

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 3899
ANSWERED ON MONDAY, MARCH 16, 2026/PHALGUNA 25, 1947 (SAKA)**

**PENALTIES FOR MISUSE OF CSR FUNDS
QUESTION**

3899. Smt. Sajda Ahmed:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government is aware of PSUs using CSR funds for activities that are less significant than the larger public good, if so, the details thereof;**
- (b) whether CSR funds allocated by PSUs are being effectively used for promoting elementary education and rural livelihood, if so, the details thereof;**
- (c) whether any audit or review has been conducted on the use of these funds, if so, the details of findings thereof;**
- (d) whether the Government has any plans to strengthen regulations and impose penalties for misuse of CSR funds, if so, the details thereof;**
- (e) whether Members of Parliament (MPs) are allowed to recommend schemes or projects for CSR funding by PSUs, if so, the details and extent of such provisions; and**
- (f) the steps being taken by the Government to ensure that CSR funds support impactful initiatives?**

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): Under the Companies Act, 2013 ('Act'), 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. This Committee formulates and recommends the CSR policy, which outlines the activities to be undertaken by the company in alignment with the areas or subjects specified in Schedule VII. The Government does not issue any directions to Corporates to spend in any particular area or activity.

(b): There is no provision of allocation of CSR funds in CSR legal framework. However, On the basis of annual filings, filed by the companies in MCA21 registry the development sector-wise details of CSR expenditure incurred by the Public Sector Undertakings (PSUs) in India for the last three financial years (FYs) i.e. 2021-22 to 2023-24 is attached at Annexure

(c) & (d): As per the provisions of the Companies Act, 2013, 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, and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

Contd.....2/-

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

(e): There is no such provision in the CSR legal framework.

(f): Schedule VII of the Act enumerates the activities that can be undertaken as CSR, which are aligned with national priorities to promote inclusive and sustainable development.

Refer to part (b) of Lok Sabha Unstarred Question no. 3899 for 16.03.2026
Development Sector-wise CSR expenditure by PSUs in India from FY 2021-22 to FY 2023-24
(Amount in Rs. Crores)

Sl.No	Development Sector	FY 2021-22	FY 2022-23	FY 2023-24
1	Agro forestry	3.47	0.65	0.70
2	Animal welfare	3.16	2.96	20.05
3	Armed Forces, Veterans, War Widows/ Dependants	9.56	4.98	17.99
4	Art and culture	26.36	69.71	120.11
5	Conservation of natural resources	10.18	21.19	24.82
6	Education	825.93	669.72	884.13
7	Environmental sustainability	275.58	265.67	243.96
8	Gender equality	1.28	3.02	2.91
9	Health care	1,386.65	1,527.74	1,494.16
10	Livelihood enhancement projects	31.81	156.47	524.50
11	Poverty, Eradicating Hunger, Malnutrition	119.69	23.92	63.94
12	Rural development projects	380.66	372.84	442.33
13	Safe drinking water	33.58	39.91	127.53
14	Sanitation	142.77	226.41	105.13
15	Senior Citizens Welfare	7.32	5.40	3.26
16	Setting up homes and hostels for women	1.71	6.10	5.20
17	Setting up orphanage	1.37	2.02	0.92
18	Slum area development	36.23	2.21	4.83
19	Socio-economic equalities	14.40	20.55	9.59
20	Special education	3.99	11.66	12.17
21	Technology incubators	0.61	-	-
22	Training to promote sports	56.91	102.50	129.16
23	Vocational skills	142.33	142.97	169.40
24	Women empowerment	22.21	29.89	43.90
25	Other Central Government Funds	869.43	403.58	319.98
26	NEC/Not mentioned*	-	-	2.52
	Total	4,407.17	4,112.08	4,773.17

(Data upto 31.03.2025) (Source: Corporate Data Management Cell)

* Companies either did not specify the names of sectors or indicated more than one sectors where projects were undertaken.