

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

**UNSTARRED QUESTION NO. 4791
ANSWERED ON FRIDAY THE 23rd MARCH, 2018/
CHAITRA 2, 1940 (SAKA)**

HIGH LEVEL COMMITTEE ON CSR

QUESTION

4791. SHRIMATI MAUSAM NOOR:

DR. UDIT RAJ:

DR. MANOJ RAJORIA:

SHRI JAGDAMBIKA PAL:

SHRI GANESH SINGH:

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

(a) the details of Public Sector Undertakings (PSUs)/Private Sector companies and institutions which have not spent the funds under Corporate Social Responsibility (CSR) during the last two years and the current year along with the funds proposed to be spent by them during the current financial year;

(b) the number of such PSUs/ companies/institutions against which action has been taken by the Government for non-compliance of CSR;

(c) whether the Government has received complaints regarding misuse of funds by the PSUs/private companies and institutions under CSR and if so, the details of action taken by the Government in this regard, PSU/institution/company-wise;

(d) whether the Government has constituted a High Level Committee on determining best practices in Corporate Social Responsibility (CSR) component for business entities, if so, the details thereof and if not, the reasons therefor;

(e) whether the said Committee received representations from various industry bodies and representatives from the corporate sector and if so, the details thereof; and

(f) whether the said Committee intends to take steps in recommending to constitute an intermediary system that helps effectively Gauge Performance and Social Impact of CSR obligations by the corporate sector and if so, the details of action proposed?

ANSWER

**THE MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS**

(SHRI P. P. CHAUDHARY)

विधि और न्याय एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री पी. पी. चौधरी)

(a) to (c) : Section 135 of the Companies Act, 2013 ('the Act') mandates every company, above the specified threshold of turnover or net worth or net profit, to

spend at least two per cent of the average net profits earned during the three immediately preceding financial years on CSR activities specified in Schedule VII of the Act.

Contd....2/-

-2-

As per the data culled out from filings made by companies upto 30.11.2017 in the MCA21 registry for the years 2015-16 and 2016-17, the expenditure made by such companies on CSR is given in the Table below:

CSR Expenditure during FY 2015-16 and 2016-17

S. No.	Company Type	Financial Year 2015-16		Financial Year 2016-17	
		No. of companies	CSR expenditure (in Rs. Crore)	No. of companies	CSR expenditure (in Rs. Crore)
1	PSUs	265	638.35	81	211.12
	(i) PSUs with no CSR expenditure	121	-	15	-
	(ii) PSUs with CSR amount spent is less than prescribed	144	638.35	66	211.12
2	Private Sector Companies	15,222	3,198.82	3,983	1,402.68
	(i) Private sector companies with no CSR expenditure	9,098	-	331	-
	(ii) Private sector companies with CSR amount spent is less than prescribed	6,124	3,198.82	3,652	1,402.68
	Total	15,487	3,837.17	4,064	1,613.80

In 221 number of cases, prosecutions have been sanctioned against companies and its officer in default for the financial year 2014-15 for violation relating to CSR. Further, penal action is taken wherever misuse of CSR funds stands confirmed against any company.

(d) & (e): A High Level Committee (HLC) was set up by the Ministry of Corporate Affairs to suggest measures for monitoring the progress of implementation of Corporate Social Responsibility (CSR) policies by companies which submitted its report on 22nd September, 2015. The report has been placed in the public domain on the Ministry's website (www.mca.gov.in). Major recommendations of the Committee include, inter-alia, the following:

- **It would be desirable to conduct a review of the CSR provision of the Act after three years.**
- **Ceiling on administrative overhead cost should be increased from 5% to not more than 10% of the CSR expenditure.**

Contd...3/-

-3-

- **Definition of the term “net profit” used under the Act and Rules need to be clarified.**
- **Re-examination of reference to the ‘any financial year’ in Section 135 (1) of the Act with a view to making necessary amendment(s) either in Section 135 (1) or in the relevant rule.**
- **Board and the CSR Committee should manage and monitor their CSR at their level.**
- **Government should have no role to play in engaging external experts in monitoring the quality and efficiency of CSR expenditure of Companies.**
- **The unspent balance out of the CSR fund should be allowed to be carried forward with a sunset clause of five years, after which the unspent balance should be transferred to one of the funds listed in Schedule VII.**
- **An omnibus clause may be included in Schedule VII of the Act to suggest that CSR activities must be for larger public good and for any activity that serves public purpose and /or promotes the well being of the people, with special attention to the needs of underprivileged.**
- **All information related to implementation of CSR by companies including amount spent, activity undertaken, geographical area covered as reported by companies to be compiled by Ministry of Corporate Affairs and placed in public domain.**

The Ministry has taken inter-alia the following actions on the recommendation of the HLC:-

- (i) Report of the HLC was referred to Company Law Committee (CLC).**
- (ii) Some of the recommendations such as definition of ‘any financial’ year, definition of ‘Net Profit’ for the purpose of Section 135, and reference to Schedule VII were agreed to by the CLC and necessary amendments have been introduced in the Companies (Amendment) Bill, 2016.**
- (iii) A set of Frequently Asked Questions in the form of Clarificatory Circular have been issued by the Ministry on 12th January, 2016 and the same is placed in the public domain (www.mca.nic.in).**
- (iv) Information relating to CSR expenditure by companies have been collated and compiled.**

- (v) **MCA launched a web portal National CSR Portal (www.csr.gov.in) for making public the information provided by companies in their filings on MCA21.**

Board of the CSR eligible company is empowered under the Companies Act 2013 to allocate CSR funds across various development sectors or geographic regions. Ministry of Corporate Affairs neither issues directions nor any advisories to companies in this regard.

(f): No, Madam.
