting Ease of Living in the country by providing Ease of Doing Business to law abiding corporates, fostering improved corporate compliance for stakeholders and also to address emerging issues having impact on the working of corporates in the country, the Company Law Committee (CLC) has been constituted for examining and making recommendations to the Government on various provisions and issues pertaining to implementation of the Companies Act, 2013 and the Limited Liability Partnership (LLP) Act, 2008.

The CLC in its 2022 Report has made various recommendations for amendments in the Companies Act, 2013, broadly relating to promoting further ease of doing business for law-abiding corporates, strengthening existing regulatory practices to streamline and improve the operational efficiency of the Act, recognising new concepts in light of the rapidly evolving corporate landscape and changing business practices etc.

The report was placed on the website of the Ministry for public comments. Consultations with the concerned Ministries and Departments are being undertaken on the proposals.

(b) and (c):- The legal 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 eligible list of activities that can be undertaken by the companies under CSR.

The Board of the company is required to disclose the CSR Policy implemented by the company in its Board report and the Board of the company has to satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it. The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of CSR policy, which includes the modalities of utilization for funds, monitoring and reporting mechanism for the projects or programs and details of need and impact assessment, if any, for the projects undertaken by the company. The details of CSR activities, Impact Assessment etc. are required to be reported by the companies in the 'Annual Report on CSR' including annual action plan on CSR which is part of the Company's Board Report. CSR mandated companies who have their websites are required to make disclosures such as composition of CSR Committee, CSR Policy and CSR projects approved by Board on their website. The CSR framework is disclosure based and expenditure on CSR activities is required to be audited by the statutory auditors of the company.

The 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. 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 monitoring mechanisms.

CSR mandated companies are required to file CSR-2 Form every year which serves as a single source of information about CSR related activities of each company.

Further, if any violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Act following due process of law.
