

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 998
ANSWERED ON TUESDAY, THE 3rd MAY, 2016**

HIGH LEVEL COMMITTEE REPORT ON CSR COMPLIANCE

QUESTION

998. SHRI SANJAY RAUT:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether any High Level Committee on CSR has submitted any report to the Government for improved monitoring of the implementation of CSR compliance by companies;
- (b) if so, details thereof indicating Committee's recommendations and suggestions on measures for the proper implementation of CSR fund in the country;
- (c) whether it is a fact that many companies have not been spent their CSR fund fully during the last two years; and
- (d) if so, details thereof and Government's reaction thereto?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

(SHRI ARUN JAITLEY)

(a) & (b): 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, submitted its report on 22nd September, 2015. The report, including the recommendations of the Committee, has been placed in the public domain on the Ministry's website (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

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- 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) & (d): The year 2014-15 was the first year of implementation of CSR by companies under Companies Act, 2013. CSR expenditure of 460 listed companies, which have placed their annual reports on their websites, indicates that 51 PSUs and 409 private sector companies together spent about Rs. 6337 crores on CSR during 2014-15, as summarised below:

CSR expenditure during 2014-15 (in Rs. Crore)

| Sl. No | Company Type | No. of Companies | Actual CSR Expenditure | Mandated CSR Expenditure | Percentage utilisation |
|--------|--------------------------|------------------|------------------------|--------------------------|------------------------|
| 1 | PSUs | 51 | 2386.60 | 3359.84 | 71.03 |
| 2 | Private Sector Companies | 409 | 3950.76 | 4987.63 | 79.21 |
| | Total | 460 | 6337.36 | 8347.47 | 75.92 |
