

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
STARRED QUESTION NO. 183  
ANSWERED ON TUESDAY, THE 15<sup>th</sup> MARCH, 2016**

**STUDY ON EFFECTIVENESS OF CSR POLICY**

**QUESTION**

\*183: DR. KANWAR DEEP SINGH:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether any study has been carried out on the implementation and effectiveness of CSR policy;
- (b) if so, the findings thereof; and
- (c) the details of steps Government proposes to take for making the scheme more effective and result oriented?

**ANSWER**

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a) to (c) : A Statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF RAJYA SABHA STARRED QUESTION NO. 183 FOR 15<sup>TH</sup> MARCH, 2016 REGARDING STUDY ON EFFECTIVENESS OF CSR POLICY**

(a) & (b) : No, Sir. However, a High Level Committee, 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, has submitted its report on 22<sup>nd</sup> September, 2015 alongwith its recommendations for better implementation and effectiveness of CSR under the Companies Act, 2013. The report, including the recommendations of the Committee, has been placed in the public domain on the Ministry's website ([www.mca.gov.in](http://www.mca.gov.in)). Major recommendations of the Committee includes, 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.
- 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 be managing the monitoring of their own 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 wellbeing of the people, with special attention to the needs of underprivileged.

(c) : Companies Law Committee, which submitted its report on 1<sup>st</sup> February, 2016, has taken into consideration some of the recommendations and proposed amendment to Section 135 of the Companies Act, 2013, accordingly. Further, a set of Frequently Asked Questions (FAQs) dated 12.01.2016 has been issued by the Ministry to facilitate effective implementation of CSR by companies under the legislation.

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