

SENSEX 82,330.59

NIFTY 25,019.80

CRUDEOIL 5,353.00

GOLD 92,431.00

SILVER 95,315.00

-200.15

-42.30


+ 82.00

-738.00

-600.00

THE HINDU  
**businessline**

ACCOUNT

Companies / Market:  Search Stock Quotes, News, Mutual Funds and MoreMENU 

ECONOMY

# Standing committee on finance calls for greater transparency in CSR spending and monitoring

Flags opacity around unspent CSR funds; wants Ministry to establish comprehensive CSR reporting and monitoring framework

By KR Srivats

Updated - March 24, 2025 at 12:52 PM.



The Standing Committee on Finance headed by BJP MP Bhartruhari Mahtab has urged the Ministry of Corporate Affairs (MCA) to establish a more comprehensive reporting and monitoring framework to ensure greater transparency in Corporate Social Responsibility (CSR) spending, particularly with regard to unspent funds and the effectiveness of implemented projects. The committee has expressed concern over gaps in enforcement, impact assessment, and the role of implementing agencies in CSR activities.

The Parliamentary Panel noted that while there has been significant progress under India's CSR framework, both in the public and private sectors, several deficiencies remain in tracking and assessing the actual benefits of CSR spending. In its report, tabled in the Lok Sabha recently, the committee emphasised that the lack of detailed analysis on CSR effectiveness raises questions about how companies utilise their mandated CSR contributions.

### **Concerns over unspent CSR funds and enforcement of penalties**

One of the major concerns highlighted by the committee is the opacity surrounding unspent CSR funds. Companies are required to transfer unspent CSR amounts to a separate 'unspent CSR account' and use them within three financial years, failing which they must transfer the funds to a government-specified fund. However, the effectiveness of this mechanism remains unclear, with inadequate public disclosure on how much of these funds are eventually utilised for CSR projects.

The committee also pointed out that the MCA has only provided basic data on CSR expenditure and notices issued for non-compliance, but lacks a detailed impact analysis of how CSR projects contribute to societal development. Additionally, the enforcement of penalties for non-compliance has been weak, raising concerns that some companies may not be fully adhering to CSR mandates.

### **Call for a Robust Monitoring System and Public Disclosures**

To address these concerns, the Standing Committee has recommended that the MCA implement a stronger monitoring framework, including

regular publication of detailed reports on the impact and outcomes of CSR projects; a robust tracking mechanism for ongoing CSR projects to ensure they are completed effectively, and timely enforcement of penalties on companies failing to meet CSR obligations.

By enhancing transparency and publicly disclosing the status of CSR funds, the committee believes companies will be more accountable in ensuring that CSR initiatives yield tangible social benefits.

### **Strengthening the role of implementing agencies**

Another key recommendation made by the panel is the need to strengthen the role of implementing agencies that execute CSR projects on behalf of companies. The committee noted that many of these agencies lack sufficient oversight, leading to inefficiencies in fund utilisation and project execution.

To ensure that CSR funds are being used effectively and for their intended purpose, the committee has urged the MCA to develop stricter evaluation criteria for implementing agencies, monitor their performance periodically to ensure they are delivering results and establish a transparent mechanism to track CSR fund flow from companies to implementing agencies and final beneficiaries.

The panel believes that by enhancing the accountability of these agencies, CSR initiatives will become more impactful and contribute meaningfully to social and environmental welfare.

### **Bridging the Gaps in India's CSR Framework**

India's CSR regime, introduced under the Companies Act, 2013, mandates that companies meeting certain financial thresholds must spend at least 2 per cent of their average net profit on social responsibility initiatives. Over the years, corporate spending on CSR has grown, but concerns persist over whether the allocated funds are being spent efficiently and with measurable impact.

The Standing Committee's recommendations signal a push towards greater regulatory oversight, urging the MCA to go beyond mere compliance tracking and focus on actual impact assessment. If implemented,

these measures would bring greater accountability to CSR spending and ensure that funds are directed toward initiatives that make a tangible difference in society.

With CSR playing a crucial role in India's socio-economic development, the panel's suggestions highlight the need for businesses to move beyond a tick-box approach and align their CSR initiatives with long-term, meaningful impact goals. The ball is now in the MCA's court to act upon these recommendations and strengthen India's CSR monitoring framework, economy watchers said.

## COMMENTS

Published on March 24, 2025

---

## You might also like



**Fixing India's drug safety enforcement gap**



**Transition bonds: A market waiting to be tapped**

