

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 3843
ANSWERED ON TUESDAY, MARCH 16, 2026**

UTILISATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) FUNDS

QUESTION

3843: Ms Sayani Ghosh:

Will the Minister of Corporate Affairs be pleased to state:

- (a) whether the Government is aware that a disproportionate share of CSR funds is being spent in relatively low-poverty districts, rather than in districts with the highest development deficits, if so, the details thereof;**
- (b) whether it is a fact that only 3 out of 54 identified high-poverty districts figure among the top recipients of CSR expenditure, if so, the details thereof;**
- (c) whether there has been an assessment of the regional and socio-economic imbalance in CSR fund allocation and its implications for inclusive development, if so, the details thereof;**
- (d) whether numerous companies underspend or barely meet the minimum CSR obligation during the last five years and if so, the number of such companies;**
- (e) whether it is a fact that nearly 60 per cent of large companies route CSR spending through their own in-house foundations, rather than independent NGOs or local organisations, if so, the details thereof; and**
- (f) whether such preference for in-house foundations has raised concerns regarding transparency, independence, impact assessment and genuine outreach and 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) to (c): As per the provisions of the Companies Act, 2013, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities of the company based on the recommendation of its CSR Committee. The Government does not issue any specific direction to the companies to spend in any particular area/activity.

(d): As per section 135(7) of the Act, the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is

less. Whenever any violation of CSR provisions is reported, action against such non-compliant Companies is initiated as per provisions of the Companies Act, 2013 and rules made thereunder after due examination of records and following due process of law.

(e): Section 135 of the Companies Act, 2013 ('the Act') read with Rule 4(1) of the Companies (CSR Policy) Rules, 2014 provides that the company is empowered to undertake its CSR activities either by the company itself or through-

- i. a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or**
- ii. a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or**
- iii. any entity established under an Act of Parliament or a State legislature; or**
- iv. a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.**

As per information filed by the companies, 3120 companies/entities have been established under category (i) above.

(f): The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. The Board of the company is required to disclose the CSR Policy implemented by the company in its Board report. 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, and the Chief Financial Officer or the person responsible for financial management shall certify to the effect. Rule 8 of the Companies (CSR Policy) Rules, 2014 contains provisions related to impact assessment of CSR projects that every company having average CSR obligation of 10 crore rupees or more in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study. The details of CSR activities, Impact Assessment etc. are required to be reported by all the companies in the 'Annual Report on CSR' including annual action plan on CSR which is part of the Company's Board Report.

The existing legal provisions provide adequate mechanisms to ensure transparency and accountability.
