General Circular No. 15 /2020

F. No. CSR-01/4/2020-CSR-MCA Government of India Ministry of Corporate Affairs

10th April, 2020

<u>COVID-19 related Frequently Asked Questions (FAQs) on</u> <u>Corporate Social Responsibility (CSR)</u>

The Ministry has been receiving several references/ representations from various stakeholders seeking clarifications on eligibility of CSR expenditure related to COVID-19 activities. In this regard, a set of FAQs along with clarifications are provided below for better understanding of the stakeholders:

S. No.	Frequently Asked	Reply
	Questions (FAQs)	
1	Whether contribution	Contribution made to 'PM CARES Fund' shall
	made to 'PM CARES Fund'	qualify as CSR expenditure under item no (viii) of
	shall qualify as CSR	Schedule VII of the Companies Act, 2013 and it
	expenditure?	has been further clarified vide Office
		memorandum F. No. CSR-05/1/2020-CSR-MCA
		dated 28th March, 2020.
2.	Whether contribution	'Chief Minister's Relief Fund' or 'State Relief Fund
	made to 'Chief Minister's	for COVID-19' is not included in Schedule VII of
	Relief Funds' or 'State	the Companies Act, 2013 and therefore any
	Relief Fund for COVID-19'	contribution to such funds shall not qualify as
	shall qualify as CSR	admissible CSR expenditure.
	expenditure?	
3.	Whether contribution	Contribution made to State Disaster
	made to State Disaster	Management Authority to combat COVID-19

	Management Authority	shall qualify as CSR expenditure under item no
	shall qualify as CSR	(xii) of Schedule VII of the 2013 and clarified vide
	expenditure?	general circular No. 10/2020 dated 23 rd March,
		2020.
4.	Whether spending of CSR	Ministry vide general circular No. 10/2020 dated
	funds for COVID-19 related	23 rd March, 2020 has clarified that spending CSR
	activities shall qualify as	funds for COVID-19 related activities shall qualify
	CSR expenditure?	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 relating to promotion of health care
		including preventive health care and sanitation,
		and disaster management. 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	Payment of salary/ wages in normal
	salary/wages to employees	circumstances is a contractual and statutory
	and workers, including	obligation of the company. Similarly, payment of
	contract labour, during the	salary/ wages to employees and workers even
	lockdown period can be	during the lockdown period is a moral obligation
	adjusted against the CSR	of the employers, as they have no alternative
	expenditure of the	source of employment or livelihood during this
	companies?	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.
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6.	Whether payment of	Payment of wages to temporary or casual or daily
	wages made to casual	wage workers during the lockdown period is part
	/daily wage workers during	of the moral/ humanitarian/ contractual
	the lockdown period can	obligations of the company and is applicable to
	be adjusted against the	all companies irrespective of whether they have
	CSR expenditure of the	any legal obligation for CSR contribution under
	companies?	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 ex-	If any ex-gratia payment is made to temporary /
	gratia to temporary /casual	casual workers/ daily wage workers over and
	/daily wage workers shall	above the disbursement of wages, specifically for
	qualify as CSR	the purpose of fighting COVID 19, the same shall
	expenditure?	be admissible towards CSR expenditure as a one-
		time exception provided there is an explicit
		declaration to that effect by the Board of the
		company, which is duly certified by the statutory
		auditor.

This issues with the approval of competent authority.

R Gr.

(Shobhit Srivastava) Deputy Director, MCA