

UNSPENT CSR FUNDS AT 5-YR HIGH IN FY23

Not all listed firms above a threshold have spent on corporate social responsibility (CSR) in the way they were required to do. The aggregate unspent amount in FY23 stood at a five-year high of ₹1,475 crore. In FY23 listed firms spent ₹15,602 crore while the amount to be expended was ₹15,787 crore, according to the data from primeinfobase.com.

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Unspent CSR funds hit five-year high in FY23

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ASHLI VARGHESE

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The aggregate unspent amount in 2022-23 (FY23) stood at a five-year high of ₹1,475 crore.

In FY23 listed companies spent ₹15,602 crore while the amount to be expended was ₹15,787 crore, according to the data from corporate tracker primeinfobase.com. But some overspent. The final amount spent also includes administrative expenses and impact assessment cost. The amount required to be spent in each financial year excludes the amount set off, viz excess amount spent in previous financial years.

Companies on the basis of their net profit, net worth, and turnover are required to spend at least 2 per cent of their average net profit during the immediate three preceding financial years on things such as environment, health, skill development, drinking water, and sanitation.

This data covers all companies listed on the National Stock Exchange and those exclusively listed on the BSE with a market capitalisation exceeding ₹1,000 crore.

These listed companies allocated ₹99 for every ₹100 mandated for CSR projects. This marks the lowest ratio in the past five years.

On average, each company spent ₹11.29 crore on CSR in FY23, a 4 per cent decrease from FY22 and a 9 per cent decline from FY21. Listed companies, on aggregate, spent 1.91 per cent of their net profits on CSR, less than the prescribed requirement.

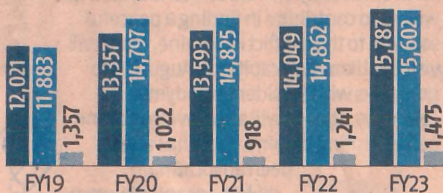
According to the National CSR Portal, under the Ministry of Corporate Affairs, the number of defaulting companies, whose expenditure has been less than the prescribed amount, is 4,855, one-fifth of the total.



DIFFERENCE WIDENS

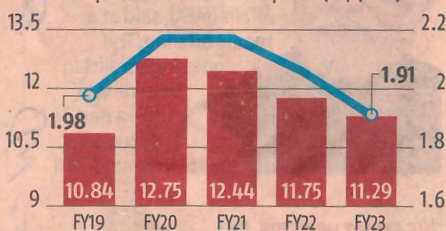
Aggregate CSR funds (₹ cr)

■ Amount to be spent ■ Actual amount spent
■ Amount unspent



BELOW THE MARK

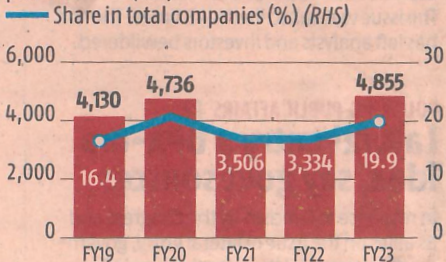
■ Average amount spent per company (₹ cr) (LHS)
— CSR spend as share of net profit (%) (RHS)



Note: The data for listed companies with mcap more than ₹1,000 cr. The amount required to be spent in each financial year excludes the amount set off, viz excess amount spent in previous financial years. Source: primeinfobase.com

DEFAULTERS INCREASE

■ Number of companies spending less than prescribed CSR (LHS)
— Share in total companies (%) (RHS)



Source: National CSR Portal, Ministry of Corporate Affairs, Business Standard calculations