GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 2436
ANSWERED ON Monday, August 3, 2026/Shravana 12, 1948 (Saka)

Implementation of CSR Provisions
QUESTION

2436. Shri K E Prakash:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government has reviewed the implementation of the Corporate Social Responsibility (CSR) provisions under the Companies Act, 2013, particularly with regard to the distribution of CSR expenditure across States and industrial regions, including Tier-II manufacturing centres such as Erode district in Tamil Nadu, if so, the details thereof;

(b) whether the Government has received representations from industry bodies, civil society organisations or other stakeholders regarding the likely impact of the proposed changes under the Corporate Laws (Amendment) Bill, 2026 on CSR implementation, investor protection and corporate governance, if so, the details thereof; and

(c) whether the Government proposes to strengthen monitoring and transparency mechanisms to ensure effective CSR implementation and protection of stakeholder interests under the existing corporate governance framework 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): No Sir. The CSR framework is disclosure based and CSR mandated companies are required to file details of CSR activities annually in the MCA21 registry. Under 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 undertaken in the areas or subjects specified in Schedule VII of the Act, based on the recommendation of its CSR committee. The first proviso to Section 135 (5) of the Act provides that the company shall give preference to the local area and areas around it where it operates. However, the emphasis on local area is only directory and not mandatory in nature and companies need to balance local area preference with national priorities. The Government does not issue any directions to Corporates to spend in any particular area or activity. In view of the above legal provisions, the Government has not conducted such a specific review.

(b): The Company Law (Amendment) Bill, 2026 has been introduced in the Parliament and referred to the Joint Parliamentary Committee. The representations received from various stakeholders regarding the proposed changes in the Corporate Law (Amendment) Bill, 2026 are under consideration of the Joint Parliamentary Committee.

(c): 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 has to ensure that the approved amount has been spent on the assigned activity(ies).

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The existing legal provisions regarding formation of CSR committee, formulation of CSR policy, Annual Action Plan on CSR, identification of the project and area in which project will be implemented, certification of CSR expenditure by Chief Financial Officer (CFO) and audit of CSR expenditure by statutory auditors, etc., provide adequate mechanisms to ensure transparency and accountability. In view of the above existing legal provisions regarding monitoring and transparency mechanism, no further proposal is under consideration.

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