

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 13  
ANSWERED ON MONDAY, DECEMBER 4, 2023/AGRAHAYANA 13, 1945 (SAKA)**

**CSR DISCLOSURE FRAMEWORK**

**QUESTION**

**\*13. SHRI SANJAY KAKA PATIL:**

**SHRI CHANDRA SEKHAR BELLANA:**

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether the Government has introduced a detailed CSR disclosure framework in order to enhance transparency on the part of companies;**
- (b) if so, the details thereof and the intended impact of the same;**
- (c) whether the Government is taking measures to reduce the possible addition of compliance burden on the part of the corporates in this respect; and**
- (d) if so, the details thereof and if not, the reasons therefor?**

**ANSWER**

**THE MINISTER OF FINANCE  
AND CORPORATE AFFAIRS**

**(SHRIMATI NIRMALA SITHARAMAN)**

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

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**STATEMENT REFERRED TO IN REPLY TO PART (a) to (d) OF LOK SABHA STARRED QUESTION NO. 13 (13<sup>th</sup> POSITION) FOR 04<sup>th</sup> DECEMBER, 2023 REGARDING 'CSR DISCLOSURE FRAMEWORK'.**

**(a) & (b): The broad framework for Corporate Social Responsibility (CSR) has been provided under Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014.**

**Under the Act, CSR is a Board driven process and the Board of the company is empowered to plan, decide, execute and monitor CSR activities based on the recommendations of its CSR Committee. The CSR framework is disclosure based and companies are required to file details of CSR activities annually in the MCA21 registry. The CSR mandated companies are required to provide information in their Annual Financial Statement regarding the amount of expenditure incurred on CSR activities.**

**The Ministry has also 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. The details of CSR activities, Impact Assessment etc. are required to be reported by all the companies in the 'Annual Report on CSR' including annual action plan on CSR which is part of the Company's Board Report. The Board's Report including Annual Report on CSR is an important tool of communication by the Board of a company to its shareholders.**

**Further, those companies who have their websites are required to make disclosures such as composition of CSR Committee, CSR Policy and CSR projects approved by Board on their website for public access and transparency. The Ministry vide notification dated 11<sup>th</sup> February, 2022 has introduced a web based Form CSR-2 which has to be filed by each CSR eligible company from financial year 2020-21 and onwards. In the said Form the companies are to indicate projects details being carried out by them. Thus, the corporate governance framework along with the existing legal provisions such as mandatory disclosures, accountability of the CSR Committee and the Board, provisions for statutory audit of accounts of the company, filing of forms etc. provide adequate scope to review the works done and enhance transparency on the part of Companies.**

**(c) & (d): The Government is continuously taking measures to reduce compliance burden on the part of the corporates. Section 135 of the Act was amended vide the Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020. These amendments provided for setting-off of excess CSR spent and the non-compliance of CSR provisions as a civil wrong w. e. f. 22nd January 2021. Further, Companies (CSR Policy) Rules, 2014 was also amended which have strengthened the CSR eco-system by bringing more objectivity, transparency etc. In order to reduce the financial burden on companies, the amendments also allow the companies to spend 5% of their CSR expenditure on administrative overheads and another 2% or fifty lakh rupees, whichever is higher for impact assessment of their CSR projects. Further, to ease the burden of CSR compliances on small companies, the companies having CSR obligation below Rs. 50 lakhs are exempted from constituting a CSR Committee.**

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