

## **AMENDMENTS IN CORPORATE SOCIAL RESPONSIBILITY RULES AND ACTIVITIES**

The concept of Corporate Social Responsibility (CSR) was formerly introduced in the Companies Act, 2013 under Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014.

Ministry of Corporate Affairs (MCA) has from time to time amended Section 135, Schedule VII and Companies (Corporate Social Responsibility Policy) Rules, 2014 of the Companies Act, 2013. MCA vide its **Notification No. G.S.R. 526(E)** dated **24<sup>th</sup> August, 2020** amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 in which Companies are allowed to spend their CSR funds on the Research & Development for finding Vaccine, Drugs and Medical Devices to combat the COVID-19 Pandemic, namely:

1. In rule 2, in sub-rule (1), in clause (e) of (Corporate Social Responsibility Policy) Rules, 2014 of by inserting the following proviso:

*“Provided that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to the conditions that-*

- (i) such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act.*
- (ii) details of such activity shall be disclosed separately in the Annual Report on CSR included in the Board’s Report”.*

2. In rule 4, in sub-rule 1 of (Corporate Social Responsibility Policy) Rules, 2014, *the words “excluding activities undertaken in pursuance of its normal course of business” shall be omitted.*

3. In the said rules, in rule 6, in sub-rule (1) of (Corporate Social Responsibility Policy) Rules, 2014, —

**(i) first proviso shall be omitted.**

*Omitted proviso: “Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company”.*

**(ii) in the second proviso, the word “further” shall be omitted.**

*Provided [~~further~~] that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the areas or subjects specified in Schedule VII of the Act.*

**Schedule VII** of the Companies Act, 2013 specifies the activities which may be included by companies in their Corporate Social Responsibility Policies.

Further, MCA has come up with another amendment **vide Notification No. G.S.R. 525(E)** dated **24<sup>th</sup> August, 2020** in Schedule VII of the Companies Act, 2013 due to COVID Impact, which are as follows:

In the said Schedule, for item (ix) and the entries thereto, the following item and entries shall be substituted, namely:-

*“(ix) (a) Contribution to incubators or research and development 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; and*

*(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under 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 Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)”.*

Link of the Complete Notifications:

[http://www.mca.gov.in/Ministry/pdf/csr\\_26082020.pdf](http://www.mca.gov.in/Ministry/pdf/csr_26082020.pdf)

[http://www.mca.gov.in/Ministry/pdf/NotificationCompAct\\_26082020.pdf](http://www.mca.gov.in/Ministry/pdf/NotificationCompAct_26082020.pdf)

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**Suggestions may be sent to [rupesh@cacsindia.com](mailto:rupesh@cacsindia.com)**

**Dr. S. Chandrasekaran | Senior Partner | Chandrasekaran Associates | Company Secretaries**

**11-F, Pocket Four | Mayur Vihar Phase One | Delhi - 110 091 | Tel. +91-11-2271 0514\_**

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**[sankara@cacsindia.com](mailto:sankara@cacsindia.com) | [info@cacsindia.com](mailto:info@cacsindia.com) | [www.cacsindia.com](http://www.cacsindia.com)**

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