

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:2410

ANSWERED ON:25.07.2014

CLANDESTINE MODALITIES UNDER CORPORATE SOCIAL RESPONSIBILITY

Chandumajra Shri Prem Singh;Dubey Shri Nishikant ;Godse Shri Hemant Tukaram;Kataria Shri Rattan Lal;Singh Shri Ravneet

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

- (a) whether the Government has taken note of clandestine modalities being adopted by companies to escape from spending two per cent of their profits on discharging Corporate Social Responsibility (CSR) despite CSR rules/guidelines laid down by the Government in this regard;
- (b) if so, the details thereof indicating the types of modalities being adopted by the companies in this regard along with the action taken by the Government against such companies;
- (c) whether the Government has conducted any assessment to ascertain the compliance of the extant rules/guidelines by the said companies;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) the monitoring mechanism put in place by the Government in this regard; and
- (f) the other corrective steps taken/being taken by the Government in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SMT. NIRMALA SITHARAMAN)

(a) to (f): The provisions of Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013 and Rules made thereunder have come into force only recently, i.e., with effect from 01.04.2014. Companies are thus generally at a preliminary stage of implementing CSR like setting up of CSR Committees and formulation of their respective CSR Policies by such Committees and their approval by the Board. It will be premature at this stage to form any opinion about any company resorting to tactics to avoid this statutory responsibility. Similarly, issues like expenditures incurred by companies on CSR and shortfalls, if any, could also be addressed after the first year is over and statutory returns are available with the Ministry of Corporate Affairs.

The main monitoring mechanism envisaged under the Companies Act is through observations of statutory audit for which the Institute of Chartered Accountants (ICAI) is developing 'guidance notes' so that auditors could adequately examine this issue.