



Uttar Pradesh to Tap into CSR Funds for Development Projects

Why in News?

The Uttar Pradesh government will turn towards corporates to enlarge the state's [Corporate Social Responsibility \(CSR\)](#) reserves for socioeconomic development.

Key Points

- Uttar Pradesh is among the top five states who corner most of the CSR funds from companies. Others include **Maharashtra, Karnataka, Gujarat and Tamil Nadu.**
- **Section 135 of the [Companies Act, 2013](#)** mandates certain companies to allocate 2% of their average profits from the preceding three financial years towards CSR activities.
- The state has also acknowledged the contribution of leading private sector companies on a large scale through CSR funds.
 - In 2014-15, UP garnered only about Rs 148 crore that grew to Rs 435 crore in 2017-18. In 2021-22, UP saw a CSR spending of Rs 1,321 crore that surged to around Rs 1,500 crore in 2022-23.

Corporate Social Responsibility (CSR)

- The concept of CSR is the **idea that companies should assess and take responsibility** for their effects on the environment and on social welfare, and to **promote positive social and environmental change.**
- The four main types of corporate social responsibility are:
 - Environmental Responsibility
 - Ethical Responsibility
 - Philanthropic Responsibility
 - Economic Responsibility
- The CSR provisions within **Companies Act, 2013 is applicable to companies with an annual turnover of 1,000 crore** and more, or a net worth of Rs. 500 crore and more, or a net profit of Rs. 5 crore and more.
 - The Act requires companies to set up a **CSR committee** which shall recommend a Corporate Social Responsibility Policy to the Board of Directors and also monitor the same from time to time.

Companies Act, 2013

- It is an **Act of the Parliament which was enacted in 1956.** It enables the companies to be formed by registration, sets out the responsibilities of companies, their executive director and secretaries.
- In 2013, the Government amended the **Indian Companies Act, 1956 and added a new Act called as Indian Companies Act, 2013.**
 - The Companies Act, 1956 was replaced partially by the Indian Companies Act 2013.
 - It became an act and finally it came into force in September 2013.
- In 2020, the Parliament of India passed the **Companies (Amendment) Bill, 2020** to further

amend the **Companies Act and decriminalise various compoundable offences as well as promote ease of doing business** in the country.

- Reduction in penalties for certain offences as well as in timeline for rights issues, relaxation in CSR compliance requirements and creation of separate benches at the **National Company Law Appellate Tribunal (NCLAT)** are among the proposed changes too.

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