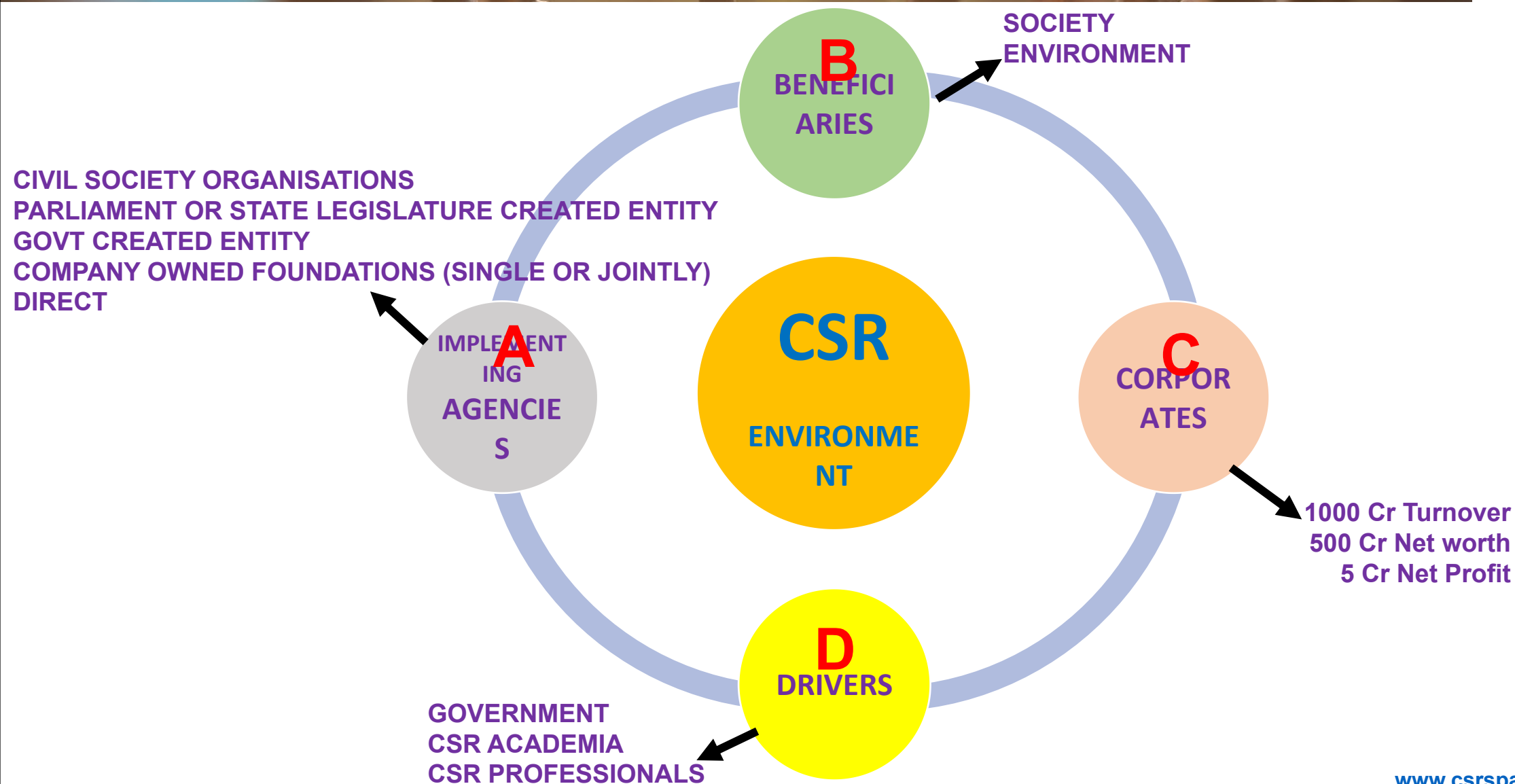




# **CSR LEGISLATION AND THE CURRENT CSR SCENARIO**

[www.csrspark.org](http://www.csrspark.org)



# **COMPANIES ACT 2013**

**SECTION 135**

**SCHEDULE VII**

**CSR RULES**

**NOTIFICATIONS**

**CIRCULARS**

# SECTION 135 OF COMPANIES ACT 2013

## CRUX OF CSR

ANY COMPANY DURING THE IMMEDIATELY PRECEDING YEAR HAVING A

**TURNOVER OF Rs 1000 CRORE**

**NET WORTH OF Rs 500 CRORE**

**NET PROFIT OF Rs 5 CRORE**

TWO PERCENT OF AVERAGE NET PROFIT OF IMMEDIATELY THREE PRECEDING YEARS

# SECTION 135 OF COMPANIES ACT 2013

## SALIENT POINTS

### FAILURE TO SPEND

EXPLAIN REASON FOR NOT SPENDING

**IF THERE IS NO ONGOING PROJECT, TRANSFER TO SPECIFIED FUNDS WITHIN SIX MONTHS OF END OF FY**

### FOR THE COMPANY

**PENALTY OF TWICE THE CSR SPEND**

OR

**RUPEES ONE CRORE**

**WHICHEVER IS LESS**

### FOR EVERY OFFICER OF THE COMPANY WHO IS IN DEFAULT

**PENALTY OF ONE TENTH THE CSR SPEND**

OR

**RUPEES TWO LAKH**

**WHICHEVER IS LESS**



## SCHEDULE VII

### GIST OF ACTIVITIES PRESCRIBED UNDER THE CSR ACT 2013

**Eradicating Hunger, Poverty and Malnutrition**

**Benefit of Armed Forces Veterans, War Widows**

**Health Care and Sanitation**

**Olympic Sports, Paralympics Sports, Rural Sports**

**Safe Drinking Water**

**Contribution to The Prime Minister's National Relief Fund or any other fund set up by the Central Government, including PM CARES**

**Education, Vocational Skills  
Livelihood Enhancement Projects**

**Gender Equality, Empowering Women  
Homes and Hostels for Women and Orphans  
Old Age Homes, Day Care Centres**

**Technology Incubators**

**Rural Development Projects**

**Environmental Sustainability  
Animal Welfare, Agro Forestry**

**Slum Area Development**

**Disaster Management**

**Protection of National Heritage, Art and Culture**

**Contribution to COVID-19**

**CAN BE INTERPRETED LIBERALLY – INTENT OF THE LAW**

# SUSTAINABLE DEVELOPMENT GOALS



**17 goals**  
**169 targets**  
**230 indicators**

INTERNATIONAL AGENCIES, GOVERNMENTS AND **BUSINESS**

**PRIME MINISTER'S NATIONAL RELIEF FUND**

**FUND SET UP BY THE CENTRAL GOVERNMENT**

(for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other Backward Classes, Minorities and Women)

**INCUBATORS and R & D Projects**

(in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government)

**SWACH BHARAT KOSH**

(set-up by the Central Government for the promotion of sanitation)

**CLEAN GANGA FUND**

(set -up by the Central Government for rejuvenation of River Ganga)

**CENTRAL & STATE DISASTER RELIEF FUNDS**

(disaster management, including Relief, Rehabilitation and Reconstruction activities)

**PUBLIC FUNDED UNIVERSITIES, IITs, NATIONAL LABORATORIES**

**AUTONOMOUS BODIES**

**PM CARES FUND**



# **AUTONOMOUS BODIES**

## **ESTABLISHED UNDER THE AUSPICES OF**

**DEPARTMENT OF ATOMIC ENERGY (DAE)**

**DEPARTMENT OF BIOTECHNOLOGY (DBT)**

**DEPARTMENT OF SCIENCE AND TECHNOLOGY (DST)**

**DEPARTMENT OF PHARMACEUTICALS**

**MINISTRY OF AYURVEDA, YOGA AND NATUROPATHY, UNANI, SIDDHA AND HOMOEOPATHY (AYUSH)**

**MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY**

## **AND OTHER BODIES NAMELY**

**DEFENCE RESEARCH AND DEVELOPMENT ORGANISATION (DRDO)**

**INDIAN COUNCIL OF AGRICULTURAL RESEARCH (ICAR)**

**INDIAN COUNCIL OF MEDICAL RESEARCH (ICMR) &**

**COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH (CSIR)**

**ENGAGED IN CONDUCTING RESEARCH IN SCIENCE, TECHNOLOGY, ENGINEERING AND MEDICINE AIMED AT PROMOTING SDGs.**

# **CSR RULES - IMPORTANT DEFINITIONS**

## **ADMINISTRATIVE OVERHEADS**

**EXPENSES TOWARDS  
GENERAL MANAGEMENT AND ADMINISTRATION OF  
CSR FUNCTIONS IN THE COMPANY  
IS INCLUDED**

**EXPENSES TOWARDS  
DESIGN, IMPLEMENTATION, MONITORING AND EVALUATION  
TO BE INCLUDED IN PROJECT COST  
IS EXCLUDED**

# **CSR RULES - IMPORTANT DEFINITIONS**

## **WHAT IS NOT CSR**

### **ACTIVITIES PART OF THE NORMAL COURSE OF BUSINESS OF THE COMPANY**

(R&D on Vaccines, Drugs and Medical Devices for COVID-19 in collaboration with any Institute or Organisation mentioned in Schedule VII – for three FYs from 2020-21 to 2022-23 – permitted provided that such R&D is part of the normal course of business – Disclosed separately)

### **ACTIVITIES UNDERTAKEN OUTSIDE THE COUNTRY**

(Except training to sportspersons at National and International level)

### **CONTRIBUTION TO ANY POLITICAL PARTY**

### **ACTIVITIES BENEFITTING ONLY THE EMPLOYEES OF THE COMPANY**

### **SPONSORSHIP FOR DERIVING MARKET BENEFITS FOR ANY PRODUCT OR SERVICE**

### **ACTIVITIES UNDERTAKEN TO FULFILL ANY STATUTORY OBLIGATIONS**

# **CSR RULES - IMPORTANT DEFINITIONS**

## **CSR POLICY**

**RECOMMENDED BY CSR COMMITTEE**

**CONTAINS THE DIRECTION & APPROACH TOWARDS CSR ACTIVITIES**

**APPROVED BY THE BOARD**

**CONTAINS GUIDING PRINCIPLES FOR SELECTION, IMPLEMENTATION AND  
MONITORING OF PROJECTS / ACTIVITIES**

**FORMULATES THE **ANNUAL ACTION PLAN****

# **CSR RULES - IMPORTANT DEFINITIONS**

## **ONGOING PROJECT**

**MULTI-YEAR PROJECT WITH TIMELINE NOT EXCEEDING THREE SUBSEQUENT YEARS**

**THOSE EXTENDED BEYOND A YEAR BY THE BOARD WITH REASONABLE JUSTIFICATION**

**THE COMPANY EFFECTIVELY GETS **FOUR YEARS** TO IMPLEMENT A PROJECT**



# **CSR RULES**

## **CORPORATE SOCIAL RESPONSIBILITY**

**EVERY COMPANY, ITS SUBSIDIARY, ITS HOLDING OR A FOREIGN COMPANY  
WHICH FULFILLS THRESHOLD CRITERIA UNDER SECTION 135 WILL COMPLY  
WITH SECTION 135 OF THE ACT AND THE RULES**

**EVERY COMPANY THAT FALLS BELOW THE THRESHOLD LIMITS FOR THREE  
CONSECUTIVE FYs NEED NOT COMPLY WITH SECTION 135**

# CSR RULES

## CSR IMPLEMENTATION

### ➤ DIRECTLY

#### ➤ OWN FOUNDATION

A SECTION 8 COMPANY, A PUBLIC TRUST OR A SOCIETY  
(WITH 12A & 80G REGISTRATION – ALSO PERMITTED JOINTLY WITH ANOTHER COMPANY)

#### ➤ STATE OR CENTRAL GOVERNMENT ESTABLISHED

A SECTION 8 COMPANY, A PUBLIC TRUST OR A SOCIETY  
(WITH 12A & 80G REGISTRATION)

#### ➤ ANY ENTITY ESTABLISHED UNDER ACT OF PARLIAMENT OR STATE LEGISLATURE

#### ➤ EXTERNAL AGENCY

A SECTION 8 COMPANY, PUBLIC TRUST OR SOCIETY, ENTITIES EXEMPTED UNDER SECTION 10 (23)C OF THE INCOME TAX ACT 1961  
(WITH 12A & 80G REGISTRATION WITH THREE-YEAR TRACK RECORD IN SIMILAR ACTIVITIES)

**UID THROUGH FORM CSR-1 MANDATORY FOR ALL ENTITIES EXECUTING CSR ACTIVITIES**

# CSR RULES

## CSR IMPLEMENTATION

**INTERNATIONAL ORGANISATIONS CAN BE ENGAGED**

FOR DESIGN, MONITORING, EVALUATION OF PROJECTS AND FOR CAPACITY BUILDING OF PERSONNEL

**COLLABORATION WITH OTHER COMPANIES PERMITTED**

**WITH A FACILITY TO REPORT SEPARATELY**

**BOARD TO ASCERTAIN PROPER UTILISATION OF FUNDS**

**CHIEF FINANCIAL OFFICER TO CERTIFY UTILISATION**

**BOARD IS RESPONSIBLE FOR MONITORING IMPLEMENTATION**

TAG ON TIMELINES, YEAR-WISE ALLOCATION AND MODIFICATION

# CSR RULES

## CSR COMMITTEE

**SHOULD HAVE THREE OR MORE DIRECTORS**

**ONE SHOULD BE AN INDEPENDENT DIRECTOR**

**INDEPENDENT DIRECTOR NOT REQUIRED**

**FOR COMPANIES NOT REQUIRED TO HAVE INDEPENDENT DIRECTORS ON ITS BOARD**

**TWO DIRECTORS WILL SUFFICE**

**FOR PRIVATE COMPANIES HAVING ONLY TWO DIRECTORS ON ITS BOARD**

**FOR A FOREIGN COMPANY ATLEAST TWO PERSONS**

**ONE PERSON AS DESIGNATED IN SECTION 380 SUB-SECTION 1d**

**SECOND PERSON TO BE NOMINATED BY THE COMPANY**

**380. (1) Every foreign company shall, within thirty days of the establishment of its place of business in India, deliver to the Registrar for registration—**

**(d) the name and address or the names and addresses of one or more persons resident in India**

**authorised to accept on behalf of the company service of process and any notices or other documents required to be served on the company;**

# **CSR RULES**

## **ANNUAL ACTION PLAN**

### **SHOULD INCLUDE**

**LIST OF CSR PROJECTS**  
CONFORMING TO SCHEDULE VII

**MANNER OF EXECUTION**  
DIRECT / OWN FOUNDATION / EXTERNAL AGENCIES

**UTILISATION OF FUNDS AND IMPLEMENTATION SCHEDULES**

**MONITORING AND REPORTING MECHANISM**

**NEED AND IMPACT ASSESSMENT, IF ANY**

**BOARD HAS LIBERTY TO MODIFY THE AAP AT ANY TIME AS RECOMMENDED  
BY CSR COMMITTEE WITH REASONABLE JUSTIFICATION**



# CSR RULES

## CSR EXPENDITURE

**ADMIN OVERHEADS NOT TO EXCEED 5% OF CSR BUDGET**

**SURPLUS FROM CSR PROJECTS IS NOT PROFIT FROM BUSINESS**

**PLOUGHED BACK INTO SAME PROJECT**

**OR**

**TRANSFERRED TO UNSPENT CSR ACCOUNT AND SPENT ON CSR**

**OR**

**TRANSFERRED TO SPECIFIED FUND WITHIN 6 MONTHS OF END OF FY**

### **EXCESS AMOUNT SPENT**

**SUCH AMOUNT SHALL BE SET-OFF AGAINST THE REQUIRED SPEND WITHIN NEXT 3 YEARS**

**NO CSR SURPLUS SHOULD BE INCLUDED**

**BOARD HAS TO PASS A RESOLUTION**

# CSR RULES

## CAPITAL ASSETS

**SHALL BE HELD BY**  
**A SECTION 8 COMPANY, A PUBLIC TRUST OR A SOCIETY**  
(WITH 12A, 80G AND CSR UID)

**BENEFICIARIES OF THE CSR PROJECT**  
SELF-HELP GROUPS, COLLECTIVES, ENTITIES

### PUBLIC AUTHORITY

any authority or body or institution of self-government established or constituted—

- (a) by or under the Constitution;
- (b) by any other law made by Parliament;
- (c) by any other law made by State Legislature;
- (d) by notification issued or order made by the appropriate Government

# CSR RULES

## CSR REPORTING

### ANNUAL REPORT ON CSR AS IN ANNEXURE II

TO BE CONTAINED IN THE COMPANY'S ANNUAL REPORT  
TO BE CONTAINED IN BALANCE SHEET OF FOREIGN COMPANIES

### IMPACT ASSESSMENT MANDATORY

THROUGH AN INDEPENDENT AGENCY

FOR COMPANIES THAT HAVE HAD AN AVERAGE CSR SPEND OF **TEN CRORES OR MORE** DURING IMMEDIATELY THREE PRECEDING YEARS

APPLICABLE FOR PROJECTS HAVING AN OUTLAY OF **ONE CRORE OR MORE**

IMPACT ASSESSMENT TO BE CONDUCTED **WITHIN ONE YEAR** OF COMPLETION OF THE PROJECT

### IMPACT ASSESSMENT REPORTS

PLACED BEFORE THE BOARD AND ANNEXED TO ANNUAL REPORT ON CSR

### IMPACT ASSESSMENT EXPENSES

**BOOKED TO CSR EXPENSES**

NOT EXCEEDING FIVE PERCENT OF CSR EXPENSES OR FIFTY LAKH RUPEES – THE LOWER OF THESE TWO

# **CSR RULES**

## **DISPLAY OF CSR ACTIVITIES ON WEBSITE**

**COMPOSITION OF CSR COMMITTEE  
CSR POLICY  
APPROVED PROJECTS**

## **TRANSFER OF UNSPENT CSR AMOUNT**

**TRANSFER TO ANY FUND IN MENTIONED IN SCHEDULE VII  
UNTIL ANY PARTICULAR FUND IS SPECIFIED**

# CSR RULES

## GIST OF ANNEXURE II (1/2)

**OUTLINE OF CSR POLICY**

**CSR COMMITTEE MEMBERS**

**NO OF MEETINGS & ATTENDANCE**

**WEB LINK**

**DISPLAY OF CSR COMMITTEE, CSR POLICY, APPROVED PROJECTS**

**IMPACT ASSESSMENT**

**PRECEDING THREE YEARS SET OFF AVAILABLE**

**TOTAL CSR OBLIGATION**

**2% OF AVG NET PROFIT PLUS SURPLUS LESS SET-OFF**

**SPENT OR UNSPENT AMOUNT**

**DETAILS ON TRANSFER TO USCRA OR SPECIFIED FUNDS**

**SPEND ON ONGOING AND OTHER THAN ONGOING PROJECTS**

**PROJECT DETAILS, LOCATION, DURATION, BUDGET, SPEND, TRANSFERS TO USCRA, MODE**



# CSR RULES

## GIST OF ANNEXURE II (2/2)

**ADMINISTRATIVE OVERHEADS**

**SPEND ON IMPACT ASSESSMENT**

**TOTAL SPEND**

**SPEND ON PROJECTS + ADMIN OH + IA**

**EXCESS SPEND QUALIFYING FOR SET OFF**

**TOTAL SPEND LESS 2% MANDATE LESS ACCUMULATED SURPLUS**

**UNSPENT AMOUNT FOR THREE YEARS**

**SPEND ON EXISTING ONGOING PROJECTS**

**CAPITAL ASSETS**

**DATE OF CREATION / ACQUISITION, SPEND, HOLDING BENEFICIARY, DETAILS**

**REASONS FOR FAILURE TO SPEND**

# **IMPORTANT REFERENCES**

**e-book COMPANIES ACT 2013**

**(<https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks.html>)**

**MAINTAINED BY MINISTRY OF CORPORATE AFFAIRS**

**COMPREHENSIVE REFERENCE ON**

**ACT (CHAPTER IX, SECTION 135)**

**SCHEDULE VII**

**CSR RULES**

**NOTIFICATIONS**

**CIRCULARS**

## **IMPORTANT REFERENCES**

**NATIONAL CSR PORTAL ([www.csr.gov.in](http://www.csr.gov.in))**

**MAINTAINED BY MINISTRY OF CORPORATE AFFAIRS**

**COMPREHENSIVE DATA ON CSR SPEND OVER FIVE YEARS**

**GEOGRAPHICAL DISTRIBUTION-WISE**

**DEVELOPMENT SECTOR-WISE**

**TOP 10 STATES**

**ALL COMPANIES**

**COMPANY-WISE DATA**

**NEWS, UPDATES & FAQs**

## **IMPORTANT REFERENCES**

**NATIONAL CSR EXCHANGE PORTAL ([csrxchange.gov.in](http://csrxchange.gov.in))**

### **REGISTER AS CORPORATE**

**To identify suitable Implementing Agency for your CSR Project**

**To identify suitable CSR Projects proposed by Implementing Agencies**

**To manage CSR Projects through the Portal**

### **REGISTER AS IMPLEMENTING AGENCY**

**To apply to Corporates CSR Project Proposal**

**To list Projects to raise funds from Corporates**

**To manage CSR Projects through the Portal**

## **IMPORTANT REFERENCES**

**NATIONAL CSR EXCHANGE PORTAL ([csrxchange.gov.in](http://csrxchange.gov.in))**

**NATIONAL CSR EXCHANGE PORTAL IS AN INITIATIVE BY MINISTRY OF CORPORATE AFFAIRS  
TO ESTABLISH AN INTERACTIVE PLATFORM FOR CSR STAKEHOLDERS**

**THE NATIONAL CSR EXCHANGE PORTAL SHALL SERVE AS AN E-MARKET PLACE  
HOSTING PAN INDIA SOCIAL WELFARE PROJECTS**

**STAKEHOLDERS SUCH AS IMPLEMENTING AGENCIES CAN PUT UP ITS ONGOING PROJECTS  
COMPANIES CAN SELECT PROJECTS FOR CSR SPENDING AS PER THEIR PREFERENCES  
AND VICE VERSA**



# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### General Circular No. 21/2014 dt 18.06.2014

**Schedule VII may be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule.**

**CSR activities should be undertaken in project/ programme mode.**

**One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. not CSR.**

**Expenses incurred for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) is not CSR.**

**Salaries paid to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.**

**Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.**

**'Registered Trust' would include Trusts registered under Income Tax Act 1956.  
Exempt in those States where registration of Trust is not mandatory.**

**Contribution to Corpus will qualify as CSR expenditure as long as the entity created exclusively for undertaking CSR activities or where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.**

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

Annexure referred to in General Circular No. 21/2014 dated 18.06.2014 (1/3)

Sl. No	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act		Whether covered under Schedule VII of the Act
1		Promotion of Road Safety through CSR:	
	(i)	(a) Promotions of Education, "Educating the Masses and Promotion of Road Safety awareness in all facets of road usage,	(a) Schedule VII (ii) - under "promoting education"
		(b) Drivers' training,	(b) For drivers training etc. Schedule VII (ii) under "vocational skills".
		(c) Training to enforcement personnel,	(c) It is establishment functions of Government (cannot be covered)
		(d) Safety traffic engineering and awareness through print, audio and visual media" should be included.	(d) Schedule VII (ii) - under "promoting education"
	(ii)	Social Business Projects : "giving medical and Legal aid, treatment to road accident victims" should be included.	(ii) Schedule VII (i) under 'promoting health care including preventive health care.'
2		Provisions for aids and appliances to the differently- able persons - 'Request for inclusion	Schedule VII (i) under 'promoting health care including preventive health care.'
3		The company contemplates of setting up ARTIIC (Applied Research Training and Innovation Centre) at Nasik. Centre will cover the following aspects as CSR initiatives for the benefit of the predominately rural farming community:	Item no. (ii) of Schedule VII under the head of "promoting education" and "vocational skills" and "rural development".
	(a)	Capacity building for farmers covering best sustainable farm management practices.	(a) "Vocational skill" livelihood enhancement projects.
	(b)	Training Agriculture Labour on Skill Development	(b) "Vocational skill" livelihood enhancement projects.
	(c)	Doing our own research on the field for individual crops to find out the most cost optimum and Agri – ecological sustainable farm practices. (Applied Research) with a focus on water management	(c) 'Ecological balance', 'maintaining quality of soil, air and water'.
	(d)	To do Product Life Cycle analysis from the soil conservation point of view.	(d) "Conservation of natural resource" and 'maintaining quality of soil, air and water'.

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

Annexure referred to in General Circular No. 21/2014 dated 18.06.2014 (2/3)

Sl. No	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act		Whether covered under Schedule VII of the Act
4	(i)	Providing effective consumer grievance redressal mechanism.	Consumer education and awareness can be covered under Schedule VII (ii) “promoting education”.
	(ii)	Protecting consumer's health and safety, sustainable consumption, consumer service, support and complaint resolution	
	(iii)	Consumer protection activities.	
	(iv)	Consumer Rights to be mandated.	
	(v)	all consumer protection programs and activities” on the same lines as Rural Development, Education etc.	
5	a	Donations to buildings and renovation of classrooms would qualify as “promoting education” and hence eligible for compliance of companies with CSR	Conservation and renovation of school buildings and classrooms relates to CSR activities under Schedule VII as “promoting education”.
	b	Donations to buildings and renovation of classrooms would qualify as “protection of national heritage, art and culture, including restoration of buildings and sites of historical importance” and hence eligible for compliance of companies with CSR	
6	(a)	Non Academic Technopark TBI not located within an academic Institution but approved and supported by Department of Science and Technology.	Schedule VII (ii) under “promoting education”, if approved by Department of Science and Technology.
7		Disaster Relief	Disaster relief can cover wide range of activities that can be appropriately shown under various items listed in Schedule VII. For example, (i) medical aid can be covered under "promoting health care including preventive health care" (ii) food supply can be covered under 'eradicating hunger, poverty and malnutrition' (iii) supply of clean water can be covered under 'sanitation and making available safe drinking water'
8		Trauma care around highways in case of road accidents.	Under ‘health care’.

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

Annexure referred to in General Circular No. 21/2014 dated 18.06.2014 (3/3)

Sl. No	Additional items requested to be included in Schedule VII or to be clarified as already being covered under Schedule VII of the Act		Whether covered under Schedule VII of the Act
9		Clarity on "rural development projects"	Any project meant for the development of rural India will be covered under this.
10		Supplementing of Govt. schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII.	Yes. Under Schedule VII, item no. (i) under 'poverty and malnutrition'.
11		Research and Studies in the areas specified in Schedule VII.	Yes, under the respective areas of items defined in Schedule VII. Otherwise under 'promoting education'.
12		Capacity building of government officials and elected representatives – both in the area of PPPs and urban infrastructure.	No
13		Sustainable C7:D12 urban development and urban public transport systems	Not covered.
14		Enabling access to, or improving the delivery of, public health systems be considered under the head "preventive healthcare" or "measures for reducing inequalities faced by socially & economically backward groups"?	Can be covered under both the heads of "healthcare" or "measures for reducing inequalities faced by socially & economically backward groups", depending on the context.
15		Likewise, could slum re-development or EWS housing be covered under "measures for reducing inequalities faced by socially & economically backward groups"?	Yes.
16		Renewable energy projects	Under 'Environmental sustainability, ecological balance and conservation of natural resources',
17	(i)	Are the initiatives mentioned in Schedule VII exhaustive?	Under 'Environmental sustainability, ecological balance and conservation of natural resources',
	(ii)	In case a company wants to undertake initiatives for the beneficiaries mentioned in Schedule VII, but the activity is not included in Schedule VII, then will it count (as per 2(c)(ii) of the Final Rules, they will count)?	(i) & (ii) Schedule VII is to be liberally interpreted so as to capture the essence of subjects enumerated in the schedule.
18		US-India Physicians Exchange Program – broadly speaking, this would be program that provides for the professional exchange of physicians between India and the United States.	No

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### Notification no 05 dt 05.01.2017

**CSR shall not apply for a period of **five years** from the commencement of business of a Specified International Financial Services Company (IFSC) public company.**

**(SPECIFIED IFSC PUBLIC COMPANY is an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 (28 of 2005) read with the Special Economic Zones Rules, 2006)**

## AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### General Circular No. 06/2018 dt 28.05.2018

Sub-section 5 of the CSR Act states that preference for CSR spend should be given to the local area and areas around it where the company operates

**The Circular reiterates that this provision should be followed in letter and spirit.**

### General Circular No. 10/2020 dt 23.03.2020

**SPENDING ON COVID-19 ACTIVITIES**

**UN HAS DECLARED COVID-19 AS A PANDEMIC**

**GOVT HAS NOTIFIED THIS AS A DISASTER**

**Can be spent under item nos (i) & (ii) of Schedule VII – which can also be interpreted liberally**

### OFFICE MEMORANDUM dt 28.03.2020

**Any contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act 2013 (item (viii) of Schedule VII).**

### General Circular No. 15/2020 dt 10.04.2020

**FAQs on SPENDING ON COVID-19 ACTIVITIES**



# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

General Circular No. 15/2020 dated 10.04.2020

Sl. No	Frequently Asked Questions (FAQs)	Reply
1	Whether contribution made to 'PM CARES Fund' shall qualify as CSR expenditure?	Yes, under item no (viii) of Schedule VII of the Companies Act, 2013 and it has been further clarified vide Office memorandum F. No. CSR-05/1/2020-CSR-MCA dated 28th March, 2020.
2	Whether contribution made to 'Chief Minister's Relief Funds' or 'State Relief Fund for COVID-19' shall qualify as CSR expenditure?	'Chief Minister's Relief Fund' or 'State Relief Fund for COVID-19' is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure.
3	Whether contribution made to State Disaster Management Authority shall qualify as CSR expenditure?	Yes, under item no (xii) of Schedule VII of the 2013 and clarified vide general circular No. 10/2020 dated 23rd March, 2020.
4	Whether spending of CSR funds for COVID-19 related activities shall qualify as CSR expenditure?	General circular No. 10/2020 dated 23rd March, 2020 has clarified that spending CSR funds for COVID-19 related activities shall qualify as CSR expenditure. It is further clarified that funds may be spent for various activities related to COVID-19 under items nos. (i) and (xii) of Schedule VII. Further, as per general circular No. 21/2014 dated 18.06.2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.
5	Whether payment of salary/wages to employees and workers, including contract labour, during the lockdown period can be adjusted against the CSR expenditure of the companies?	Payment of salary/ wages in normal circumstances is a contractual and statutory obligation of the company. Similarly, payment of salary/ wages to employees and workers even during the lockdown period is a moral obligation of the employers, as they have no alternative source of employment or livelihood during this period. Thus, payment of salary/ wages to employees and workers during the lockdown period (including imposition of other social distancing requirements) shall not qualify as admissible CSR expenditure.
6	Whether payment of wages made to casual /daily wage workers during the lockdown period can be adjusted against the CSR expenditure of the companies?	Payment of wages to temporary or casual or daily wage workers during the lockdown period is part of the moral/ humanitarian/ contractual obligations of the company and is applicable to all companies irrespective of whether they have any legal obligation for CSR contribution under section 135 of the Companies Act 2013. Hence, payment of wages to temporary or casual or daily wage workers during the lockdown period shall not count towards CSR expenditure.
7	Whether payment of exgratia to temporary /casual /daily wage workers shall qualify as CSR expenditure?	If any ex-gratia payment is made to temporary / casual workers/ daily wage workers over and above the disbursement of wages, specifically for the purpose of fighting COVID 19, the same shall be admissible towards CSR expenditure as a onetime exception provided there is an explicit declaration to that effect by the Board of the company, which is duly certified by the statutory auditor.

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### General Circular No. 01/2021 dt 13.01.2021

Awareness Campaigns / Programmes or Outreach campaigns on Covid-19 Vaccination is eligible CSR  
Under items (i), (ii) and (xii) of Schedule VII

### The Companies Amendment Rules 2021 dt 22.01.2021

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.  
Spells out all definitions  
Introduces Form CSR-1 for Implementing Agencies  
Annual Action Plan introduced  
More clarity on Multi-year / Ongoing Projects  
Annexure II introduced for CSR reporting

### General Circular No. 05/2021 dt 22.04.2021

Setting up of Makeshift Hospitals and Temporary COVID Care Facilities is eligible CSR  
Under items (i) and (xii) of Schedule VII

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### General Circular No. 09/2021 dt 05.05.2021

**‘creating health infrastructure for COVID care’,  
‘establishment of medical oxygen generation and storage plants’,  
‘manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19’  
is eligible CSR Under items (i) and (xii) of Schedule VII**

**Contribution to specified research and development projects as well as contribution to public funded universities and certain Organisations  
engaged in conducting research in science, technology, engineering, and medicine as eligible CSR activities  
Under item (ix) of Schedule VII**

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### General Circular dt 20.05.2021

**Govt appeals to top 1000 companies on 30.03.2020 requesting generous contribution to PMCARES including unspent CSR amount, if any, and also in excess of mandated CSR spend for FY 2019-20. Also states that the excess amount can be offset against CSR obligations during the forthcoming years.**

**Companies that have made contribution to PMCARES in excess of the prescribed CSR, appeal for offset during FY 2020-21**

**Govt permits that excess amount contributed to 'PM CARES Fund' on 31.03.2020 may be offset against CSR spend for FY 2020-21**

### **PROVIDED**

**That the unspent CSR amount of previous years is factored in CFO and Statutory Auditor to certify that such contribution was made to PMCARES on 31.03.2020 against the appeal. Details of such contribution shall be disclosed separately in the Annual Report on CSR for FY 2020-21. Also in the Board's Report for FY 2020-21.**

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### General Circular No. 13/2021 dt 30.07.2021

**CSR spend on Covid Vaccination  
Persons other than their employees and their families  
Covered under items (i) and (xii) of Schedule VII**

### General Circular No. 14/2021 dt 25.08.2021

**Ministry has notified the amendments in Section 135 of the Act as well in the CSR Rules on 22nd January 2021.  
With an aim to strengthen the CSR ecosystem, by improving disclosures and by simplifying compliances, the FAQs on CSR  
have been published**

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzU0NzM=&docCategory=Circulars&type=open>

# AMENDMENTS & FAQs

## NOTIFICATIONS & CIRCULARS

### Notification No 105 dt 11.02.2022

#### Companies (Accounts) Amendment Rules, 2022

“(1B) Every company covered under the provisions of sub-section (1) to section 135 shall furnish a report on Corporate Social Responsibility in **Form CSR-2** to the Registrar for the preceding financial year (2020-2021) and onwards as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be: Provided that for the preceding financial year (2020-2021), Form CSR-2 shall be filed separately on or before 31st March 2022, after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.”.



# CSR IN FIGURES

## ANNUAL CSR SPEND (in crores of rupees)

Year	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020-21	Total
National Spend	14542	17098	20216	24961	26190	103007
Total Cos	19555	21523	25179	22972	20789	
Top 20 Companies	4766	5236	6004	7145	7064	30215
Percentage Spend by Top 20	33	31	30	29	27	29
Contribution to Funds	787	799	1156	1790	3490	8021
Percentage Contribution to Funds	5	5	6	7	13	8

*Courtesy : National CSR Portal ([www.csr.gov.in](http://www.csr.gov.in))*

*Retrieved on 01.05.2023*

## Development Sector-wise Spend

Development Sectors		In Rs Crores				
		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1	Rural Development	1572.84	1724.07	2434.17	2300.51	1850.64
2	Encouraging Sports	197.00	285.41	310.15	303.86	242.90
3	Gender Equality , Women Empowerment , Old Age Homes , Reducing Inequalities	490.84	581.87	572.72	694.45	521.74
4	Environment, Animal Welfare, Conservation Of Resources	1325.69	1660.41	1704.90	1804.55	1335.72
5	Education, Differently Abled, Livelihood	5597.29	7281.95	8003.37	9634.93	8551.63
6	Slum Area Development	51.49	39.16	51.06	42.94	88.95
7	Health, Eradicating Hunger, Poverty And Malnutrition, Safe Drinking Water , Sanitation	3712.46	4269.70	5547.70	6837.90	9270.81
8	Other Sectors ( Technology Incubator And Benefits To Armed Forces And Admin Overheads )	63.26	46.03	122.28	115.53	146.60
9	Others	437.46	15.20	87.61	502.79	203.14
10	Heritage Art And Culture	306.13	395.22	224.94	933.52	488.11
11	Swachh Bharat Kosh	184.06	272.07	95.50	53.47	160.85
12	Clean Ganga Fund	24.37	33.96	8.11	6.63	13.39
13	Any Other Fund	419.99	292.73	731.06	932.03	1617.03
14	Prime Minister's National Relief Fund	158.80	200.42	321.19	797.43	1698.26
Grand Total (in Cr.)		14541.68	17098.20	20214.76	24960.54	26189.77
Contribution to Specified Funds		787.22	799.18	1155.86	1789.56	3489.53
Percentage contributed to funds		5.41	4.67	5.72	7.17	13.32

Courtesy : National CSR Portal ([www.csr.gov.in](http://www.csr.gov.in))

Retrieved on 01.05.2023

# IMPORTANT TERMS IN CSR

**BENEFICIARIES**

**BASELINE STUDY**

**NEED ASSESSMENT**

**PROJECT PROPOSAL**

**CONVERGENCE**

**PARTNERSHIP**

**SHARED VALUE**

**IMPLEMENTATION**

**MONITORING**

**DOCUMENTATION**

**OUTCOME**

**IMPACT ASSESSMENT**

**REPORTING**

**EXIT STRATEGY**

**SUSTAINABILITY**

**REPLICATE & SCALE UP**

# **BOTTLENECKS IN CSR IMPLEMENTATION**

**WEAK IMPLEMENTING AGENCIES**  
(Track Record, Compliance, Capacity)

**IDENTIFICATION OF PROJECTS**  
(Location, Beneficiaries, Exit Strategy)

**GOVERNMENT APPROVALS**

**DOCUMENTATION**

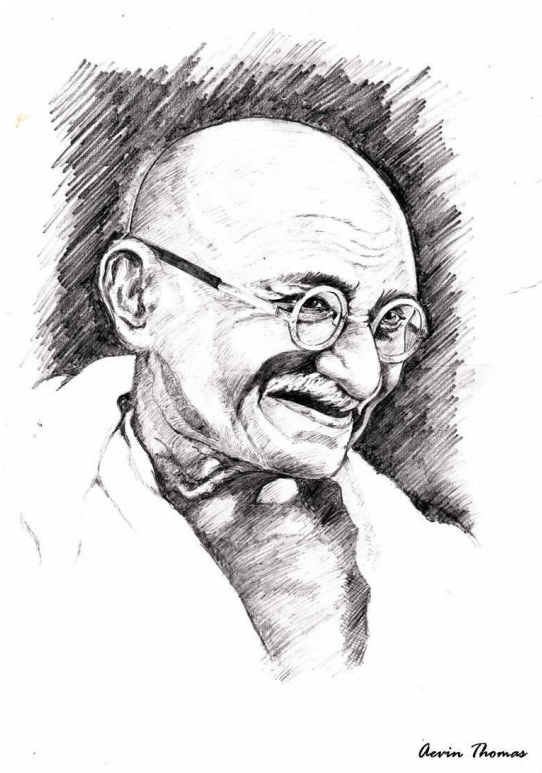
**SECTORWISE & GEOGRAPHICAL INEQUITY**

**TRANSPARENCY IN AVAILABILITY OF FUNDS**

**TRUST DEFICIT**

## MAHATMA GANDHI's Trusteeship

*"The rich man will be left in possession of his wealth of which he will use what he reasonably requires for his personal needs and will act as a trustee for the remainder to be used for society."*



# THANK YOU

VISIT

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