

ICSI-NIRC NEWSLETTER

INSIGHT



**CORPORATE SOCIAL
RESPONSIBILITY**

THE REGIONAL COUNCIL

CHAIRMAN

CS VIMAL KUMAR GUPTA

VICE CHAIRMAN

CS SUSSHIL DAGA

SECRETARY

CS DEVENDER SUHAG

TREASURER

CS HIMANSHU HARBOLA

MEMBERS (IN ALPHABETICAL ORDER)

CS AMIT GUPTA

CS BHUPESH GUPTA

CS GURVINDER SINGH SARIN

CS MONIKA KOHLI

CS SAURABH KALIA

CS SURESH PANDEY

CS SURYA KANT GUPTA

CS VINAY SHUKLA

EX-OFFICIO MEMBERS

CS HITENDER MEHTA

CS MANISH GUPTA

CS NPS CHAWLA

CS RANJEET PANDEY

CS VINEET K. CHAUDHARY

REGIONAL DIRECTOR

CS SONIA BAIJAL

Inside:

- From the Chairman, NIRC

- Glimpses

- Articles

- CSBF

Published by :

CS Sonia Baijal, Regional Director for and Behalf of Northern India Regional Council of the Institute of Company Secretaries of India, 4 Prasad Nagar Institutional Area, New Delhi - 110005, e-mail : niro@icsi.edu; Phones : 493433000, Published at : NIRC - ICSI, 4, Prasad Nagar Instl. Area, New Delhi

© The Northern India Regional Council of the Institute of Company Secretaries of India

NIRC-ICSI NEWSLETTER

- NIRC-ICSI newsletter is generally published every month.
- Articles on subjects of interest to company secretaries are welcome.
- Views expressed by contributors are their own and the NIRC-ICSI does not accept any responsibility.
- The NIRC-ICSI is not in any way responsible for the result of any action taken on the basis of the advertisements published in the newsletter.
- All rights reserved.
- No part of this newsletter may be reproduced or copied in any form by any means without the written permission of the NIRC-ICSI.
- Soft copy of this issue of newsletter is also available on the website of the NIRC-ICSI.

VISION

"To be a global leader in promoting good corporate governance"

ICSI Motto

सत्यं वद। धर्मं चर। इष्टार्कं कुरु। कर्तव्यं कुरु।

MISSION

"To develop high calibre professionals facilitating good corporate governance"



FROM THE CHAIRMAN





Dear Professional Colleagues,

Greetings from ICSI-NIRC!

Friends, I really hope that all of you and your family members are doing well as far as health is concerned. We have seen that within a matter of few days that the few number of Covid 19 cases turns up into known people to friends and to family members. The need of Hospitals, Oxygen and the pain of loss of near and dear ones can be felt everywhere. We all can relate to the agony India is going through. But the power to remain strong remains within us, we have to be strong for each other and provide helping hand where ever possible.

Considering the very grim phase the country is facing due to the unprecedented surge in Covid-19 pandemic and in order to support its stakeholders, the Company Secretaries Benevolent Fund w.e.f 1st May, 2021 has enhanced the medical reimbursement limits for those affected by Covid 19. I think its very apt of competent authority to take a immediate and very necessary call on this front.

Keeping the current pandemic situation in mind the Council of the Institute as a special case, has decided to waive the shortfall from the requirement of securing mandatory CPE Credits (both Structured & Unstructured) for the financial year 2020-21.

The Institute, with a view to protect the interests of the candidates, their well-being and safety in view of Covid-19 Pandemic situation, has decided that the Examinations for Foundation Programme, Executive programme (old and New syllabus) and Professional programme (old and New Syllabus) scheduled to be held from 1st June, 2021 to 10th June, 2021 stand postponed.

The theme of this edition of Newsletter is 'Corporate Social Responsibility'. Mr. Winston Churchill once said **'Where there is great power there is great responsibility'** or famous Spider man comic proverb **'With great power there must also come great responsibility'**.

CSR is not new to India. Corporate Social Responsibility (CSR) has been evolving ever since India became the first country in the world to legally mandate it in 2014.

Their used to be time when Companies were using CSR as an instrument to improve its reputation in the eye of the Society. In the wake of urgent emerging health care requirements, companies could consider as part of their CSR expenditure use of CSR funds for “creating health infrastructure for Covid-19 care, establishment of medical oxygen and storage plants, manufacturing and supply of oxygen concentrators, ventilators, cylinders and other medical equipment for countering Covid-19”.

Friends, it has been continuous endeavor of the NIRC to support all its stakeholders, I take this opportunity to briefly highlight some of the major activities / developments that have taken place during the month of April & May, 2021:

Webinar on Health Care Amid Covid -19 on 9th May, 2021

NIRC organized a Webinar on theme 'Health Care Amid Covid -19' on Sunday, the 9th May, 2021. Dr. (Maj) Harshita Surange MBBS DMRD Dip UCAM, Ms. Neeta khandelwal, Yoga Guru And Social Activist and Ms. Shivani Kandwal, Dietitian were the Guest Speakers. The webinar was attended by large number of participants. I wish to place on record my sincere thanks and gratitude to the Guest Speakers for sparing their time & sharing their words of wisdom with the participants.

WEBINAR ON HELPING EACH OTHER DURING PANDEMIC TIMES ON 11th MAY, 2021

NIRC organized a Webinar on theme 'Helping Each Other During Pandemic Times' on Tuesday, the 11th May, 2021. CS (Dr.) Shyam Agrawal, Member, Appellate Authority & Past President, ICSI was the special invitee during the webinar. The webinar was attended by good number of participants. I wish to place on record my sincere thanks and gratitude to CS (Dr.) Shyam Agrawal Ji for sparing his time & sharing his rich experience with the delegates present.

WEBINAR ON POSITIVE THINKING – KEY TO A HEALTHY LIFESTYLE ON 17th MAY, 2021

NIRC organized a Webinar on theme 'Positive Thinking – Key To a Healthy Lifestyle' on Monday, the 17th May, 2021. Sister BK Shivani was the guest speaker during the webinar. The session was really enlightening and beneficial for all & I am are sure that this session helped the participants to lead a healthy life in all aspects i.e physically, mentally and spiritually. The webinar got live streamed on Social Media of ICSI as well - Facebook, Twitter, Youtube link, across the country and around 3000 participants were connected. I am thankful to Siter BK Shivani Ji for gracing the occasion.

Meeting of President, ICSI & Vice President, ICSI with Chairmen Of NIRC & Chapters, On 28th April, 2021

Virtual Meeting of CS Nagendra D Rao, President, ICSI and CS Devendra V. Deshpande, Vice-President, ICSI with Chairman of the Regional Council along-with Chapter Chairmen was organized on 28th April, 2021. The purpose of the meeting was to motivate the Team ICSI to work towards coping up with the Pandemic situation with complete zeal and positive attitude. All the elected representatives are committed towards serving the students and members community.

Special Meeting of Regional Council of NIRC-ICSI

The 254th meeting of the Regional Council of NIRC-ICSI (special meeting) held on Monday, the 3rd May, 2021, at 11.00 am through online mode using video conferencing. The Regional Council discussed on issues related to Covid 19 and how all the members can be helped during this hour of need.

Further, representations which needs to be placed before the competent authorities, administrative and issues relating to Professional Development of members were also discussed. And Students across Northern region to motivate them for Plasma Donation and to register on blood bank portal.

Meeting With Chapter Chairperson Of NIRC-ICSI

A meeting of Chairman, NIRC with Chapter Chairperson of NIRC-ICSI held on 6th May, 2021 through video conferencing to understand and appreciate their issues and challenges, particularly during Pandemic situation. The Chairpersons from the Northern Region, shared their ideas/grievances and also informed about the various activities going under their jurisdiction. We tried to motivate & guide them to help the members and students in all possible ways.

Other Activities undertaken during Pandemic

Regional Council members have been assigned state wise & location wise duties to help the Members and Students in arranging Medical Oxygen, Oxygen Concentrators and other medical aids. Mobile numbers and email IDs of Regional Council members have been circulated among members across Northern region.

NIRC of ICSI has already **empanelled 11 Hospitals and Labs to provide** Medical Facilities at Concessional Rates to Members & students of NIRC-ICSI, although majority of hospitals & labs are fully occupied and not in a position to provide efficient services amid Covid-19 pandemic times as would have been provided by them in normal circumstances. Tie-up with various hospitals for vaccinations and medical aid are in process. Covid-19 support group has been formed to help the members and students.

Management Skill Orientation Programme (MSOP)

Valedictory of 316th batch of MSOP

The Valedictory function of 316th Batch of MSOP held on 5th April, 2021. CS S Prabhakar, Practicing Company Secretary & Insolvency Professional was the Guest of Honour. MSOP Completion certificates along-with few awards were distributed to the participants.

Valedictory of 317th Batch of MSOP

The Valedictory function of 317th Batch of MSOP held on 9th April, 2021.

Inauguration & Valedictory of 318th Batch of MSOP

We inaugurated 318th Batch of MSOP through online mode on 6th April, 2021. The valedictory session of 318th Batch of MSOP held on 23rd April, 2021.

Inauguration & Valedictory of 319th Batch of MSOP

NIRC inaugurated 319th Batch of MSOP through online mode on 22nd April, 2021. The valedictory session of 319th Batch of MSOP held on 8th May, 2021.

Inauguration of 320th Batch of MSOP

NIRC inaugurated 320th Batch of MSOP through online mode on 11th May, 2021. I take this opportunity to thank the faculties for sparing their valuable time and grooming the budding Company Secretaries.

Corporate Membership Scheme

Through this communiqué, I welcome the members who joined the Corporate Membership Scheme 2021-22 and further request my other brethren's to enrol for the Corporate Membership Scheme of NIRC. Corporate Membership Scheme of NIRC is known for providing quality programs for Professional Development of Members. This year also we will try organizing large number of programs.

Students Activities

Although the time is really tough, but we at NIRC are trying our level best to make sure that the students get all the opportunities to complete their respective trainings and other related activities. Keeping same in our thought process, NIRC have organized many Students Programs during the month of April & May, 2021, be it 2 Days Induction Program, 3 Days e-Governance Program, 5 Days Entrepreneurship Development Program (EDP) and 5 Days Skill Development Program (SDP) or PDP.

Career Awareness Programs

NIRC organized various Online Career Awareness Programs for Students and Teachers of various Schools/Colleges/ Institutes. We apprised the students and their parents about the Role of Company Secretary, Company Secretary in Employment, Company Secretary in Practice and Eligibility, Validity and Cut-off Dates for Registration in CS. I urge you to contribute your bit by simply providing us the contact details of your School/College/Institute of which you are the Alumni. We will arrange the Career Awareness Program and you will be addressing the students as Alumni and member of ICSI.

CSBF

I appeal to all the members, who have not yet enrolled for the Company Secretaries Benevolent Fund, to become proud member of the Benevolent Fund. The detail of CSBF is published elsewhere in the newsletter for your reference.

I look forward to your valuable suggestions and feedback. Feel free to interact with me at chairman.nirc@icsi.edu.

Stay Safe, Stay Healthy, take care!



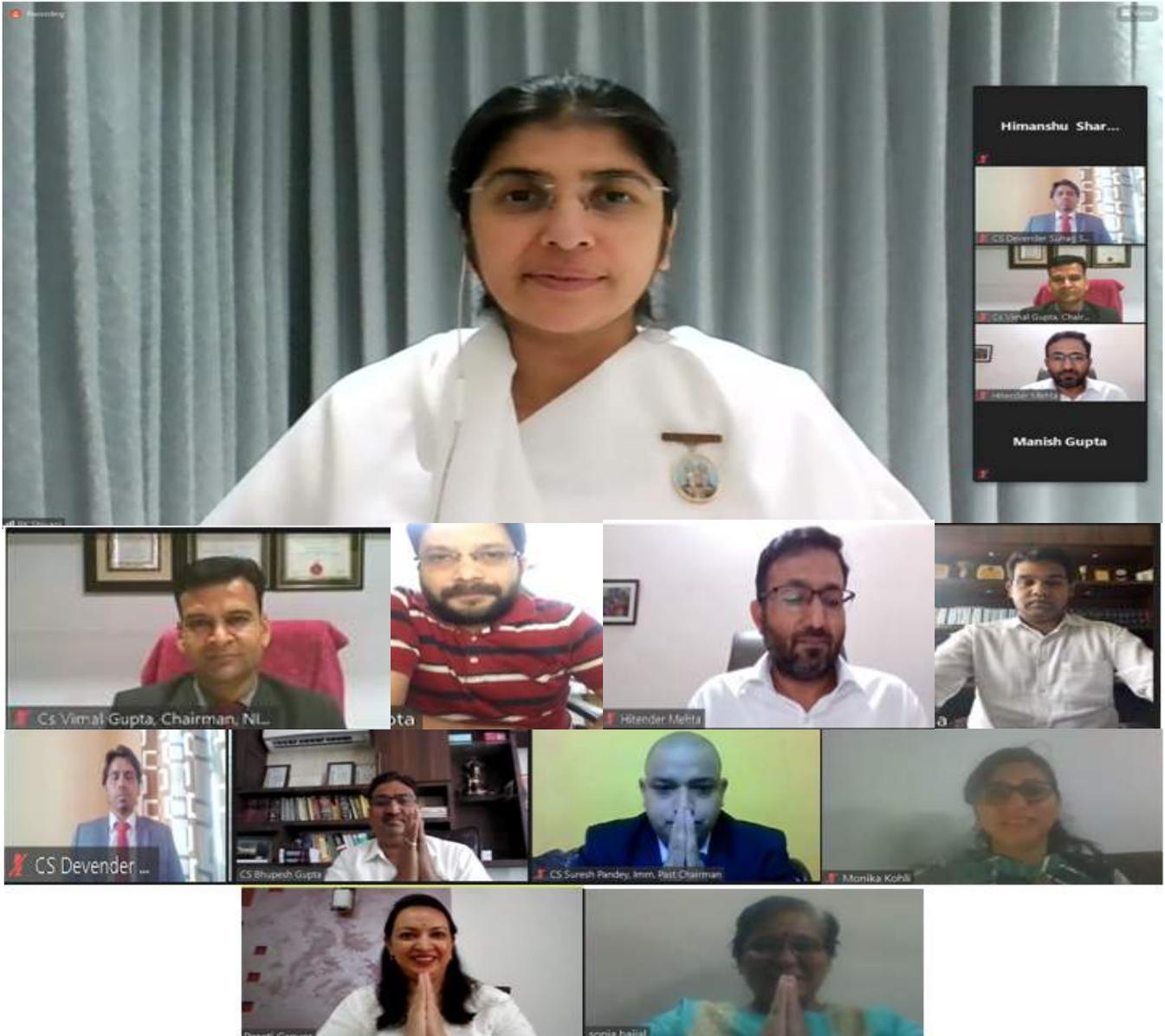
With best regards,
CS Vimal Gupta
Chairman, NIRC-ICSI
Mob. 9983324282, 9314324282



GLIMPSES



Webinar on Positive Thinking - Key to a Healthy Lifestyle



Sister BK Shivani, CS Vimal Gupta, Chairman, NIRC-ICSI, CS Manish Gupta, Council Member, ICSI, CS Hitender Mehta, Council Member, ICSI, CS Susshil Daga, Vice-Chairman, NIRC-ICSI, CS Devender Suhag, Secretary, NIRC-ICSI, CS Bhupesh Gupta, Regional Council Member, NIRC-ICSI, CS Suresh Pandey, Immediate Past Chairman, NIRC-ICSI, CS Monika Kohli, Regional Council Member, NIRC-ICSI, CS Preeti Grover, Chairperson, Noida Chapter of NIRC-ICSI and CS Sonia Baijal, Regional Director, NIRC-ICSI.

Webinar on Helping Each other During Pandemic Times



CS (Dr.) Shyam Agrawal, Member, Appellate Authority & Past President, ICSI, CS Vimal Gupta, CS Suresh Pandey, CS Bhupesh Gupta and CS Sonia Baijal.

Webinar on Health Care Amid Covid -19



CS Vimal Gupta, CS Devender Suhag, CS GS Sarin, Past Chairman, NIRC-ICSI, , Dr. (Maj) Harshita Surange, MBBS DMRD Dip UCAM, Ms. Neeta Khandelwal, Yoga Guru & Social Activist, Ms. Shivani Kandwal, Dietitian, CS Santosh Pandey and CS Sonia Baijal.

Valedictory Function – 316th MSOP



CS Himanshu Harbola, Treasurer, NIRC-ICSI, CS Surya Kant Gupta, Regional Council Member, NIRC-ICSI, CS Devender Suhag, CS S. Prabhakar, PCS & Insolvency Professional, CS Vimal Gupta (joined through Video Conference) and CS Suresh Pandey.

Inauguration Function – 318th MSOP



CS Kewal Kohli, CS Vimal Gupta, CS Hitender Mehta, CS Susshil Daga, CS Devender Suhag, CS Himanshu Harbola and CS Surya Kant Gupta.

Valedictory Function – 318th MSOP



CS Vimal Gupta, CS Devender Suhag and CS Surya Kant Gupta.

Inauguration Function – 319th MSOP



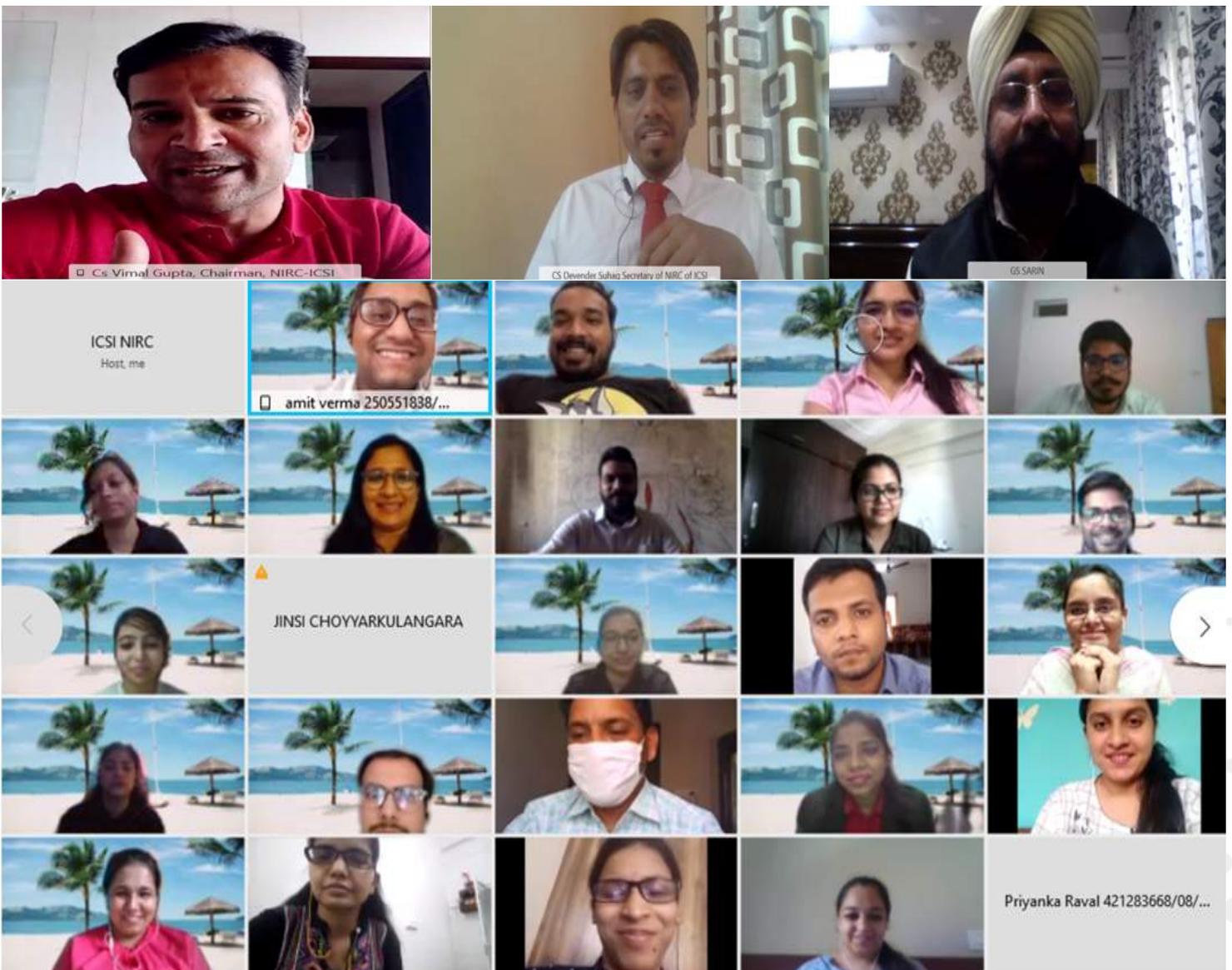
CS Vimal Gupta, CS Hitender Mehta, CS Susshil Daga and CS GS Sarin.

Inauguration Function – 320thMSOP



CS Vimal Gupta and CS Praveen Soni, Council Member, ICSI.

Valedictory Function – 319thMSOP



CS Vimal Gupta, CS Devender Suhag and CS GS Sarin along-with Participants.

OBITUARIES



CS H.M. Choraria
Past President, ICSI

'ICSI-NIRC' deeply regrets the sad demise of CS H. M. Choraria ji, Past President, ICSI. May the Almighty bestow courage to the bereaved family members to withstand the irreparable loss. May the Departed Soul rest in peace.



CS Pradeep Kumar Mittal
Past Central Council Member, ICSI

'ICSI-NIRC' deeply regrets the sad demise of CS P K Mittal ji, Past Council Member, ICSI. May the Almighty bestow courage to the bereaved family members to withstand the irreparable loss. May the Departed Soul rest in peace.



CS Pradeep Pincha
Eminent PCS, Jaipur, Rajasthan

'ICSI-NIRC' deeply regrets the sad demise of CS Pradeep Pincha ji, Eminent PCS, Jaipur, Rajasthan. May the Almighty bestow courage to the bereaved family members to withstand the irreparable loss. May the Departed Soul rest in peace.

'ICSI-NIRC' deeply regrets the sad demise of other Members of ICSI. May the Almighty give sufficient fortitude to the bereaved family members to withstand the irreparable loss. May the Departed Souls rest in peace.



ARTICLES





CS (Dr.) S K Gupta, FCS
cbst.sk Gupta@gmail.com

LEVERAGING INDIVIDUAL SOCIAL RESPONSIBILITY FOR DRIVING CSR

The Perspective

The Individual Social Responsibility (ISR) concept is as old as The Golden Rule — “Do unto others as you would have them do unto you”. ISR promotes a proactive stance towards positively influencing and affecting the people and environment in and around one's immediate circle. Simply put, ISR encapsulates the very essence of humanity -- to be humane. It is about ownership, emotional investment and gratification – a personal journey. It is not the 'art of giving' but the 'science of being' in symbiotic relationship with our immediate surroundings, communities, society and the world at large. It is about sustainability persevered with ethics, integrity and unwavering generosity.

The Concept of ISR

Collectively taken, ISR deals with individuals becoming more responsible in their actions affecting communities, in their immediate circle of family and friends and also beyond. It definitely works at a heightened level of transformation from within for a purposeful life and happiness. Individual Social Responsibility is a moral belief where we as individuals, have a responsibility toward society. Being "socially responsible" is about all individuals behaving ethically and sensitively towards social, economic, and environmental issues. It is about being accountable for our actions and being conscious of the impact your actions have on others, our communities, and the environment. By taking an active participation in resolving some of the issues, we as individuals should all strive to set good examples by applying and adhering to socially responsible practices, such as improving the quality of lives for individuals and their families, volunteer energy and time towards improving and benefitting society. Get involved and actively participate in helping to solve some of the problems.

The concept of **Individual Social Responsibility** has several strands:

- The degree to which people minimize their negative impact on others.
- The positive benefits people bring to the community and to society in general.
- The positive steps people make to minimize their environmental impact.
- Following a code of ethics.
- Being more “We than Me”

So, in summary, then we can perhaps see Individual Social Responsibility as: The continuing commitment to behave ethically and contribute to people's development while improving the quality of life of other individuals, groups, teams as well as society at large.

The individual social responsibility includes the engagement of each person towards the community where he lives, which can be expressed as an interest towards what's happening in the community, as well as in the active participation in the solving of some of the local problems. Under community we understand the village, the small town or the residential complex in the big city, where lives every one of us. Each community lives its own life that undergoes a process of development all the time. And everyone of us could take part in that development in different ways, for example by taking part in cleaning of the street on which he lives, by taking part in organization of an event, connected with the history of the town or the village or by rendering social services to children without parents or elderly people. The individual social responsibility also could be expressed in making donations for significant for the society causes – social, cultural or ecological.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

ISR can include the following:

1. Charitable acts, including philanthropy such as donation of money.
2. Working for the community, such as volunteering, giving blood donations, and working at a food bank or animal shelter.
3. Supporting issues that affect society, such as advocating political or social issues that can help others—for example, advocating for child labor laws, purchasing fair trade products, recycling.
4. Individual ethics, such as integrity and honesty. These individual ethics can also include the “golden rule”: treat others how you wish to be treated. This might mean with empathy and a sense of fairness.

So what happens without ISR?

This is where people:

- Do not follow standard rules and regulations that exist for the “common good” e.g. speed limits when driving, parking on yellow lines, rules over litter
- Do not speak to those who they see and know break standards (as they choose to leave it someone else to make a complaint and/or believe that “everyone is free to do just what they want”)
- Show no respect for other people
- Are more about “me” instead of more “we”

To change behavior, we may well have to look at the attitudes/thinking, values, and beliefs that underpin what we do.

How can you do this?

Perhaps answering the following questions will get you started:

- How would the world be, if everyone practiced ISR?
- How do we get ISR?
- What would I need to change in myself?

Many people give to charities, invest in socially responsible funds, consume green products, supply their blood, or give their time and sometimes even their lives for good causes. Such prosocial behaviors obey a complex mix of interdependent motivations. First, they are driven by genuine, intrinsic altruism: to varying degrees, we all aspire to do good and help. Second, material incentives may come into play: we are more likely to give to charities if contributions are tax-deductible. Third, we are also driven by social and self-esteem concerns. Our conduct defines what kind of person we are, in the eyes of others.

Remember:

- “If you think you can or think you can't; you are right”
- “If it is to be, then it is down to me”
- “Change starts with me-so what will I do?”

ISR vis-à-vis CSR

ISR drives CSR, as a corporation is comprised of individuals and hence ISR determines the culture of social responsibility it creates. Individuals are increasingly becoming socially responsible and, thus, Corporations and Companies are required to become more socially responsible to meet demands. ISR is at the roots of CSR, If ISR becomes way of life CSR may be an automatic end result.

ISR will be the way forward for next wave of CSR in India

Leveraging on human capital from within at appropriate levels may make more sense in the long run, as the possible impact of employee involvement in company CSR activities is manifold. Companies can start with small group initiatives around CSR, cutting across organizational boundaries and structural barriers.

Passion for the initiative rather than hierarchical position should be the criteria for these type of group formations and leadership. The organization is bound to see a lot of untapped energy flowing into these initiatives which otherwise would have been channelized into negative or unproductive output.

In terms of cultivating ISR in the workplace companies and other organizations must become as flexible and creative as community organizations to motivate, support and celebrate the ISR expressions of employees. For example:

- Permitting employees time off that would normally be granted for volunteering at a community organization to support a sick neighbor.
- Commending employee commitment to a cause beyond their volunteering. For example, celebrating an employee who consistently makes 'green' choices.
- Allowing employee-directed donations to go to community organizations that are not registered charities, such as a community sports team or an advocacy organization.

Case study on ISR – Apeejay group”

“Individual Social Responsibility™ (ISR®) is a term coined by the employees and it describes the process by which we have extended the vision and mission of our Corporate Social Responsibility to all individuals in our workforce since 2007~2008 when it was made into a Policy. The Individual Social Responsibility™ program runs parallel to our Corporate Social Responsibility programs. We stress, to our employees and new joiners the value of enrolling into the Individual Social Responsibility™ program that encourages volunteering of their time and skills. By doing so, Apeejay shareholders and employees endeavor to, individually as citizens and collectively as a corporate, reach out beyond business to connect with the community. We have witnessed many positive outcomes of the Individual Social Responsibility™ initiative. Many different employees, in many different ways, took Individual Social Responsibility™ to new levels and did us proud. From new hires to senior management, all employees take ISR® as a personal goal. Together all across the divisions and cities employees have volunteered their time and effort to bring about a change in society that they would want to see. And, you know, there is no such thing as society. There are individual men and women and there are families. And no governments can do anything except through people, and people must look to themselves first. It is our duty to look after ourselves and then, also, to look after our neighbors.” (Source : Annual Report – Apeejay group)

Conclusion

Individual social responsibility (ISR) refers to the individual's perception of what he should do in order to help society. ISR represents the responsibility of each person for the activities he/she gets involved in. Moreover, it means that everyone has a moral responsibility to perform so that he/she should not affect the people around him/her. Individual Social Responsibility or ISR is going beyond looking what the government is not doing and what others are not delivering. It is taking upon oneself the responsibility of providing deficient services and filling the gaps and voids in delivery through individual initiative. 'Living responsibly' must be understood and imbibed at the very basic Individual level of the societal pyramid. This reasoning is becoming extremely relevant now with the pandemic.

The ISR movement is not restricted to a community, city or even a country. It is a global movement that addresses the problems of societies at large, and aims to solve them by congregating efforts of each and every individual in a progressive direction. ISR may not be as well known as CSR but the power and reach it brings is truly amazing. ISR can have a multiplier effect in the society, where individual efforts can gather mass and become a collective force. The time is now, Let the ISR movement begin. Be the Change. Lead the Change!



CS Amit Vyas, ACS
vyasamit1998@gmail.com

CORPORATE SOCIAL RESPONSIBILITY (CSR)

"Organisations should function like a tree. On one hand, they should take resources from the environment to strengthen themselves and on the other, they should give fruits which go back to environment"

Corporate Social Responsibility (CSR) is a business model that allows companies to integrate social and environmental responsibility directly into their operations practices. CSR is a self-regulating business model that helps a company be socially accountable - to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

"A good company offers excellent products and services. A great company also offers excellent products and services but also strives to make the world a better place."

- Philip Kotler

According to *United Nations Industrial Development Organisation*, CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line - Approach"), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

❖ **CSR in India:**

CSR is deeply embedded in our cultural roots. In ancient times, the Maharajas used to give away hoards of cows along with other gifts to the people. Huge donations to the temple meant the development, employment and shelter for homeless in the vicinity.

CSR is nothing but an attempt by business to uphold the **path of Dharma**. Ancient Hindu philosophy has given the concept of the four Purusharthas, the basic objectives of human life — Dharma, Artha, Kama and Moksha. Out the four, the objectives of the first three i.e., Dharma, Artha and Kama are to lead society to material progress, cultural development and general welfare of its diverse population. Hence CSR is a manifestation of Dharma, the duty of human beings towards society.

CSR can also be seen as an extension of the ancient tradition of danna (charity), which has been the cornerstone of social concern for Indian society down the ages. Famous names like Raja Bali in Satyuga and Danveer Karna and Rantideva in Dwapar Yuga show us the importance of philanthropy in ancient Indian thought.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

❖ CSR Laws in India:

On April 1, 2014, India became the first country to legally mandate corporate social responsibility. Section 135 of India's Companies Act make it mandatory for companies having turnover of Rs. 1,000 crore or more, or Net-Worth of Rs. 500 crore or more or a net profit of Rs. 5 Crore or more to spend two percent of their average net profit for the past three financial years on CSR.

The above-mentioned companies shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director, provided that where a Company is not required to appoint Independent Director under section 149(4), it shall have two or more directors in CSR Committee.

The CSR Committee shall formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII. Provided that, where the amount to be spent by a company does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

With the increasing importance of the CSR activities, it has been felt necessary to provide guidance to the industry and professionals on the accounting aspects of the CSR Expenditures. The Companies Act, 2013 has made it mandatory for companies fulfilling above mentioned criteria, to implement and report CSR policies. Rules framed thereunder and Notifications issued from time to time has provided extensive guidelines on the activities to be undertaken by the companies and the reporting of the same in the Annual Report of the Company.

The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities. In case, if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount. If the company spends an amount in excess of the requirements provided under the Act, such company may set off such excess amount against the requirement to spend under the Act, up to immediate succeeding three financial years.

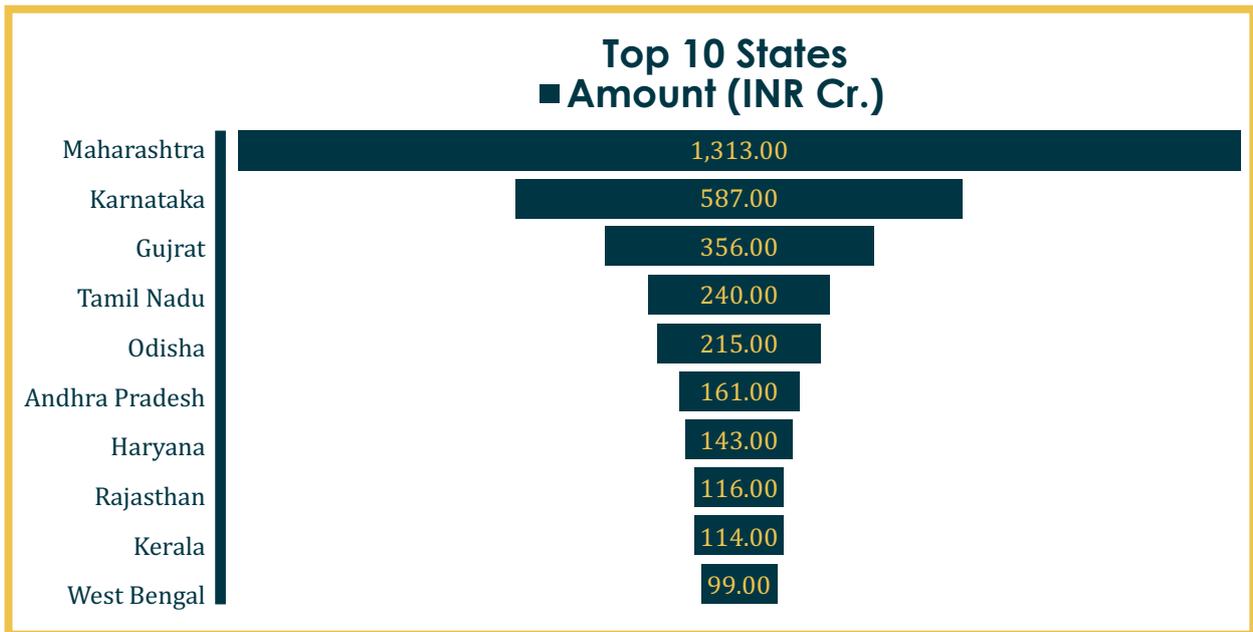
Amid the COVID-19 (Coronavirus) outbreak, the Ministry of Corporate Affairs has notified that companies' expenditure to fight the pandemic will be considered valid under CSR activities. Funds may be spent on various activities related to COVID-19 such as promotion of healthcare including preventive healthcare and sanitation, and disaster management.

Top 10 highest spending businesses on CSR in Financial Year (FY) 2019-20

Name of Company	Amount (INR Cr.)
Reliance Industries Limited	908.71
Tata Consultancy Services Limited	602.00
Infosys limited	359.94
ITC limited	326.89

J. P. Morgan Services India Private Limited	204.93
Tata Steel Limited	183.80
Wipro Limited	181.80
Maruti Suzuki India Limited	168.09
Mahanadi Coalfields Limited	165.50
Larsen and Toubro Limited	145.29

Data Source: www.csr.gov.in



Data Source: www.csr.gov.in



Data Source: www.csr.gov.in

❖ **CSR Implementation:** Rule 4 of Companies (Corporate Social Responsibility Policy) Rules, 2014 provides that:-

The Board shall ensure that the CSR activities are undertaken by the company itself or through –

- (a) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or
- (b) A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- (c) Any entity established under an Act of Parliament or a State legislature; or
- (d) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

Every entity, covered under above mentioned point (a) to (d), who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021.

❖ **Penal Provisions under Companies Act, 2013:**

Section 135 (7) of the Companies Act, 2013 provides that, If a company is in default in complying with the provisions of sub-section (5) or sub-section (6), the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, *and* every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

Role of Company Secretary:

An effective CSR program is implemented and supported by corporate levels, oversight mechanisms, training programs and accountability measures. A company secretary, being a vital employee, holds office based on the concept of trust, reflecting the confidentiality of the role. At the same time, the company secretary is the direct nexus to the board of directors, and therefore is suited to playing a significant role in CSR formulation and implementation.

CORPORATE SOCIAL RESPONSIBILITY (CSR)





CORPORATE SOCIAL RESPONSIBILITY UNDER SECTION 135 OF COMPANIES ACT 2013

CS Deepti Grover Khanna, FCS
dgkassociates@outlook.com

CSR implies a concept, whereby Companies decide voluntarily to contribute to a better society and a cleaner environment – a concept, whereby the Companies integrate social and other useful concerns in their business operations for the betterment of its stakeholders and society in general in a voluntary way.

MCA has recently added that any spending towards curbing COVID-19 spread in India under the list of eligible CSR (Corporate Social Responsibilities) activities. The activities include the following: – Promotion of health care, – Expenses towards preventive health care and sanitation, and – Disaster management.

Basically, “Corporate Social Responsibility” means and includes but is not limited to

1. Projects or program relating to activities specified in Schedule VII to The Act.
2. Projects or program relating to those activities which are undertaken by Board of directors of a Company in ensuring the recommendation of the CSR Committee of the Board as per declared CSR policy of the Company along with the conditions that such policy will cover subjects specified in Schedule VII of the Act:

- Applicability
- Importance of Corporate Social Responsibility
- Role of Board of Directors
- Transfer and Use of Unspent Amount
- Constitution of the CSR Committee
- Duties of the CSR Committee
- CSR Reporting
- CSR Policy
- List of Permitted Activities to be included in accordance with Schedule VII of the Companies Act, 2013
- Activities not considered as CSR specifically defined
- Fines and Penalties for Non-compliance
- Reason For Introduction of CSR for Companies

Applicability

The provisions of CSR applies to

- Every Company
- Its holding Company
- Its subsidiary Company
- Foreign Company

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

Having in the preceding financial year

- Net Worth > 500 Crore
- Turnover > 1000 Crore
- Net Profit > 5 Crore

Importance of Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an immense term which is used to explain the efforts of a Company in order to improve society in any other way.

- CSR improves the public image by publicizing the efforts towards a better society and increase their chance of becoming favourable in the eyes of consumers.
- CSR increases media coverage as media visibility throws a positive light on the organization.
- CSR enhances the Company's brand value by building a socially strong relationship with customers
- CSR helps Companies to stand out from the competition when Companies are involved in any kind of community.

Role of Board of Directors

The role of the Board of Directors is explained below

- After considering the recommendations made by the CSR Committee, approve the CSR policy for the Company.
- The Board must ensure only those activities must be undertaken which are mentioned in the policy
- The Board of Directors shall make sure that the Company spends in every financial year, minimum 2% of the average net profits made during the 3 immediately preceding financial years as per CSR policy.
- In case a Company has not completed 3 financial years since its incorporation, the average net profits shall be calculated for the financial years since its incorporation.
- The Board's Report shall disclose –
- CSR Committee's composition
 - o the contents of CSR Policy
 - o In case CSR spending does not meet 2% as per CSR Policy, the reasons for the unspent amount, and details of the transfer of unspent amount relating to ongoing project to a specified fund (transfer within a period of six months from the expiry of the financial year).

Transfer and Use of Unspent Amount

The specified funds for transfer of unspent amount are:

- A contribution made to the prime minister's national relief fund.
- Any other fund which is initiated by the central government concerning socio-economic development, relief and welfare of the scheduled caste, minorities, tribes, women and other backward classes.
- A contribution made to a incubator which is funded either by the central government, the state government, public sector undertaking of state or central Government, or any other agency.

- Contributions made to public-funded universities, National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Indian Institute of Technology (IITs), Indian Council of Medical Research (ICMR), Defence Research and Development Organisation (DRDO), Ministry of Electronics and Information Technology), and Department of Science and Technology (DST) engaged in conducting research in technology, science, medicine, and engineering aimed at encouraging Sustainable Development Goals (SDGs).
- In case of the unspent amount relating to an ongoing project under the Company's CSR policy, the amount shall be transferred by the firm in less than 30 days from the end of the financial year to a exclusive account to be opened by a firm in any scheduled bank. The account shall be designated 'Unspent Corporate Social Responsibility Account', and the funds shall be used towards its obligations under the CSR policy within a period of three financial years from the date of the transfer. In a case where the Company fails to utilise the funds at the end of the three financial years, the funds should be transferred to the specified fund mentioned above within a period of thirty days upon completion of the third financial year.

Constitution of the CSR Committee

- Every Company to which CSR criteria is applicable shall constitute a Corporate Social Responsibility of the Board (i.e. CSR Committee).
- Minimum 3 or more directors must form CSR Committee.
- Among those 3 directors, at least 1 director must be an independent director.
- An unlisted public Company or a private Company shall have its CSR Committee without any independent director if an independent director is not required.
- In case of a foreign Company, the CSR Committee shall comprise of at least 2 persons of which one person shall be a person resident in India authorized to accept on behalf of the foreign Company – the services of notices and other documents. Also, the other person shall be nominated by the foreign Company.

Duties of the CSR Committee

- The CSR Committee shall formulate and recommend a CSR policy to the Board. CSR policy shall point out the activities to be undertaken by the Company as enumerated in Schedule VII.
- CSR Committee shall recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the Company.
- CSR Committee shall monitor the CSR policy of the Company from time to time.
- The committee shall establish the transparent controlling mechanism for the implementation of the CSR projects or programs or activities undertaken by the Company

CSR Reporting

With respect to CSR Reporting, the provisions are as follows :

- The Board's Report referring to any financial year initiating on or after the 1st day of April 2014 shall include an annual report on CSR.
- In case of a foreign Company, the balance sheet filed shall contain an annexure regarding report on CSR.

CSR Policy

CSR Policy elaborates the activities to be undertaken by the Companies named in Schedule VII to the Act and spend. The activities should not be the same which are done by the Company in its normal course of business

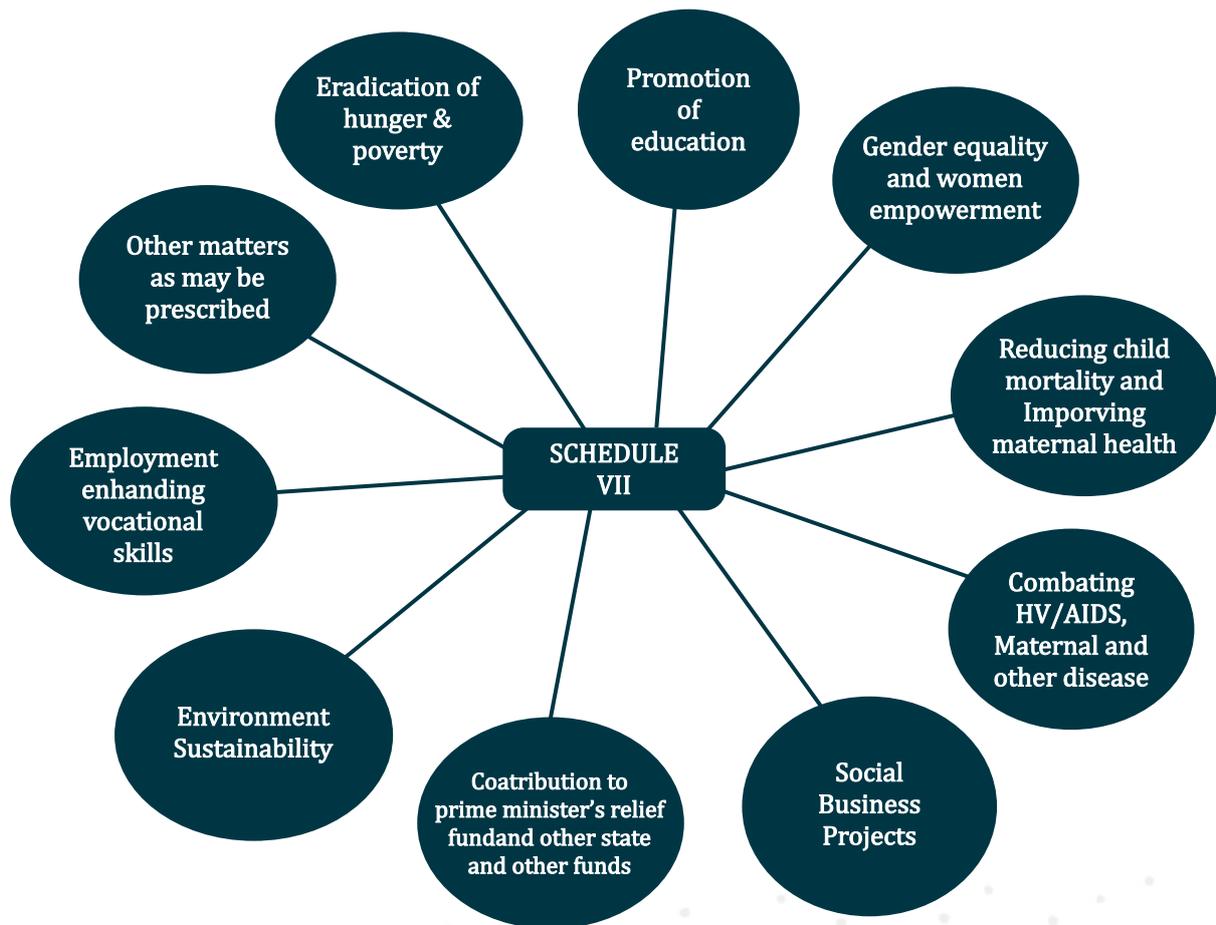
- Contents of CSR Policy should be placed on the Company's website by the Board
- The activities mentioned in the policy must be undertaken by the Company
- The Company can join hands with other Companies for undertaking projects or programs or CSR activities and report separately on such programs or projects
- The CSR policy shall monitor the projects or programs.

List of Permitted Activities To Be included in accordance with Schedule VII of the Companies Act, 2013

The Board shall ensure that the activities included by a Company in its CSR Policy fall within the purview of the activities included in schedule VII. Some activities are specified in Schedule VII as the activities which may be included by Companies in their Corporate Social Responsibility Policies. These activities are related to :

S. No.	CSR Activities
1.	Abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water
2.	Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently abled and livelihood enhancement projects
3.	Improving gender equality, setting up homes and hostels for women and orphans
4.	Introducing the measures for reducing inequalities faced by socially and economically backward groups
5.	Safeguarding environmental sustain ability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga
6.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts
7.	Areas for the advantage of skilled armed forces, war widows and their dependents
8.	Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports
9.	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development providing relief and welfare of the Scheduled Castes, the Scheduled and backward classes, minorities and women

10.	Contributions or funds provided to technology incubators which are approved by the Central Government
11.	Rural development projects
12.	Disaster management, including relief, rehabilitation and reconstruction activities
13.	Slum area development where 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force



Explanation: For the purposes of this item “slum area” shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

Activities Not Considered As CSR Specifically Defined

S. No.	Activities not considered as CSR
1.	Rule 4(1): The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects, programs or activities (either new or existing), excluding activities undertaken in pursuance of its normal course of business.
2.	Rule 4(4): the CSR projects or programs or activities undertaken in India only shall amount to CSR expenditure.

3.	Rule 4(5): The CSR projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
4.	Rule 4(7): Contributions of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.
5.	Proviso below Rule 6(1) (b): Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a Company.
6.	Rule 6(2) : The CSR Policy of the Company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a Company.
7.	Rule 7: CSR expendituredoes not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

• **According to the Latest Updates: PM-CARES FUND contribution now qualifies as CSR expenditure under the Companies Act, 2013**

Fines and Penalties for Non-Compliance

In case a Company fails to comply with the provisions relating to CSR spending, transferring and utilising the unspent amount, the Company will be punishable with a minimum fine of Rs 50,000 which may increase to Rs 25 lakh. Further, every officer of such Company who defaults in the compliance will be liable for a punishment which is imprisonment for a term which may extend to three years or with a minimum fine of Rs 50,000 which may increase to Rs 5 lakh, or with both.

Reason For Introduction of CSR for Companies

We live a dynamic life in a world that is growing more and more complex. Global scale environment, social, cultural and economic issues have now become part of our everyday life. Boosting profits is no longer the sole business performance indicator for the corporate and they have to play the role of responsible corporate citizens as they owe a duty towards the society. The concept of Corporate Social Responsibility (CSR), introduced through Companies Act, 2013 puts a greater responsibility on Companies in India to set out clear CSR framework. Many corporate houses like TATA and Birla have been engaged in doing CSR voluntarily. The Act introduces the culture of corporate social responsibility (CSR) in Indian corporate requiring Companies to formulate a CSR policy and spend on social upliftment activities CSR is all about corporate giving back to society. The Company Secretaries are expected to be known about the legal and technical requirements with respect to CSR in order to guide the management and Board.





CORPORATE SOCIAL RESPONSIBILITY

CS Siddharth Tewari, ADV
siddharth.tewari13@gmail.com

What do we get when we break CORPORATE SOCIAL RESPONSIBILITY?

CORPORATE means a Company registered under the law of land, **Social** means society, people, plants, animals, basically the environment we live in and **Responsibility** means obligations or duties.

That is, in simple words CORPORATE SOCIAL RESPONSIBILITY (CSR) means obligations of a company towards the society in which it operates, functions, grows and make a living out of it. A corporate must return to the society which gives it labour, water, power and various other resources. And every corporate must strive to take care of this society and its inmates (people, plants and animals) along with its whole ecosystem inclusive of atmosphere, forests and water bodies just like one takes care of its own house and people.

Coporates should not only concentrate on profits, but also be responsible as citizens. Corporate practices need a world structure to exceed imposed standards, go beyond present governments, and set goals for sustainable development. Multinational enterprises are responsive to the stakeholders' needs. Therefore, Companies must include social responsibility in their objectives, aiming to create long-term sustain ability for corporate success by meeting the needs of all suppliers, investors and employees.

KEY CSR ISSUES if enumerated may be read as; environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

IS CSR A MANDATE IN INDIA?

CSR in India has traditionally been seen as a philanthropic activity. On 01.04.2014, India became the first country to legally mandate corporate social responsibility. As per section 135 (1) of the Companies Act, 2013, every company having net worth of INR 500 Cr. Or more, or turnover of INR 1000 Cr. Or more or net worth of INR 5 Cr. Or more, during the immediately preceeding Financial Year, shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director

A properly implemented CSR concept can bring along a variety of **COMPETITIVE ADVANTAGES**, such as improved corporate image, enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

Some people may argue that CSR is an **EXTRA COST** implementation over an above the expenses of the Corporate and that it conflicts with the profit maximization objective of the business concern but to those I would ask one question; *Is it not morally binding upon a company to treat well the society in which it operates, which it exploits to earn profits?* Now there's something to think about, be responsible. It's about time, we not only bring a change but we become a change!

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI



CS Shukla Bansal, FCS
shuklabansal@yahoo.com

CORPORATE SOCIAL RESPONSIBILITY

Preface:

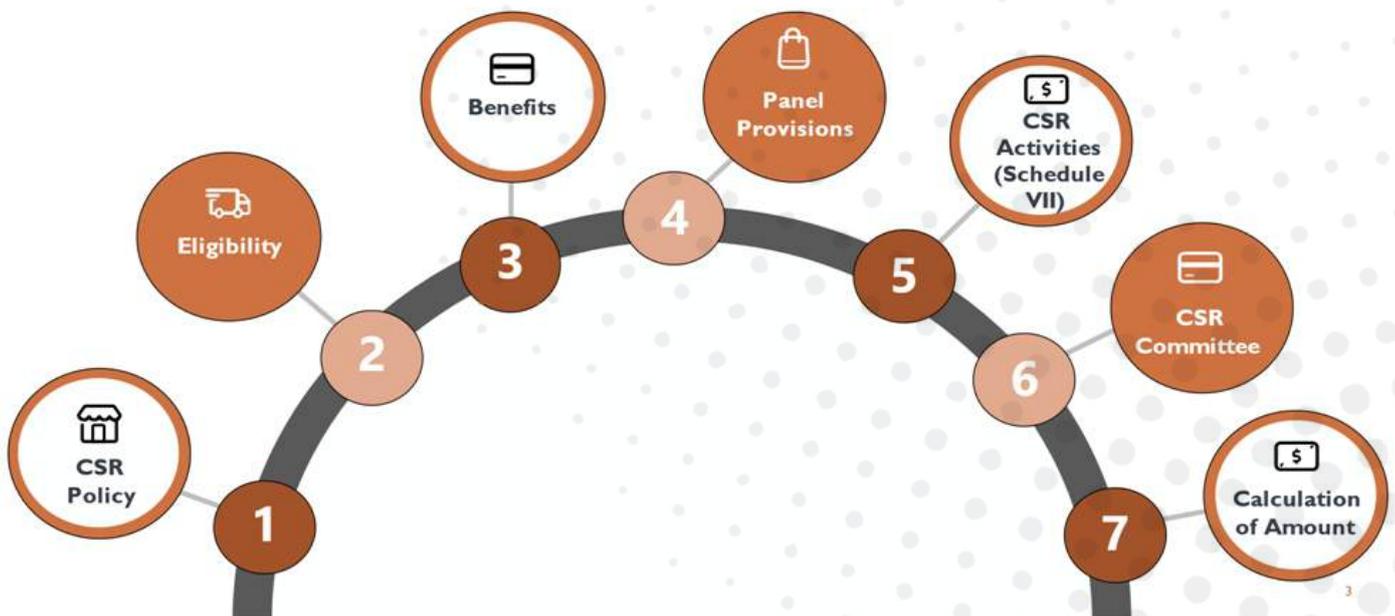
Corporate Social responsibility (CSR) is continuing commitment by businesses to integrate social and environmental concerns in their business operations. Changes in the global environment increasingly challenge business around the world to look beyond financial performance, and to integrate social and environmental concerns into their strategic management.

Prior to Companies Act 2013, CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was believed that every company has a moral responsibility to play an active role in discharging the social obligations, subject to the financial health of the company. In the early 90's Mahatma Gandhi introduced the concept of trusteeship helping socio-economic growth. CSR was influenced by family values, traditions, culture and religion.

The Companies Act 2013 replaced the Companies Act of 1956 in Aug 2013. The New Act has introduced far-reaching changes that affect company formation, administration, and governance, and incorporates an additional section i.e. Section 135 – clause on Corporate Social Responsibility obligations (“CSR”) for companies meeting the eligibility criterion in India.

India became the first country to legislate the need to undertake CSR activities and mandatorily report CSR initiatives under the new Companies Act 2013. This is the beginning of a new era for CSR in India. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance.

CSR - FRAMEWORK



* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI



- Section 135 of Companies Act, 2013 (CA 2013)
- The compaines (Corporate Social Responsibility Policy) Rules, 2014 - (CSR Rules, 2014)
- Schedule VII - List of CSR Activities

Eligibility for CSR :

Every company having

- Net worth of rupees five hundred crore or more, or
- Turnover of rupees one thousand crore or more or
- A net profit of rupees five crore or more

during the immediately preceding financial year is liable to comply with CSR provisions.

Composition of CSR Committee & Its Functions

The Companies which are falling under the eligibility Criterion shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors

The composition of the Corporate Social Responsibility Committee shall be disclosed in the the Board's report under sub-section (3) of section 134

The Corporate Social Responsibility Committee shall,—

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;
- (b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

As per Section 135(9), **where the amount to be spent by a company under sub-section (5) of Section 135 does not exceed fifty lakh rupees, the requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable** and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

CSR Policy

CSR Policy” relates to the activities to be undertaken by the company in areas or subjects specified in Schedule VII to the Act and the expenditure thereon, **excluding activities undertaken in pursuance of normal course of business of a company;**

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.

CSR Policy is formulated and recommended to the Board by the Corporate Social Responsibility Committee. CSR Committee shall also monitor the CSR Policy of the Company from time to time.

The Board of every company shall,—

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

The Board of every eligible Company, shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6) of Section 135 of the Companies Act, 2013, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.

Explanation.—For the purposes of this section "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198.

"Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-

(i). any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956 (1 to 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.

Unspent amount of On-going Projects (Section 135(6))

1. Any unspent amount relating to ONGOING PROJECT need to be transferred in **30 days from the end of the FY** to a special account in any **Scheduled Bank** to be called as the “**Unspent Corporate Social Responsibility Account for FY- xxxxx**”.
2. The Company to **spend it in a period of 3 FY** from the date of such transfer in Scheduled Bank account
3. **After 3 FY**, if anything remains unspent the same need to be transferred to a Fund specified in Schedule VII, **within a period of 30 days** from the date of completion of the third FY

SCHEDULE VII

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:—

(i) Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, 9[Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows];

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports

(viii) contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(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).

(x) rural development projects

(xi) slum area development.

Explanation.- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

CSR Implementation

By the company itself or through -

- a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, established by the company, either singly or along with any other company, or
- a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- any entity established under an Act of Parliament or a State legislature; or
- a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.
- A company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately such projects or programmes in accordance with CSR rules.
- The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect
- A company may engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

CSR Exclusions

The activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 - CSR does not include:

Exclusion 1. Activities undertaken in pursuance of normal course of business of the company except for companies engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business for a period of three FY subject to certain conditions.

Exclusion 2. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union Territory at the national level or India at the international level.

Exclusion 3. Contribution of any amount directly or indirectly to any political party.

Exclusion 4. Activities benefitting employees of the company.

Exclusion 5. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

Exclusion 6. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services.

Registration of Implementing Agency

- Every Entity through which the company undertake CSR activities mandatorily. Register itself with the Ministry of Corporate Affairs (MCA) by filing **Form CSR-1 on MCA Portal** with effect from **01st April 2021**
- Form CSR-1 shall be **verified digitally by a Chartered Accountant in Practice or Company Secretary in Practice or Cost Accountant in Practice.**

- Upon **filing of Form CSR-1 by the Entity on MCA Portal**, automatically a unique CSR Registration Number shall be generated

Impact Assessment

- Mandatory for every company having average CSR obligation of ten crore rupees or more in the three immediately preceding financial years.
- Impact assessment of CSR projects having outlays of one crore rupees or more, and which have been completed not less than one year before undertaking the impact study.
- Impact assessment to be undertaken through an independent agency.
- The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.
- A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

Penal Provision for Non Compliance of CSR Provisions:

If a company is in default in complying with the provisions of sub-section (5) or sub-section (6) of Section 135, **the company shall be liable to a penalty of twice the amount required to be transferred** by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, **or one crore rupees, whichever is less**, and **every officer** of the company who is in default shall be **liable to a penalty of one-tenth of the amount required to be transferred by the company** to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, **or two lakh rupees, whichever is less**.

Conclusion:

Corporate social responsibility (CSR) encourages businesses accountability to a wide range of stakeholders, shareholders, and investors. The key of concerns are the environment protection, and the social wellbeing of people in society, both now and in the future. CSR has a variety of policies such as giving to organization, providing products and services to consumers, reducing harmful waste, and treating their employees with moral ethics. Corporate social responsibility is the best thing that was implemented into businesses both large and small, in this way the environment and society can be treated the way it supposed to, with respect. CSR is something that everyone can benefit from, when businesses adopt its policy.

References:

- MCA ebook
- Deposit photos
- Ipleaders blog





CS Nikita Chadha, FCS
nikita.bahl@bharatgroup.co.in

COVID 19 OUTBREAK - CHANGING TRENDS IN CORPORATE FOR CORPORATE SOCIAL RESPONSIBILITY IN INDIA

INTRODUCTION

The COVID-19 - the infectious disease triggered by corona virus has been considered as global pandemic by the World Health Organisation (WHO) on the 30th of January 2020. This contagious disease tremendously disrupted the socio-economic circumstances of the whole world. The COVID-19 pandemic has changed our perception of the world in unexpected ways. It forcibly nudged everyone into reinventing the way they live and work. Slowly but surely, the world is planting its feet again, treating lockdowns and social distancing with an air of acceptance.

The year 2020 was a year that showed us a different facet of life. It made us realise how ill-prepared we were to face a disaster, despite that, how we emerged a winner by adapting to the new and changed circumstances. The Life post-corona is referred to as 'new-normal' because it would be practically impossible or will take lot of time for people to go back to the normalcy of the time before the pandemic.

For many, the perceived changes are in their lifestyle – working from home, attending online classes, etc. But for many unfortunate others, the reality is rather grim. The millions of people who were rendered homeless as a direct consequence of these changes were the hardest hit. A huge part of economic activity has come to an abrupt halt, leaving the poor without a way to make a living. To say that they require active support from society would be an understatement.

Hearteningly, governments, corporates, and non-profits across the globe have sprung into action, rethinking the way they can alleviate some of this damage through social responsibility initiatives. COVID served as a wake-up call to organizations who started to actively look at how they gave back to society without violating social distancing norms.

In a move termed as a “special one-time dispensation”, the Government of India declared the novel coronavirus outbreak in the country as a “notified disaster” on 14 March 2020. This was done to enable the state governments to aid and utilise funds from the State's Disaster Response Fund (SDRF) towards avenues like temporary accommodation, food supplies, and medical care for patients and people in quarantine facilities. The notification allowed for states to not only deploy these funds as part of their containment measures, but also channel funds towards efforts geared towards screening such as setting up procurement of essential equipment/testing laboratories within the government.

Corporate Social Responsibility (CSR) does not have a universally accepted definition, the core of the concept however, is structured around the belief that businesses have a sense of responsibility towards society and the people from whom they derive their success. In countries such as India, where economic integration and social inclusion are imperative forces that drive the masses towards growth and development CSR has become an integral and impactful part of corporate landscape.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

2020 was a pivotal year in Corporate Social Responsibility as the concepts of corporate responsibility and sustainability received significant media attention. Business houses in India are increasing in realizing their stake in the society and engaging in various social and environmental activities. CSR holds a very important place in the development scenario of India today and can create as an alternative tool for sustainable development. As companies have shown great concerns for their immediate community and the stakeholders, it can be safely concluded that much of the fate of society lies in the hands of the corporate.

A successfully implemented CSR strategy calls for aligning these initiatives with business objectives and corporate responsibility across the business principles to make CSR sharper, smarter, and focussed on what really matters. This study provides insights into an area of growing concern of firms towards society. Firms have been doing great effort for the achievement of business goals and marring the business goals with social responsibility practices. CSR has come a long way in India.

From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is huge. Corporates have the expertise, strategic thinking, manpower and money to facilitate wide social change. Effective partnerships between corporates, NGOs and the government will place India's social development towards tremendous growth. As per the changing market demands need of the hour is for the development of CSR framework that has been imposed by the government. So that, we can contribute to make better planet to live in.

The Government of India has made it clear that CSR spending is not charity or mere donations without any strategic benefits. In fact, there has been a concerted effort to define broad areas (Schedule VII of the Companies Act 2013) under which the funding can be channelled, thereby visibly and positively impacting society. Moreover, there has been a conscious attempt to keep the CSR legislation aligned with India's commitment to the United Nations Sustainable Development Goals (UN-SDGs). Schedule VII of the Companies Act 2013 defines broad areas of intervention that are intended to be interpreted liberally with the eventual focus being on ensuring sustainable development of the country.

KEY REGULATORY ANNOUNCEMENTS REGARDING CSR FOR COVID-19

On 23 March 2020, the MCA declared that the funds spent on COVID-19 management would be treated as eligible CSR activity. "Keeping in view the spread of COVID-19 in India, its declaration as a pandemic by the World Health Organization (WHO), and the decision of the Government of India to treat this as a notified disaster. It is hereby clarified that spending of CSR funds for COVID-19 is eligible under CSR activity", the MCA order said. Companies' CSR funds can now be used towards promoting preventive care healthcare infrastructure and disaster management. The order was treated as a welcoming step by many who believed this would help the government and industry to join forces and alleviate the distressing impact of the virus outbreak.

The MCA circular also stated that the CSR funds can be spent by companies for various activities related to COVID-19 as enlisted under item nos. (i)- eradicating extreme hunger and poverty and (xii)- disaster management, including relief, rehabilitation and reconstruction activities of Schedule VII appended to the Companies Act, 2013 and relating to the promotion of health care, including preventive healthcare and sanitation and disaster management. MCA also notified that items under Schedule VII are broad-based and shall be interpreted liberally in the wake of the crisis.



Keeping in mind the need for having a dedicated national fund with the primary objective of dealing with any kind of emergency or distress situation, such as the COVID-19 pandemic, and to provide relief to the affected, a public charitable trust under the name of 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund)' was set up on 28 March 2020. The Prime Minister is the Chairman of this trust and its members include Defence Minister, Home Minister and the Finance Minister. In a tweet, PM Modi said, "People from all walks of life expressed their desire to donate to India's war against COVID-19. Respecting that spirit, the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund has been constituted. This will go a long way in creating a healthier India."

The MCA, in a subsequent notification issued on 28 March 2020, clarified that all donations and contributions to the PM-CARES Fund will be counted towards a company's mandatory corporate social responsibility spend. This was done by amending Schedule VII of the Companies Act, 2013 by including PM-CARES Fund as a permissible CSR activity along with the Prime Minister's National Relief Fund.

On 26 August'20, the Government amended the CSR norms to include research and development (R&D) spending on new vaccines, drugs, medical devices related to COVID-19. "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," said the gazette notification.

These conditions are "such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act. And, details of such activity shall be disclosed separately in the Annual Report on CSR included in the Board's Report", according to the corporate affairs ministry notification.

While the relaxation is applicable for three years till 2022-23, it comes with the caveat that such R&D activity must be carried out in collaboration with specified public institutions. This step is expected to enhance manifold the flow of funds towards the COVID-19 vaccine and drug development.

On 10 April 2020, MCA issued FAQs on CSR related to COVID-19 via its General Circular No. 15/2020 which helped clarify a few concerns regarding the deployment of CSR funds for COVID-19 relief.

The FAQs state clearly that contributions made towards the PM CARES Fund shall be covered under CSR, while funds given to Chief Minister's Relief Fund or State Relief Fund for COVID-19 shall not qualify as admissible CSR expenditure. However, the notification adds that contributions made to the State Disaster Management Authority to combat COVID-19 shall qualify as CSR expenditure under item no (xii) of Schedule VII.

The notification also allows for ex-gratia payments made to temporary/casual/daily wage workers to qualify under CSR as a one-time exception. This is possible, provided there is an explicit declaration to that effect by the board of the company which is duly certified by the statutory auditors.

The response to this changing CSR landscape has been demonstrated not only by companies of Indian origin but even foreign corporations who have mobilized support and initiated targeted campaigns to mitigate the impact of this unprecedented crisis. While the Government's PM-CARES Fund has witnessed monumental support from corporates, some companies have also contributed by individual programs and relief efforts. Some have also partnered with local authorities of respective state governments to donate medical/food supplies and scale other initiatives to cater to the needs of local communities.

INITIATIVES BY COMPANIES

Companies have taken a lot of these challenges with respect to COVID19 in stride, creating numerous opportunities to further sustain ability practices. Here are a few examples:

Ensuring diversity and inclusion : The pandemic has been an eye-opener in terms of how we can do business just as well, remotely. Organizations have turned this into an opportunity to attract a more diverse workforce. Especially enabling women (who are more prone to take a career break to juggle responsibilities at home) and the physically challenged (for whom commuting to the workplace has always been a challenge).

Improving the carbon footprint : With companies accommodating work from home culture, the workforce no longer must commute to their workplace, resulting in a considerable reduction in traffic. This has significantly helped reduce carbon emissions. Changes like these could enable us to reduce the demand for fossil fuels and switch to cleaner and greener alternatives.

Better employee engagement : Lack of separation between work and home and the extra stress that comes from working remotely contribute to employee burnout. To beat this, organizations have proactively taken measures to engage their employees through virtual volunteering. When balanced well, remote work leaves the employee with ample time to spare for volunteering activities that they could engage in, online.

Organizations are now turning to innovative ways in which they can maximize their CSR impact in a socially distant world. The world is engaging in dialogues on employing technology to enable impeccable CSR, volunteering, and sustainability initiatives. The focus is on adopting technology platforms that facilitate:

- Clear and consistent communication to ensure stakeholder alignment across the engagement lifecycle (ranging from non-profits to employees),
- Use of AI and analytics to make data-driven decisions and gain meaningful insights out of every volunteering activity,
- Tracking of budgets and finance in real-time, helping maintain an audit trail for compliance needs, and
- Transparency across the volunteering life cycle.

CSR is taking some burden off frontline health workers by supplementing public health systems, supplying hygiene kits and supporting the establishment of temporary quarantine facilities. Companies have responded to the needs of frontline workers to stay safe and equipped to respond to the COVID-19. The companies have made efforts in capacitating and training health care providers using technologies across hospitals in direct consultation with the government department.

The companies have made efforts in sanitizing public places, villages and others. A common practice under the corporate social responsibility is to spray sodium hypochlorite in association with local Administration in project affected villages for cleaning and disinfecting purposes.

Corporates are conducting informative and awareness sessions to help people understand the benefits of handwashing through educational and behavioural tools and tactics and advocating with the government to strengthen public healthcare and economic assistance.

Many corporates have stepped in along with the government to feed the needy by providing relief packages to take care of food security measures for the poor. Their action helped the poorest of the poor to cope with the hardship. Companies have actively been helping the underprivileged amid the COVID-19 crisis and have extended their support by providing cooked meals and ration packets in the communities.

A few companies, despite being closed due to the lock-down, have made efforts to provide wages without accounting deductions and safeguarded livelihood of suppliers and other essential workers. The pandemic has brought about a greater need for healthcare products and essentials. The need has been well understood by the companies implementing CSR.

Due to the nation-wide lockdown educational institutions have particularly faced the brunt as schools, colleges have been shut down. The situation is especially severe for those children who live in remote and rural areas. Companies have tried to engage teachers, students and parents to make sure that there is no lockdown on education as student's right to education should not be contingent on where they live or their family's income. Companies are trying to find creative new ways for teachers and students to connect from a distance ensuring remote reach to students through smart phones.

CONCLUSION

The pandemic has surfaced issues we probably never considered important till now. How we approach the challenges and opportunities as citizens, leaders and practitioners will determine what our world will look post-COVID-19 in relation to corporate social responsibility.

The year 2020 was extremely critical especially for the humanitarian sector. It kept us on toes, serving the most in need, marginalised communities. It brought upon the realisation and made it clear that new age disasters and risks like Covid-19 pandemic can't be managed with tools from the previous centuries. 2020 will forever be a year to remember, with plenty of highs and lows, but one thing remains true — 2020 will be the year that officially upended the CSR movement for most companies.

The CSR obligation is a game changer for ensuring that the gains made by corporations in India can be transferred back to society in a meaningful manner. The government's efforts to keep the activities permitted under the obligation broad based is commendable. Moreover, linking the CSR activities to the Sustainable Development Goals (SDGs) both explicitly and implicitly will ensure that CSR spending aligns with and augments national priorities. SDGs are a collection of 17 global goals designed to be a blueprint to achieve a better and more sustainable future for all. These 17 goals consist of 169 targets which must be achieved by 2030. However, there are several shortcomings observed in the implementation of the CSR regulation which need to be resolved proactively for ensuring maximum impact on the ground. Firstly, a shift in mindset from one that focuses on meeting a statutory obligation to one where companies actively identify and create sustained impact projects aligned to their values. Secondly, streamlined information on activities that are permitted under the regulation as well as timely clarifications. Thirdly, creation of channels for identification of projects on a pan-India basis. This will help spread the deployment of CSR funds to areas where maximum impact would be possible. A welcome step in this regard is the proposal for a 'Social Stock Exchange' by the Securities & Exchange Board of India. The SSE will allow for more efficient deployment of CSR funding, verification of the impact of projects and trading of excess/deficient CSRspends between companies. Finally, there is an urgent need to ensure that CSR-spending has a multiplier effect on social, economic and environmental impact on the ground. This will have to be achieved by measuring outcomes of CSR spending over time, as well as engaging in activities with larger impact potential. Funding research and technology incubators could be one such area where the impact could be highly diversified.

In conclusion, the COVID-19 pandemic has brought Corporate Social Responsibility to the forefront. Corporate, both large and small, headquartered in India or abroad, have risen to the challenge and augmented the government's efforts by re-orienting their CSR strategies. It is hoped that the same zeal and mission-mode orientation carries over to activities beyond the pandemic.



CS Sumedha Gupta, ACS
sumedhagupta15@gmail.com

AMENDMENTS ON CORPORATE SOCIAL RESPONSIBILITY

In a significant overhaul of the Corporate Social Responsibility (CSR) Rules, the Ministry of Corporate Affairs has introduced several changes to the CSR vide various notifications as below:

1. Ministry of Corporate Affairs Notification SO. 324(E) dated January 22, 2021 notifying Section 21 of the Companies (Amendment) Act, 2019
2. Ministry of Corporate Affairs Notification SO. 325(E) dated January 22, 2021 notifying Section 27 of the Companies (Amendment) Act, 2020
3. The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021

Applicability and calculation of amount to be spent (Section 135): Every Company having:

- Net worth of Rs 500 Crores or more
- Turnover of Rs 1000 Crores or more
- Net profit of Rs 5 Crores or more

during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.”

Amount to be spent:

The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, **at least 2 % of the average net profits of the company** made during the three immediately preceding financial years .

CSR expenditure:

Rule 7 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021: Min **administration overhead** not exceed 5% of total CSR expenditure for the financial year

(Administrative overheads- general management and administrative expenditure, excludes direct expense towards a particular project *(inserted)*

Compliance

1) Compulsory Registration of CSR Entity

As per the sub rule (1), the Board shall ensure that the CSR activities are undertaken by the company itself or through Company or entities specified in sub rule.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

As per the sub rule (2) of Rule (4) from **01.04.2021 onwards**, every business entity or company that intends to undertake any CSR Activity will need to register itself with the Central Government. The same can be done by filing **form CSR 1** with the ROC. Further, after submitting the form, a unique **CSR Registration Number** will be generated automatically, which will assist the companies in identifying the entities that are engaged in CSR activities on behalf of other companies.

Note: This form is not for the CSR projects or programmes approved prior to the April 1, 2021.

2) Formulation of the Annual Action Plan

According to Rule (5) of the Companies (CSR Policy) Amendment Rules 2021- it is the duty of the CSR Committee of the company to **formulate and recommend to the BOD** an annual action plan in consonance to the CSR Policy. The said policy must include the following details:

1. A complete list of the approved CSR Programmes and project, based on **schedule VII**;
2. The manner of **executing** such CSR projects or programmes;
3. The modes of **utilizing funds** and **implementation** of schedules for the programmes or projects;
4. The **monitoring** and **reporting mechanism** for the CSR projects;
5. All the details concerning the need and impact of the projects undertaken by the company;
6. However, it shall be taken into **due consideration that the Board of Directors has the power to alter or modify any of the decided plans at any time during** the financial year. But the same will only be done after receiving the recommendation from the CSR committee, which should be based on a **reasonable justification as well**.

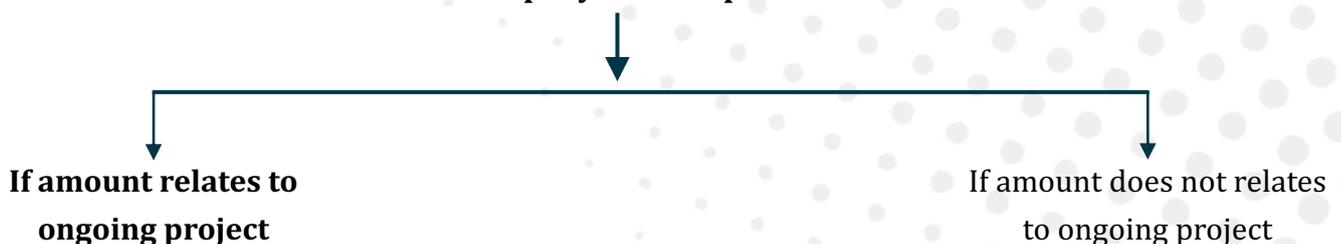
Note: As per section 135, Where the amount to be spent by a company under sub-section

(5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

3) Amount spending by the Company can be categorised :

1. Company has fully spent its project amount
2. Company has some unspent amount, it relates to the ongoing project
3. Company has some unspent amount, it does not relates to the ongoing project

Section 135(5) & (6) : Treatment of unspent fund If the company fails to spend CSR amount



1. If amount relates to ongoing project

Any amount remaining unspent under sub-section (5), according to an ongoing project undertaken by a company in pursuance of its CSR Policy, shall be transferred by the company within a period of 30 days from the end of the financial year to a special account.

This Special Account is to be opened by the company on that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account.

Such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer. If the Company fails to spend it in this timeline, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

Note:

- **Ongoing Project**” means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification; (1-3 years)
- In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

2. If amount does not relates to ongoing project

Transfer unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

In all the above 3 cases, following compliance are required to be for every year:

- Annual Report on CSR activities is required to be annexed with the Board's Report. (Rule 8)
- Second requirement is to mandatory disclosure of all CSR projects and activities as approved by the Board besides CSR Committee's composition on the company's website for public access. (Rule 9)
- Next is the requirement of Impact Assessment – Every company having average CSR obligation of ten crore rupees or more u/s 135(5) of the Act in the three immediately preceding financial years, shall undertake impact assessment, through an independent agency, of their CSR projects having outlays of one crore rupees or more. (Rule 8)

We can hereby conclude that compliance related to Corporate Social Responsibility are rising. Corporate are requested by the Ministry of Corporate Affairs to comply with the compliance as do as to make profits.



ARTICLE ON CORPORATE SOCIAL RESPONSIBILITY

CS Reetika Mahendra Rathore, ACS
reetsi198989@gmail.com

“A company should have in its DNA, a sense to work for the welfare of the community. CSR is an extension of individual sense of social responsibility. Active participation in CSR projects is important for a company”

- Ratan Tata

Corporate Social Responsibility is the way companies manage their businesses to produce an overall positive impact on society through economic, environmental and social actions. Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ businesses. Business depends for its survival on long term prosperity of the society.

The way customers interact with brands today is changing. For the companies to engage and connect with today's even-more empowered consumer, they need to ensure that their identity, and their behaviors they engage in, has the right impact.

In a world where the target audience demands a business that not only delivers exceptional products and services, but also contributes to the community, becomes more transparent and takes an active role in addressing universal issues, corporate social responsibility has become a mandatory requirement for any organization in India.

Almost half the reputation of a company comes from public response to what it does to support the current environment. The companies with the best practices operate coordinated and interdependent programmes across the CSR portfolio. Some initiatives indeed create shared value; some, though intended to do so, create more value for society than for the organization and some are intended to create value primarily for society.

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance.

As per Section 135 of Companies (CSR) Rules 2014 and Schedule VII of Companies Act 2013, every company having net worth of Rs 500 crores or more, or turnover of Rs 1,000 crore or more, or net profit of Rs 5 crore or more during the immediate preceding financial year, must have a CSR committee and spend at least 2% of the average net profits earned during three immediate preceding financial years to CSR activities.

The amendment notified in the Companies Act, 2013 requires every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

CORPORATE SOCIAL RESPONSIBILITY IN COVID 19 PANDEMIC

In the present era of COVID-19, the Government of India is inspiring companies to provide social support. According to a March 23, 2020 Ministry of Corporate Affairs circular, all expenditures incurred on activities related to COVID-19 would be added as permissible avenues for CSR expenditure.

This announcement from the ministry was welcomed by Corporate India. It created a win-win situation for companies with existing CSR obligation and funds at disposal who wanted to contribute to relief and meet statutory requirements of The Companies Act, 2013 at the same time.

The response to the government's call to support COVID-19 efforts has been overwhelming. Crores have been donated to various government funds.

Considering the huge sum of funds at stake for the relief efforts, corporate are struggling not just in finding a reliable implementing partner but also in figuring out a way to monitor and track the use of the donated funds and assessing their impact.

CSR AMENDMENTS UNDER THE COMPANIES (AMENDMENT) ACT, 2019

Until now, if a company was unable to fully spend its CSR funds in a given year, it could carry the amount forward and spend it in the next fiscal, in addition to the money allotted for that year.

The CSR amendments introduced under the Act now require companies to deposit the unspent CSR funds into a fund prescribed under Schedule VII of the Act within the end of the fiscal year. This amount must be utilized within three years from the date of transfer, failing which the fund must be deposited in to one of the specified funds.

The new law prescribes for a monetary penalty as well as imprisonment in case of non-compliance. The government, however, is reviewing these rules after the industry objected to the strict provisions, especially with respect to the jail terms for CSR violations, and is yet to notify them.

Funds may be spent for various activities related to COVID-19, under the following items of Schedule VII:

- Eradicating hunger
- Poverty
- Malnutrition
- promoting healthcare, including preventive healthcare
- Sanitation, including contribution to the Swachh Bharat Kosh set up by the Centre for promoting sanitation and making available safe drinking water
- Disaster management, including relief, rehabilitation and reconstruction activities

Further, a general circular (No. 21/2014, dated June 18, 2014) mentioned that the items in Schedule VII are broad-based and may be interpreted liberally for the purpose of donations being made with respect to COVID 19.



THE METHODOLOGY OF CSR

CSR is the procedure for assessing an organization's impact on society and evaluating their responsibilities. It begins with an assessment of the following aspects of each business:

- Customers;
- Environment;
- Employees.
- Suppliers;
- Communities; and,

The most effective CSR plans ensure that while organizations comply with legislation, their investments also respect the growth and development of marginalized communities and the environment. CSR should also be sustainable – involving activities that an organization can uphold without negatively affecting their business goals. Organizations in India have been quite sensible in taking up CSR initiatives and integrating them into their business processes.

It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large.

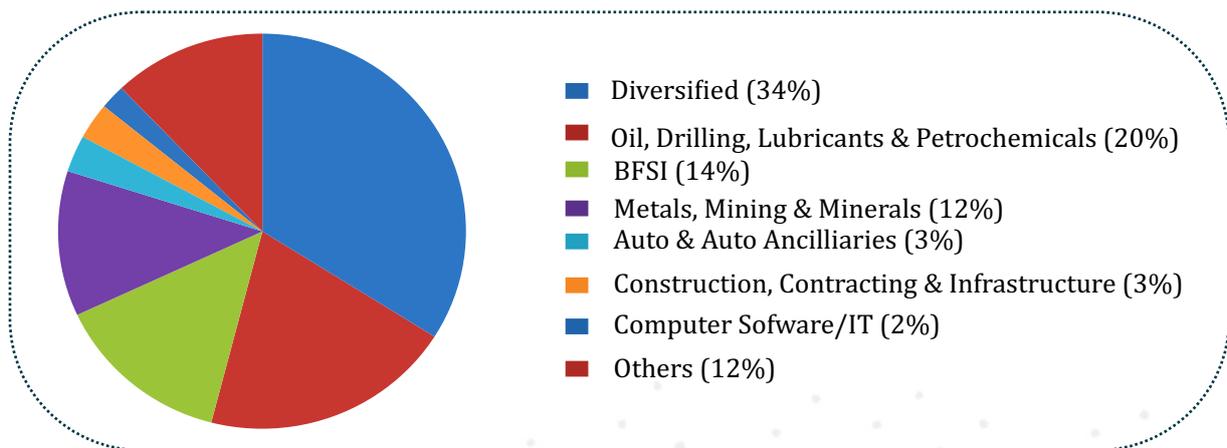
Companies now have specific departments and teams that develop specific policies, strategies, and goals for their CSR programs and set separate budgets to support them.

Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

INDUSTRY-WISE SPENDING ON CSR

Over the years, BFSI companies have been seen participating in CSR activities that do not garner visibility. Hence in order to highlight the importance, contribution and existence of the BFSI segment and to boost its morale, this paper focuses on the actions of BFSI companies in times of COVID-19.

Industry wise COVID-19 response (funds committed)



APPLICATION OF CSR BY VARIOUS COMPANIES

Some companies performing CSR by promoting social awareness for social-distancing: Notably, McDonalds, Audi, Coca-Cola, Volkswagen and many more.

Examples:-

McDonalds sent a message to the society by bifurcating its 'M' logo into 'n – n' to represent social distance. Similarly, Audi separated the four rings in its logo and explored a tagline to keep distance. Volkswagen also presented a new logo with a gap between V and W.

Coca-Cola also introduced spaces between letters in its logo with a message “staying apart is the best way to stay united”. (Ray, 2020)

Apart from the above mentioned companies, certain blue chip companies have also extended their hands to combat against pandemic COVID-19:

Name of the Company	Contribution to fight against COVID-19
Infosys Foundation	Infosys Foundation provides Rs 50 crore to PM CARES Fund. It also contributes additional Rs 500 crore to be utilised for providing testing kits, masks, ventilators, food and nutrition to the poor persons. It also joined hands with Narayana Hospitals to provide 100 beds quarantine facility.
ITC Ltd	ITC Ltd sets up a covid-19 Contingency fund of Rs 150 crore to provide financial assistance to the district and rural health cares for the poor Indian citizens.
State Bank of India	SBI employees provide Rs 100 crore to PM CARES Fund. SBI also announced to provide 0.25% of its net profit of financial year 2019-20 to combat against covid-19.
Hindustan Unilever Ltd	HUL, along with providing Rs 100 crore, reduces prices of Lifebuoy sanitizers. It also donates Lifebuoy sanitizers, Domex bathroom and floor cleaners, soaps, hand washes, health kits to the hospitals and underprivileged persons.
TCS	It prioritizes itself in providing covid-19 patient trackers, health kits, ventilators for the poor persons. TCS ION Digital Class room software empowers students for online learning facilities.
Reliance Industries Ltd	RIL provides the first 100 bed covid-19 hospital, 50 lakh free meals, one lakh masks, free fuel for emergency vehicles, daily wise 1000 PPE for health care workers. It also provides Rs 500 crores to PM CARES fund

No doubt, CSR activities are intended for the general public, but it starts firstly from the employees of the companies. Right now, most of the companies have taken precautionary measures for most of their employees to Work from Home and also Use masks and Washing hands with sanitizers frequently for those working under emergency duty.

To summarise, the industry, which is currently facing one its greatest challenges, can certainly survive to live another day. Not only that, the learning from this crisis can be effectively leveraged to uncover hitherto neglected segments and will ultimately lead to a booming business within the next 3-4 years.

RECENT AMENDMENT BY MCA

The Ministry of Corporate Affairs has notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 effective from 22 January, 2021 which seeks to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014. The amendment said that every entity, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from 1 April 2021. However, this will not affect the CSR projects or programs approved prior to 1 April 2021.

As per the amendment the CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act; the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4; the modalities of utilization of funds and implementation schedules for the projects or programmes; monitoring and reporting mechanism for the projects or programmes; and details of need and impact assessment, if any, for the projects undertaken by the company.

The board shall ensure that the administrative overheads shall not exceed five percent of total CSR expenditure of the company for the financial year. However, any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. The Board of Directors of the Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access. *“Until a fund is specified in Schedule VII for the purposes of sub-section (5) and (6) of section 135 of the Act, the unspent CSR amount, if any, shall be transferred by the company to any fund included in schedule VII of the Act,”* the MCA notified. With this amendment, the Companies will not only have to specify the reasons for not spending the amount for CSR, but also have to transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

CONCLUSION

Business houses all over the world are realizing their stakes in the society and engaging in various social and environmental activities. The need of the hour is to formulate effective strategic policies and adopt various instruments, according to a company's history, its content and peculiarity in relationship with its different stakeholders so that CSR can be best implemented towards its goals — sustained environmental, social and economic growth. Most companies use CSR practices as a marketing tool and many are only making token efforts towards CSR in tangential ways such as donation to charitable trusts, NGOs, sponsorship of events etc. Few have a clearly defined CSR philosophy.

Mostly, companies implement CSR in an ad-hoc manner, unconnected with their business process and don't state how much they spend on CSR activities. Further, voluntary actions are required to be taken by the financial bodies to ensure the socio-environmental feasibility of projects to be financed.

There are several companies in India involved in diverse issues such as healthcare, education, rural development, sanitation, micro-credit and women's empowerment. Analysis of several surveys in India suggests that though many companies in India have taken on board the universal language of CSR, it seems to be in a confused state.

Individual companies define CSR in their own limited ways and contexts. The end results being all activities undertaken in the name of CSR are mainly philanthropy or an extension of philanthropy. It seems that CSR in India has been evolving in domain of profit distribution. There is a need to increase the understanding and active participation of business in equitable social development as an integral part of good business practice



Corporate social responsibility



CS Jagriti Pandey, ACS
csjagritipandey@gmail.com

CORPORATE SOCIAL RESPONSIBILITY

The practice of CSR or Corporate Social Responsibility as a paradigm for firms and businesses to follow has evolved from its early days as a slogan that was considered trendy by some firms following it to the present day realities of the 21st century where it is no longer just fashionable but a business requirement to be socially responsible.

Corporate Social Responsibility or CSR makes for eminent business sense as well when one considers the knock-on effect that social and environmental responsibility brings to the businesses.

Corporate social responsibility (CSR) is a type of business self-regulation with the aim of being socially accountable. There is no one "right" way companies can practice CSR; many corporate CSR initiatives strive to positively contribute to the public, the economy or the environment. In today's socially conscious environment, employees and customers place a premium on working for and spending their money with businesses that prioritize CSR. As the use of corporate responsibility expands, it is becoming increasingly important to have a socially conscious image. Consumers, employees and stakeholders prioritize CSR when choosing a brand or company, and they are holding corporations accountable for effecting social change with their business beliefs, practices and profits.

CSR is a broad concept that can take many forms, depending on a company and its industry. Through CSR programmes, philanthropy and volunteer efforts, businesses can benefit the society while boosting their brands.

As important as CSR is for the community, it is equally valuable for a company. CSR activities can help forge a strong bond between employees and corporations; boost morale and help both employees and employers feel more connected with the world around them.

Importance of Corporate Social Responsibility

The term corporate social responsibility gives a chance to all the employees of an organization to contribute towards the society, environment, country and so on. We all live for ourselves but trust me living for others and doing something for them is a different feeling altogether. Bringing a smile to people's life just because your organization has pledged to educate the poor children of a particular village not only gives a sense of inner satisfaction but also pride and contentment. One should never forget the importance of society and environment in our lives. It is indeed high time when we also start thinking about people around us who are less privileged and fortunate than us. Corporate social responsibility gives an opportunity to organizations to work towards the betterment of the society and make it a better place to live.

Social Responsibilities of Organization Towards Employees

As they say, "charity always begins at home". The first and the foremost responsibility of an organization towards its employees is to ensure that they are happy and satisfied with their jobs. It is unethical to treat employees as mere machines and expect them to work continuously for eight to nine hours at a stretch just because they are being paid. Do not treat your staff as labours. Management needs to ensure that individuals associated with their organization are actually enjoying what they are doing and also growing with time.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

Corporate Social Responsibility or Profits: The Debate

There is an ongoing debate over whether a firm should exist solely for making profits or whether it should pay heed to the social and environmental concerns that accompany the practice of Corporate Social Responsibility or CSR. The proponents of the view that a firm exists solely for making profit argue about the market being the final arbiter of allocating resources and point to the market as the place where incentives for allocating resources for social and environmental causes is to be found. The opponents of this view take the stand that everything cannot be left to the market and there needs to be a mechanism in place whereby the environmental and social causes need to be taken care of.

CSR in times of COVID-19

COVID-19 has been considered a global pandemic by the World Health Organization (WHO). The contagious disease tremendously disrupted socio-economic circumstances of the world. Extended lockdowns worsened economic troubles. Heavy population and a lack of awareness (due to a lack of education) added to the problems.

Social-distancing played a pivotal role in mitigating the spread of this deadly infection. The Government of India and state governments announced lockdowns throughout the country in March 2020 in order to promote social distancing, which basically directed the public to maintain distance both socially and physically.

CSR played a crucial role in the times of this pandemic, when people are trying their level best to get through the challenging times.

In the present era of COVID-19, the Government of India has inspired companies to provide social support. According to a March 23, 2020 Ministry of Corporate Affairs circular, all expenditures incurred on activities related to COVID-19 would be added as permissible avenues for CSR expenditure.

Funds may be spent for various activities related to COVID-19, under the following items of Schedule VII:

- Eradicating hunger
- Poverty
- Malnutrition
- promoting healthcare, including preventive healthcare
- Sanitation, including contribution to the Swachh Bharat Kosh set up by the Centre for promoting sanitation and making available safe drinking water
- Disaster management, including relief, rehabilitation and reconstruction activities

Further, A general circular (No. 21/2014, dated June 18, 2014) mentioned that the items in Schedule VII are broad-based and may be interpreted liberally for the purpose of donations being made with respect to COVID 19.

This announcement from the ministry was welcomed by Corporate India. It created a wining situation for companies with existing CSR obligation and funds at disposal who wanted to contribute to relief and meet statutory requirements of The Companies Act at the same time.

The response to the government's call to support COVID-19 efforts has been overwhelming and huge sum of amount have been donated to various government funds. This support and donations extended by most of the compaies in times of the pandemic portray the fact that CSR programs work best when they look and feel authentic.

The companies with the best practices operate coordinated and interdependent programmes across the CSR portfolio. Some initiatives indeed create shared value, some, though intended to do so, create more value for society than for the organization and some are intended to create value primarily for society.



CS Deepanshu Gawdi, ACS
dgawdi@yahoo.com

CORPORATE SOCIAL RESPONSIBILITY A ROBUST REGIME FOR SUSTAINABLE DEVELOPMENT

Jurisprudence on Section 135

With the passage of the Companies Act, 2013 ("**2013 Act**"), the mandate for Corporate Social Responsibility ("**CSR**") has been formally introduced to the dashboard of the Boards of Indian companies. Section 135 of the 2013 Act read with Companies (CSR) Policy Rules, 2014 ("**CSR Rules**"), provides a robust framework for companies to partner in contributing to the country's development challenges through its managerial skills, technology and innovation. It also provides them with ample autonomy and flexibility to design and implement programmes. The monitoring is based on disclosures made by the company in the prescribed form and annual report. The companies have to disclose its details on CSR implementation, including allocation of funds, destination state and development sector where the CSR expenditure is done, etc. annually to the Ministry of Corporate Affairs ("**MCA**") through filing of annual report on CSR. The mandatory CSR reporting has its advantages as it allows the corporates to demonstrate their commitment towards CSR and communicate with different stakeholders, including shareholders, regulators, customers and society at large.

With the objective to consolidate and increase CSR awareness and CSR consciousness, a High-Level Committee was set up in 2015 ("**HLC-2015**") with an objective to review the CSR regulatory framework. The said committee reviewed the said framework and came up with a number of useful recommendations, and also pointed out that it was limited by not having adequate 'learning experience' as the new Companies Act had only just mandated CSR. HLC-2015 recommended that another Committee be set up after three years to revisit the CSR framework.

In line with the same, another High-Level Committee ("**HLC-2018**") to review the CSR existing framework and provide recommendations to develop a more comprehensive CSR regulatory and policy framework.

Basis the said report of the committee submitted on August 07, 2019, amendments were made in the respective provisions of the Companies Act, 2013. One such change was made in the form of amending the Companies (Corporate Social Responsibility Policy) Rules, 2014 via a notification dated January 22, 2021.

Companies (CSR Policy) Amendment Rules, 2021 ("**Amendment Rules**") - Key Changes and Analysis

• **New definition of CSR to exclude activities benefitting employees of the company – Amendment to Rule 2 (1)(d)**
MCA vide its Draft Companies (CSR Policy) Rules, 2020 dated 18.03.2020 ("**Draft Rules 2020**") had proposed to define the term "Corporate Social Responsibility" ("**CSR**") more comprehensively and in furtherance to same, it had proposed vide the said Draft Rules that "activities that significantly benefit the employees of the company and their families" shall be excluded from the definition of CSR. Also, MCA had clarified that "in case of any activity having less than twenty five percent employees as its beneficiary, then such activity shall be deemed to be CSR activity under the said Draft Rules". The then Draft Rules had tried to put a cap limit up to which such expenditure could be considered as CSR expenditure and if the limits were breached, then such expenditure will not be covered as CSR Expenditure. Only such activities which cover less than 25% of its employees as its beneficiaries will be covered as CSR activity as per the then Draft Rules.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

Further, 2021 Rules also provide that if any such activity benefits the families of employees, the same shall be treated to be a valid activity.

Finally, one can opine that from now onwards, considering the final Rules as made effective from 22.01.2021, it is clear that the use of word "significantly" has been dropped and instead the 2021 Rules provide that any activity benefitting the employees generally also (even if the benefits are offered to employees as a part of general benefit program in favour of general public) will not be considered as CSR activity.

• **Companies to undergo Impact Assessment and reporting thereof – Amendment to Rule 8**

The amended rules now mandate companies with average CSR obligation of INR10 crore or more in immediate 3 preceding FYs to take impact assessment through independent agency. Further, it has been clarified that impact assessment shall be taken for such CSR projects where total outlay of INR one crore or more is involved. Impact assessment will serve as feedback for companies to plan and better allocate resources, and shall also deepen the impact of CSR.

Lastly, the Ministry has asked the aforesaid companies to place their impact assessment report before the Board on annual basis including therein details and reports of impact assessment undertaken, and amount spent etc.

Clearly, the Government's idea here is to encourage the corporates to take better informed decisions before deploying CSR amounts. However, a question here remains unanswered by the Government regarding applicability of the aforesaid impact assessment in case the implementation of CSR projects is made through implementing agencies.

• **Companies undertaking CSR activity now required to register with MCA – Amendment to Rule 4**

The new rules now make it a mandatory requirement for companies intending to undertake any CSR activity to get themselves registered with the Ministry by filing e-Form CSR-1. This requirement shall get effective from 01.04.2021. Moreover, the said e-Form shall be verified by a Practicing Professional. And thereafter, a unique CSR Registration number shall be allotted to the company.

The issue which comes up consideration here is the applicability of said registration upon implementing agencies, since there is no mechanism to cross check CSR activities which are being carried out registered trusts and societies. Therefore, keeping this in mind, Ministry may maintain a register of implementing agencies and as such CSR Registration number of implementing agency now needs to be disclosed in Annexure II as per the new rules. This identification number would be quoted while reporting on any CSR activity which would put a suitable check in place.

• **Obligation to implement CSR project on Board of Directors – Amendment to Rule 4**

The amended rules have increased the role of the Board with respect to overseeing the activities and their implementation. The Board is now required to monitor the implementation of the CSR project with reference to timelines and the Board has been authorized to make suitable changes to the project on need basis. Further, Board has now been allowed to engage international organizations for designing, monitoring and evaluation of the CSR projects or programmes as per CSR policy as well as for capacity building of their own personnel for CSR.

More importantly, an obligation has been created on part of Chief Financial Officer of the company to certify to Board that the allocated funds have been utilized for the given purposes and in the manner as specified.

Further, the new rules cast an obligation on part of Board to disclose certain details relating to (a) excess CSR spend carried forward and set-off; (b) surplus arising out of CSR projects; (c) unspent CSR amount transferred to “Unspent CSR Account” and/or “Schedule VII funds”; (d) “ongoing projects” and “other than ongoing” projects; (e) capital assets created / acquired under CSR.

We hope that the said changes will surely act as a gear shift for the directors and will make them more vigilant will discharging their functions as required of them.

• **Treatment of unspent CSR amount – Amendment to Rule 7**

The amended Rule 7 now clarifies that in case there arises any excess amount out of a CSR project undertaken by a company, the same shall not be utilized for any business profits except as prescribed in the rules and the said surplus shall be reinvested back into the CSR project or may be transferred into the unspent CSR Account in furtherance of other CSR policies or annual action plans of the company or transferred to a fund as specified under Schedule VII.

Moreover, as a welcoming step, companies are now allowed to set off CSR expenditure in excess of the required two per cent expenditure in any financial year against the required expenditure for up to three financial years, if a Board Resolution to this effect has been passed and secondly it must be ensured that the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any.

• **Government mandates Trust or Implementing Agencies to get registered mandatorily under Section 12A and 80 G of the Income Tax Act, 1961**

The Amendment Rules clarifies that for the purpose of undertaking of CSR activities through establishment/ implementing partners, it shall be mandatory for the said implementing partners to be registered under both sections i.e.12A and 80G of the Income Tax Act, 1961.

Also, the said Amendment Rules now make it crystal clear that private trusts shall not be allowed to undertake CSR activities.

Concluding Remarks

Basis the understanding of the aforesaid amendments, one can definitely sense that the authorities are no more going to be lenient with respect of CSR and its reporting and registration framework. Guidelines have been made now clearly to carve out the glitches present in the extant rules. While few of them provide clarity, the rest tend to establish a more comprehensive regime setting out the road map which was the need of the hour.

**CORPORATE
SOCIAL
RESPONSIBILITY**





CS Jainy Thakwani, ACS
98jainy@gmail.com

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

The term Corporate Social Responsibility (CSR) refers to practices and policies undertaken by corporations that help them to pursue other pro-social objectives, in addition to maximizing profits.

Corporate Social Responsibility is inherently important because everyone has the responsibility to care for people and the planet. Profit is an important goal for corporations but they will not sustain success if it is the only goal.

Examples of common CSR objectives include minimizing environmental externalities, promoting volunteerism among company employees, and donating to charity.

According to Section 135 of Companies (CSR) Rules, 2014 and Schedule VII of Companies Act 2013:

Every company with a net worth of Rs 500 crore or more or turnover of Rs 1,000 crore or more or net profit of Rs 5 crore or more during the immediately preceding financial year, must have a CSR committee and spend at least 2 per cent of average net profits earned during three immediately preceding financial years to CSR activities.

HOW CSR HAS HELPED IN TIMES OF COVID-19?

The global pandemic recognized by the World Health Organization (WHO)-COVID-19, is a contagious disease which has tremendously disrupted socio-economic circumstances of the planet.

Various steps were taken by Government of India and State governments in order to mitigate the spread of virus. Lockdowns were announced throughout the country in March 2020, which directed the public to maintain distance both socially and physically. The lockdowns were extended and it worsened the economy of India.

Here, Corporate Social Responsibility played a crucial role. Looking at the condition of country during the lockdown, the Government of India inspired companies to provide social support.

The Ministry of Corporate Affairs through its circular dated 23rd March, 2020 clarified that spending of CSR funds for COVID-19 will be regarded as CSR activity. Funds may be spent for various activities related to COVID-19, under the following items of Schedule VII:

- (I) Eradicating hunger, poverty and malnutrition and making available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air.

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.

(vii) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports.

(viii) contribution to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.

(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) etc.

(x) rural development projects

(xi) slum area development.

(xii) disaster management, including relief, rehabilitation and reconstruction activities.

It has also been clarified that as per general circular No. 21/2014, dated June 18, 2014 items in Schedule VII are broad-based and may be interpreted liberally for this purpose.

This announcement from the Ministry of Corporate Affairs was welcomed by Corporates and many corporates donated some amount to government funds while the remaining made free or discounted supplies of PPE kits, sanitizers, masks, etc., in order to fight against COVID-19.

This announcement benefited the corporates who wanted to contribute to relief and meet statutory requirements of The Companies Act, 2013 at the same time.

The donations and support by the corporates during the times of the COVID-19 depicted how CSR programs can be well used during these times.

Even now, it is heartening to see corporates coming out in order to support COVID-19 relief programs. This inspires us at an individual level to help in our own little way.

"The business of business should not be about money. It should be about responsibility. It should be about public good, not private greed" - Anita Roddick



CS Robbin, ACS
robbinmehla@gmail.com

CSR MUST GO THROUGH THE HEART OF BUSINESS MODEL, IT'S MORE THAN A TREND OR FAD.

CSR has become a buzz word over past few years but what does it mean? Corporate social responsibility as the name suggests is the social responsibility of the corporates towards the society indeed, it's a relationship between the corporates and a local society in which it resides or operates. Corporates/Businesses does not perform in isolation; Employees, Environment, Society are equally important for sustenance of business. Though profit making is one of the main objectives of any organization but it shall return the favors to its stakeholders and society, so it is expected from them to maintain a balance between making profits and contributing to the society. In today's cynical age social responsibility keeps the businesses honest and markets stable.

Earlier not having any ill impacts on environment or surroundings was considered good but now times have changed 'by just not being bad you cannot be held socially responsible' there is demand to do more than simply not being bad. Employees want to work in an organization that bolster society needs, Consumers wish to be associated with an organization which thinks of their welfare, are more transparent and actively addresses the social and environmental issues. This responsibility can't be ignored and business which do so cannot be sustained in long run.

CSR AND COMPANIES ACT 2013

CSR was initially introduced as a statutory obligation under section 135 of Companies Act, 2013 and CSR policy rules, 2014 laying down the specifications and procedures to be followed while discharging CSR obligations and the government kept on improvising, the companies' amendment act of 2019, 2020 resulted in some major changes in CSR provisions.

The provisions of CSR shall apply to all companies that have any one of the following in the immediately preceding financial year

- Net worth of INR 500 crores or more
- Turnover of INR 1000 crores or more
- Net profit of INR 5 crores or more

The board of directors of such company shall ensure that the company spends at least 2% of average net profits of the company made during the immediately three preceding financial years for CSR and constitute a CSR committee consisting of three or more directors.

Following the recent amendments where the CSR expenditure does not exceed INR 50 Lakhs, the functions of CSR committee may be discharged by Board of Directors and in case the expenditure is made in excess of 2% it may be set off with spending requirement of succeeding three financial years.

Whereas if there are any unspent funds which relates to 'ongoing projects' such amount shall be transferred to 'unspent CSR account' or if it does not relate to any ongoing project it shall be transferred to 'National Unspent Fund'

NOTE: MCA vide general circular No.10/2020 dated 23rd March has clarified that spending CSR funds for covid related activities shall qualify as CSR expenditure.

The provisions are applicable for companies' subject to the specified limits but the businesses shall carry out the social deeds not just for the sake that it's a law mandate, they shall have CSR embodied in their business policies and CSR must go through the heart of their business model.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

The social responsibilities of business shall not only be limited to their employees or managers but for public at large, a business is socially viable when it thinks of its stakeholders before profit maximization, when its functions are transparent, when it balances both social and personal benefits. The crux is that the business policies shall promote an ethical balance between the dual mandates of striving for profitability and benefitting the society as a whole.

CSR AND CHALLENGES

Businesses have come a long way from barter system to currency notes and so has CSR, it has developed from traditional philanthropy to a core strategic value. In India the companies like TATA and BIRLA are ensuring socially responsible deeds for decades, long before CSR became a popular basis, both these groups have religiously participated in development of self-sustained society, in the field of education, health and women issues, yet in India CSR is in a budding stage. The local community has little or no knowledge about it, in a study it was revealed that CSR activities are misunderstood by many businesses. Businesses are short of trained humans that can efficiently contribute for better implementation of CSR. Usually these activities are taken in association with local bodies where these local bodies do not come out openly with their programs and how and where the funds and resources are utilised leading to lack of transparency and distrust. Moreover, the most stringent challenge is that, in India many businesses still believe that CSR activities are not worth the investment and focus on profit maximisation. They are not voluntarily engaged in socially responsible activities and some comply to the policies for the sake of law mandate.

The only solution is that CSR activities shall not be thought as an obligation it must be closely aligned with the core strategies of business and a greater commitment towards the implementation. There shall be training programs internally to educate workmen and externally to make the general public aware of the social deeds and its importance. The local participation must be encouraged in implementation with greater transparency of utilisation of funds to create a sense of trust among people. The country needs CSR practitioners to be both doers and thinkers not only talkers, the act must be supported by a proper thought behind it.

NOTABLE WORK BY SOME COMPANIES

Infosys Limited

The company spent nearly Rs. 360 crores towards various CSR schemes primarily to COVID-19 related activities followed by education and health related programmes. Among the most crucial initiatives in the financial year 2019-20 were a 100-bed quarantine setup in Bengaluru in partnership with Narayana Health City, and another one which had 182 beds for COVID-19 patients for Bowring and Lady Curzon Medical College & Research Institute.

Mahindra & Mahindra Ltd.

This business giant has significantly contributed towards climate change action and sustainable business practices, The company spent INR 93.50 crores on CSR activities. The group works closely with non-profits like Naandi Foundation, which feeds over 1.3 million government school children every day. Naandi also works with small holder farmers on farming practices that are more environment friendly. This commitment stems from the leadership at the top – head honcho Anand Mahindra is passionate about leading by example.

Tata Chemicals Ltd.

Although the prescribed CSR for 2019-2020 was 21.39 Crores, the company went on to spend 37.81 crores on community development projects. Improving the quality of life and fostering sustainable and integrated development in the communities where it operates is central to Tata Chemicals' corporate philosophy. Tata Chemicals spends INR 12 crores on CSR annually, and wildlife conservation accounts for 30% of the budget of the TCSR. The spend is distributed over the three places the company has operations — Mithapur in Gujarat, Haldia in West Bengal and Babrala, Uttar Pradesh.



CS Kiran Gupta, ACS
kirangupta.kp@gmail.com

CORPORATE SOCIAL RESPONSIBILITY

“The Business of Business should not be about money. It should be about responsibility. It should be about public good, not private greed.”

Introduction

Corporate Social Responsibility, or CSR, refers to the belief that businesses have a responsibility/duty to community of people beyond their promises to their stockholders or people or businesses who give money to help start businesses. In addition to creating money, companies are expected to have some responsibility to people who are interested in a project or business such as workers, customers, communities, and the surrounding conditions. CSR includes corporations being economically responsible, improving labor practices, supporting fair trade, economically responsible, giving back to the community, and increasing employee happiness.

CSR is continuing commitment to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”

The first generation CSR was about philanthropic ways of making use of profit, second was to minimizing negative impacts of companies' operations and currently the third generation CSR is evolving with social, ecological and economic factors being a starting point of the business activity rather than the end. The emerging concept of CSR has gone beyond charity and is becoming more about capacity building for sustainable livelihoods which means creating shared values for business and society, for example, treatment of employees, organization of production process, offered and produced products and services in the market etc.

CSR is said to increase reputation of a company's brand among its customers and society. The Companies Act, 2013 has formulated Section 135, Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII which prescribes mandatory provisions for companies to fulfil their CSR.

Further, section 135 of the Companies Act 2013 governs the activities undertaken by companies as CSR. Also, it shall be relevant to take into the record that the provisions of CSR are based on the globally accepted concept of COREX. The term COREX stands for Comply or Explain.



CORPORATE SOCIAL RESPONSIBILITY

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

CSR and Corporate Governance

Being a good corporate citizen means that companies have to be internally well governed and externally responsible. In other words, **CSR and corporate governance are two sides of the same coin**. The result here is that unless corporates practice good governance they are unlikely to have a social sense of right and wrong and that's the reason for the first step towards CSR is through practicing the art of effective corporate governance.

Companies like Unilever and Infosys are often held up as examples of the way in which effective corporate governance can be practiced. The choice for other companies is clear: either they set their own house in order and comply with social and environmental norms or they run the risk of a sullied image among the investors and the consumers at large.

In conclusion, there is a mass awakening of sorts that is happening with society at large waking up to the need for corporates to be ethical and socially responsible and conscious. Hence, no corporate can afford to ignore the telltale signs of consumer and stakeholder focus on these aspects.

Catch Them Young and Watch Them Grow

“An investment in education always pays the best interest.”

CSR initiatives can extend to the realm of primary and secondary education. This entails close engagement and involvement of corporates in the schools, colleges, and universities where the corporates provide for funds, training, and associated programs with a view to educate the future workforce on how the corporate world works and the expectations from the future employees.

CSR initiatives in primary and secondary education is that they help the collaboration between the industry and the academia, which would result in close alignment of what the corporates want and what the universities teach. In other words, in many universities, there is a disconnect between the research undertaken in the universities and the emerging trends that industry and the corporates are handling. This disconnect can be remedied by close engagement and collaboration between the researchers and the faculty in the universities so that there is alignment of objectives between these stakeholders.

In other words, identifying future leaders, nurturing talent and incubating ideas right from school and college is a noble initiative that brings in good rewards for the students and the corporates and helps in aligning the objectives between academia and corporates.



Corporate Social Responsibility at Covid - 19 outbreak

As the Covid19 outbreak rages on virtually the world with unshortened economies shutdown, it would be pertinent to explore the role of business leaders and the practice of corporate social responsibility.

To start with, as economies grind to a halt, corporations and business leaders have to take the lead to protect the vulnerable and the marginalized from destitution.

Indeed, this is the vital human duty that all and expressly those in a position to help the poor ought to do. In addition, many business leaders have Rock Star like appeal among the Youth and Elderly alike and hence, they must parley this influence to encourage and motivate their followers to help the needy.

For instance, world over, business leaders are respected and given their huge follower base on Twitter, Facebook, and Instagram, the least that they can do is to initiate a conversation with the legions of their followers and inspire them to help the national cause, even our Indian actor like *Sonu Sood* act as a real life hero and launched the “*Ghar Bhejo Campaign*” and reportedly arranged transport for 7.5 lakh migrant workers he equipped frontline workers with mask and face shield, airlifted students stranded abroad and helped farmers in distress in covid situation.

Doing good when times are bad

We live in an Age of Unprecedented Negativity. Everywhere around us, we see systems and institutions collapsing and degenerating. Further, the 24/7 Media keeps us fed on a nonstop and real-time basis barrage of negative news.

In this context, it is worth asking the question as to what can corporates do to better the situation as well as discharge their responsibilities towards society. Indeed, given the fact that much of this present situation is driven by unbridled profit-seeking and runaway capitalism, corporates must and should take the lead in addressing and redressing the situation.

Amendments to CSR Rules

Background

Corporate Social Responsibility (“CSR”) was for the first time introduced as a statutory obligation for companies by way of Companies Act 2013 under Section 135. Thereafter, the Companies (Corporate Social Responsibility Policy) Rules were notified on 27th February, 2014 (“CSR Policy Rules, 2014”) to lay down the specifications and procedure to be followed by the companies while discharging their CSR obligations.

The Companies Amendment Acts of 2019 and 2020 resulted in some major changes in the CSR provision under Section 135 of the Companies Act. To provide for the notified changes, the Ministry of Corporate Affairs (MCA) had released the Draft Companies (Corporate Social Responsibility Policy) Amendment Rules in March, 2020 (“Draft Rules”) inviting public comments. Recently, on 22nd January, 2021, the MCA finally issued the Companies (Corporate Social Responsibility Policy) Amendment Rules (“New Rules”) giving effect to the changes introduced in CSR by the Companies Amendment Act of 2019 and 2020.

The main reason for making amendments in Companies (Corporate Social Responsibility Policy) Rules 2014 are to Infuse more Transparency; and to Increase Accountability.

The MCA have amended some of the above Companies (Corporate Social Responsibility Policy) Rules 2014, to infuse more transparency and increase the level of accountability of the companies towards the enhancement of environment and society. The amendment in the said rules is known as the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021.

The Amendments now focus on the "responsibility" part of CSR initiatives of corporates, aiming at deepening their roles in CSR projects and increasing overall accountability of various stakeholders in the CSR ecosystem. The introduction of mandatory registration of CSR implementing agencies coupled with the mandatory Income Tax registration would increase transparency from NGOs executing CSR projects. International Organizations are also likely to add great value to projects, especially in multi-year projects linked to the achievement of sustainable development goals. With responsibility comes liability, and the Government has, taking into account feedback received from various stakeholders in 2019, adopted the balanced approach on penalties and introduced only monetary penalties for non-compliance.

This is appreciated as it has in effect reduced the excessive discretion in the hands of a company, enhanced clarity, targeted focus on creating 'impact' using CSR funds and introduced some uniformity by laying down the procedures to be followed in certain respects.

Concerns have also been raised regarding the five percent cap on administrative overheads under the New Rules and companies might find it difficult to abide by such provisions. Considering the overall scheme and the underlying intention, the New Rules paint a promising picture for India's CSR regime.

Green Washing, Corporate Spin and CSR



Green Washing is a practice of the corporate spin employed by a company in declaring itself to promote environmentally friendly policies but in reality, companies do not “walk the talk”.

Green Washing is an elusive attempt of CSR. As for superficial attempts to practice CSR, the term “green washing” gives an instance of how the aims of CSR are bringing down. As the Corporate governance council is responsible for overseeing the activities of its CSR and ethical standard compliance, it is the nodal committee for ensuring that there is no “spin” on the business practices.

It is our opinion that companies and businesses work together with the governmental agencies to promote sustainable practices and alleviate the severe environmental and social problems that are besetting us and, in this respect, the firms should indeed look beyond their bottom line and have a social component in their accounting statements as a means of measuring the environmental and social impact of their businesses. It is worth remembering that we have not inherited the earth but merely borrowed it from our children. Hence, we do have a duty to make the world a habitable place for future generations and focus on sustainability instead of destruction.

The infamy of one organization brings about disrepute to the entire field of social work, making it harder for the socially oriented organizations to reap the benefits of the policies and initiatives of the government as well as private organizations. These practices need to be checked, and brought a complete stop to, with much needed due diligence being accorded to these organizations. It should be the collective effort of the State, its agencies, as well as private individuals and organizations to halt and stop these practices in order to bring about effective and actual changes in the society, where marketing is much simpler than putting the desired efforts towards change.

Charity Begins at Home and Corporates Must Set Their Own House in Order

Which brings us to the point about how must corporates address such concerns internally and externally? To start with, they can ensure that they invest in Ecologically Friendly office spaces and create green energy initiatives by promoting waste recycling.

Also, they can ensure that they are Zero Carbon Emitters by installing filters and purifiers that reduce or even eliminate the Emissions. Another valuable lesson for many corporates is that often, they must set their own house in order before doing or saying anything and this is where they can make a real difference by an equitable distribution of pay and perks as well as being humane with their employees.

Other stakeholders must help the corporates in their endeavors and this is where sustained interactions that go beyond dialogue and instead, focus on action are followed.

For instance, it is often the case that CSR is much talk and no action means that corporates must start “Walking the Talk” by following the Motto that Actions Speak Louder than Words.

This is where the last mile connectivity makes a real difference to the way in which real action and results on the ground can be actualized.

To conclude, these are the Best of Times and the Worst of Times, and hence, the challenge is to improve on the former and act and remedy on the latter.

“Charity begins at home, and justice begins next door.”

Corporate Social Responsibility or Profits

Most executives believe that CSR can improve profits. They understand that CSR can promote respect for their company in the marketplace which can result in higher sales, enhance employee loyalty and attract better personnel to the firm. Also, CSR activities focusing on sustainability issues may lower costs and improve efficiencies as well.

On the other hand, some corporate leaders are not interested in CSR, because they are worried that the practice of CSR will consume resources and increase the costs of corporations. Even if CSR can help corporations to maintain corporate image or increase the visibility of corporations, it will be slow and cannot produce the desired effect in a short period of time. From the point of view of economic interests, the practice of CSR will inevitably cost profits, which could, instead, be used to develop corporations. The opinion that regards CSR a burden on corporations can be called as a burden opinion.



There is an ongoing debate over whether a firm should exist solely for making profits or whether it should pay heed to the social and environmental concerns that accompany the practice of Corporate Social Responsibility or CSR. The proponents of the view that a firm exists solely for making profit argue about the market being the final arbiter of allocating resources and point to the market as the place where incentives for allocating resources for social and environmental causes is to be found. The opponents of this view take the stand that everything cannot be left to the market and there needs to be a mechanism in place whereby the environmental and social causes need to be taken care of. If we examine both sides of the debate as well as take into account superficial attempts by businesses to pay lip service to CSR, the first strand of thought that comes to mind is about the need for businesses to invest in CSR as a way of mitigating the deleterious effects of the industrial paradigm on the environment. The practice of CSR by industrial companies is in vogue these days because of the fact that they have contributed to polluting the environment. As Martha Nussbaum contends, “If this world is to be a decent world in the future, “we must acknowledge right now that we are citizens of one interdependent world, held together by mutual fellowship as well as the pursuit of mutual advantage, by compassion as well as self-interest, by a love of human dignity in all people, even when there is nothing we have to gain from cooperating with them”

Hence, in this interconnected and flat world there is a need for concerted action by the businesses to take steps that would alleviate the pressing issues of the day. However, the opponents of this view are some of the multinationals themselves as can be seen from the following excerpt, “Thus the central theoretical and practical question in the discussion of corporate social responsibility is whether it remains a voluntary choice of the business or should be ensured through formal control”.



CS Naincy Gulati, ACS
naincygulati8@gmail.com

CORPORATE SOCIAL RESPONSIBILITY

Introduction:

A company operates its business using various resources of society. It is always expected from large corporations that earn very huge profits using the resources that were provided by the society, to do something good in return for the welfare and development of the same. The company is now additionally entrusted with a duty under the law to be solely responsible for its activities that have a significant effect on society and also on the atmosphere of the earth. The Companies have responsibilities like protecting the atmosphere and doing things that can be considered useful from society's point of view.

The Company's Act 2013 introduced the concept of Corporate Social Responsibility in India. Companies (Corporate Social Responsibility Policy) Rules, 2014 defines it as: "Corporate Social Responsibility (CSR)" means and includes but is not limited to

- (i) Projects or programs relating to activities specified in Schedule VII to the Act or
- (ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the Schedule VII of the act

History & Evolution

In the early stages business families like Tata, Birla and others were more focused on doing social cause and they continue to carry on such work on a large scale. Between 1960 – 80 due to many government policies, some private companies got involved in corporate malpractices that led the government to enact certain legislation on corporate governance. After 1980 government reduced some of its licensing policies that encouraged corporations to willfully contribute towards the social causes under CSR. In Companies Act 1956 had some provisions for Corporate social Responsibility but the new Companies Act, 2013 makes CSR compulsory for companies falling in section 135(1).

CSR: Company's Prospective

When we try to understand social responsibility from a company's perspective we can discover and divide the company's social responsibility into three stages.

1. The first stage is complying with a **minimum threshold**. In this stage the companies that fulfil the minimum threshold criteria mentioned under the Companies Act, 2013 have to comply with the provisions made thereunder section 135 of the act. It is mandatory compliance for those companies that fulfil the threshold criteria. However, the companies that do not fulfil the threshold criteria can involve in CSR activities voluntarily.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

2. The second stage is **Increment in Self-Interest**. The Companies fulfilling the minimum threshold criteria benefit from the use of much publicity gained through the CSR activities. The Companies use it as a strategic weapon to gain the trust of society which ultimately gives companies an edge over their competitors as people feel comfortable interacting and be associated with a company that is engaged in social responsibility. A socially responsible Corporation attracts the interest of more and potential investors into it leading to growth and expansion of the same.
3. The third stage aims to **actively improve society generally**. Broadly, this stage of involvement in CSR activities is seen in organizations that are very matured and are well established. These organizations follow CSR because they feel that they are established by society and are therefore socially responsible to society.



The Indian CSR Regime

The New Companies Act, 2013 came into force on 12th September 2013. The provisions related to corporate social responsibility under section 135 came into force on 1st April 2014 and since then it has witnessed numerous amendments to its provisions and rules made thereunder to keep up with the current needs of the society. Following are few features related to Corporate Social Responsibility under the act:

- a. Every company having a net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or net profit of rupees five crores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the board.
- b. The Act envisages that companies that fulfil the above criteria are mandatorily required to spend at least 2% of their net profit of the Company during the immediately preceding financial year on welfare and development activities under corporate social responsibility.
- c. The CSR Committee shall be formed consisting of three or more directors, out of which one director shall be independent. The committee is responsible for recommending the CSR expenditure, formulating and monitoring the CSR policy and its implementation.
- d. Opening of Unspent Corporate Social Responsibility Account to transfer any unspent CSR amount in 30 days from the end of the financial year which shall be spent in pursuance of CSR obligations within three financial years from the date of such transfer.

- e. The Board's report shall disclose the composition of the CSR Committee, CSR Report, activities are undertaken, reasons for any shortfall in CSR expenditure and any other information as required.
- f. Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under subsection (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

CSR Activities

The Company is discouraged from using the funds, created for Corporate's Social Responsibility, for its benefit or utilising it on the objectives of the company. The main goal of this whole concept is to make corporations focus on becoming more and more socially responsible and the activities undertaken under the CSR policy should be aimed at the betterment of society. The act prescribes various purposes under schedule VII for which activities can be planned and the CSR funds can be utilized. However, due to the COVID 19 outbreak, a few more purposes have been added to the schedule, the amount spent on which shall be deemed to be a CSR expenditure.

Following are a few of the purposes that has been notified under the schedule VII of companies act 2013 for which CSR funds can be utilized:-

1. The companies can help the society by solving certain issues like hunger, the economic condition of India etc, they can also encourage the community about different aspects of preventive health care and sanitation
2. Companies can become helpful in promoting education, and generating employment particularly for youngsters, women, seniors and others;
3. Contribution to the Prime Minister's National Relief Fund or the other funds that are created by the Central Government for socio-economic development of the regular Castes, Tribes and people belonging to backward categories, minorities;
4. *Companies can also Contribute to incubators or research and development projects in the field of science, technology, engineering and medicine, that are funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
5. *Companies can also Contribute to public-funded Universities like Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under the Department of Atomic Energy (DAE); Department of Biotechnology (DBT) etc.
6. *Rural development projects

(*newly inserted as per amendment made to the schedule VII notified on 24th august 2020)



Benefits to corporate

1. **Public Image:** When a corporate does something for society it automatically improves the image of the corporate in the eyes of the public and they feel comfortable becoming customers and be associated with such socio – friendly companies. Customers are the king of the market and getting a loyal customer base is very important for a company therefore the company should invest more and more time in social work so that society gets the benefit of its activities that will eventually benefit the company as well. The CSR deal seems to be a win-win situation for both i.e. the Company and the Society at large
2. **Attracts & Retains Investors:** Various stakeholders like investors who invest their money in the company, always want to know that their money is being used properly. This not only means that the company should have a sound business plan and a budget but it also means that the company should have a very strong program for corporate social responsibility. By having such CSR programs company becomes an epitome for the existing as well as potential investors that the company is not just for profit but is also socially responsible. The Companies that are interested in improving the lives of the community will automatically attract more investors as they always show a keen interest in those companies that have an equilibrium of scaling up the business along with the development of society at large.
3. **Media Coverage:** In today's world, Media plays a vital role in informing the public of what's going around the globe. There is no point in doing so much for society if the people are not made aware of the CSR activities and initiatives were undertaken for the benefit of society. The companies involve media coverage during such activities so that the public be made aware of various camps and centres set up in their areas. The corporations should try to maintain a healthy relationship with media to cover such social work for improving the public image of the company. On the other hand, corporates should be careful that if they indulge in such activities that are harming the environment then the media would also pick this news and it is not wrong to say that bad news spreads quicker than good news.
4. **Boosts Employee Motivation:** A company cannot run without employees, if employees are unsatisfied with their work or the company's public image then there will be less productivity in the company and the company will witness a decline in the growth charts. It is believed that having a strong CSR program will boost the morale of the employees as everyone loves to work in a company that is constantly in the media for positive reasons. Employees usually feel motivated and prefer to contribute towards society through involvement as volunteers in their Companies CSR activities. When companies show that they are committed to improving the lives of the communities with many social programs then the company attracts more employees that are hardworking, motivated and committed to the company.

Challenges under CSR

Undoubtedly, the introduction of the concept of Corporate Social responsibility has been a piece of great news for society but along with various advantages it brings along with it various challenges too. The challenges faced by the Corporates and the society are enumerated as follows:-

1. Transparency Issues : Lack of transparency is one of the key challenges for society and various other stakeholders. Inadequate efforts to disclose information on their CSR programs undertaken, CSR expenditure, audit problems, impact assessment and utilization of funds. This harms the method of trust-building among the businesses that were the key to the success of any CSR initiative.

2. Lack of Awareness of the General Public : Although the success of the CSR Activities depends on its effective implementation yet there is another factor that needs consideration. The public has usually been unaware of the welfare activities undertaken for them or they seem to be reluctant about the same. The need of the hour is trying to effectively modify the approach and perspective of the general public towards CSR initiatives undertaken by the company. The corporates should try to involve more public in their initiatives after all it's for the development of the society at large.

3. Implementing CSR Issues: the success of activities undertaken under the CSR policy majorly depends on how well the policy is framed and implemented by the Company. Lack of a well-determined CSR implementation plan will not only leads to wastage of time and funds but also will bring no benefit to society. A poorly implemented CSR plan will instead of creating a good public image shows how unorganized it is. This will lead to poor impact assessments reports.

4. Lack of Well Organized Non-Governmental Organizations: The corporates often feel there is a lack of well-organized non-governmental organizations in remote and rural areas of the country that may assess and ascertain real issues faced by them in such areas. The NGO's can establish the wants of the community and can work in conjunction with Corporations to confirm the effective implementation of their CSR activities. It is suggested to actively take into account the idea of pooling resources and building synergies to implement the best CSR practices to have a greater impact on society.

Conclusion

Corporate social responsibility aims at dealing with the increasing society's expectations towards its development from the businesses. So, it's become necessary for businesses to follow social responsibilities to boost their image within society. CSR expenditure is a great way of contributing towards the sustainable growth and development of society as well of the business.

Timely, CSR audits can be a great help to assess the impact of the activities for the purposes undertaken. These audits can be seen as a perfect opportunity for the professionals to put their legal knowledge on the subject into use to help and advise the organizations in formulating and implementing CSR policy. We as professionals can ultimately drive the businesses towards good governance.

Thus, CSR is turning into a fast-developing and progressively competitive field. It is seen to be crucial compliance for industrial success. A successful CSR initiative meets the public expectations with maximum human involvement.



CS Namita Puri, ACS
namita.puri17@gmail.com

“WHEN THE WIND OF CHANGE BLOWS, SOME BUILD WALLS, WHILE OTHERS BUILD WINDMILLS.”

Corporate social responsibility / corporate citizenship is not new to Indian culture where there have been stories of philanthropic approach to life and the legislation related to CSR has just embedded an approach with a duty. India is the first country to have made a legislation around CSR and made it mandatory for companies falling within its purview to compulsorily contribute to activities for betterment and upliftment of society and report the same thereby ensuring transparency. Those who leverage the situation become pioneers. With growing awareness



around various societal issues and people moving towards a holistic approach, corporations have also started to realise that they can function within a society and can sustain only if they contribute to it rather than merely surviving on profit maximisation. It is of utmost importance that business strategies be aligned with the environment, social and governance objective of an organisation. In doing so, it not only maximises value for its stakeholders but also builds a credible brand that people feel proud to be associated with, earns consumer loyalty, increases market capitalisation, brand worthiness, enhances decision making and risk management process, etc. Infosys, Tata, PII and numerous other companies rank huge on their ESG Index owing to their efforts in Corporate Social Responsibility.

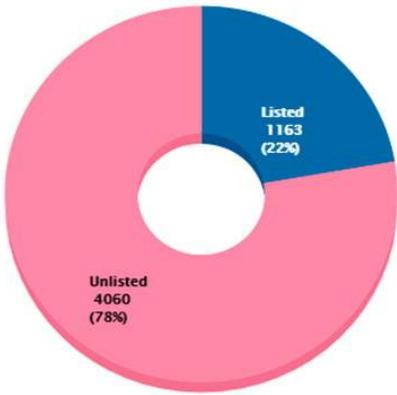
Corporate Social Responsibility and Business Responsibility Reporting

According to The CSR Journal, Infosys Ltd., Mahindra & Mahindra Ltd., Tata Chemicals Ltd., ITC Ltd. and Vedanta Ltd. topped CSR in 2020 with their focus on Covid relief, climate change, wildlife conservation, education, environmental conservation, sustainable agriculture, healthcare, digital literacy, sports, etc. Some companies even go beyond the prescribed spend and spend over and above what is required thereby going beyond just compliance in letter and bringing change at the ground level. Further, as per National CSR Portal 5223 companies spent a total of Rs. 17,885 crores on CSR activities.

Extending the concept of CSR is the concept of Business Responsibility Reporting that requires corporates to adopt responsible business practices in the interest of the social set-up and the environment are as vital as their financial and operational performance. Top 500 companies by market capitalisation are required to include a Business Responsibility Report in their Annual Report. But is it enough that only listed entities be obligated to make exhaustive continuous disclosures as they have accessed funds from the public and have an element of public interest involved?

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

CSR Contributing Companies: Listed vs. Unlisted Companies



As per National CSR Portal, of the total companies that contributed towards CSR, 78% were unlisted companies. Should this not be reason enough to extend the applicability of Business Responsibility Reporting to all companies that fall within the purview of CSR? It won't be an exaggeration to say that the companies that are socially responsible and have a good ESG score will be the future. For any company to have a global reputation, this is a basic parameter that investors look into. Companies with good ESG scores see higher investments and customer loyalty as people wish to be associated with sustainable companies and are willing to even pay a premium for that.

Legislative changes

Although the Government is making sustained efforts to strengthen the law for contribution, monitoring and reporting of CSR and ensuring that transparency is maintained, it is the awareness that corporates need to have with regard to the impact of their business and social activities have on the society as these coexist and are interdependent. Now, with the amendment to the CSR Rules making it mandatory for certain companies to have a need and impact assessment of their CSR efforts and penalising companies for non-compliance with the legislation. The question looms whether it is justified to enforce such spend and more so penalise corporates for not spending. Although it is imperative that corporates contribute to the society they work in, is it justified to expect them to pay taxes and still be penalised for not spending the set percentage of profits towards CSR. There are various schools of thought supporting profit maximisation, supporting activities that contribute to the society, supporting the view that CSR and the amount of spend should be voluntary, etc. However, it is equally imperative that corporates take up the task of betterment and upliftment of the society they operate in as they have the resources to drive the economy and society to new highs simultaneously creating value for all stakeholders.





CORPORATE SOCIAL RESPONSIBILITY

CS Jaspal Singh Dhanjal, FCS
cspunjabpower@yahoo.com

Corporate social responsibility is not just about managing, reducing and avoiding risk, it is about creating opportunities, generating improved performance, making money and leaving the risks far behind.”

Sunil Misser, Head of Global Sustainability Practice, PwC.

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

Key CSR issues: environmental management, eco-efficiency, responsible sourcing, stakeholder engagement, labour standards and working conditions, employee and community relations, social equity, gender balance, human rights, good governance, and anti-corruption measures.

In India, with the enactment of the Companies Act, 2013 by the Ministry of Corporate Affairs, Government of India, it has now become mandatory for Companies to take up CSR projects on social welfare activities. India is the only country which has regulated and mandated CSR activities to be undertaken by certain categories of companies. In the present times, the ambit of CSR activities has grown manifold and is playing an important part in achieving the sustainable development goals and private-public partnership in nation building. CSR has also played a very important role in supporting the social and economic development of the country during the Covid-19 pandemic.

Section 135 of The Companies Act, 2013 has made it mandatory for companies fulfilling certain criteria, to implement and report CSR policies. Rules framed thereunder and Notifications issued from time to time has provided extensive guidelines on the activities to be undertaken by the companies and the reporting of the same in the Annual Report of the Company.

The Board has to ensure that the company spends in every financial year at least 2% of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, on Corporate Social Responsibility (CSR) in pursuance of its policy in this regard.

Section 135 of the Companies Act, 2013, requires- (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during 3 the immediately preceding financial year shall constitute a corporate a Corporate social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. (2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

(3) The Corporate Social Responsibility Committee shall,—

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company 5 [in areas or subject, specified in Schedule - VII];

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall,—

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years 7[or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

(6) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

11[(7) If a company is in default in complying with the provisions of sub-section (5) or sub-section (6), the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.]

(8) The Central Government may give such general or special directions to a company or class of companies as it considers necessary to ensure compliance of provisions of this section and such company or class of companies shall comply with such directions.]

12[(9) Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.]

With the increasing importance of the CSR activities, it has been felt necessary to provide guidance to the industry and professionals on the accounting aspects of the CSR Expenditures. Ministry of Corporate Affairs has notified new Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 on 22 January 2021 wherein CSR Implementation- filing of Form CSR-1 w.e.f 01.04.2021 has been provided, CSR Committee shall formulate and recommend to the Board, .CSR Expenditure, CSR Reporting, Display of CSR activities on its website, Transfer of unspent CSR amount and Annual Report on CSR Activities shall be annexed to Board's Report.

“CSR isn't a particular programme, it's what we do every day, maximising positive impact and minimising negative impact.”

Broad guidelines regarding activities which may be included in CSR have been given in SCHEDULE VII of Companies Act 2013:

(i) Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports

(viii) contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

(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).

Where a company (x) rural development projects

(xi) slum area development.

(xii) disaster management, including relief, rehabilitation and reconstruction activities. It spends more than that required under law, a question arises as to whether the excess amount 'spent' can be carried forward to be adjusted against amounts to be spent on CSR activities in future period. Since '2% of average net profits of immediately preceding three years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years,' is the minimum amount which is required to be spent under section 135 (5) of the Act, if the company spends an amount in excess of the requirements provided under this sub-section, such company currently is not allowed to set off such excess amount against the requirement to spend under this sub-section

During the COVID-19 pandemic, CSR has played an even greater role with corporates undertaking Corporate Social Responsibility projects over and above the minimum criteria determined by law. Corporates have stood by the Government, during the time of crisis to strengthen the country both socially and economically. The ideology of our Prime Minister Narendra Modi, of Atmanirbhar Bharat and Sashakt Bharat can be met through the private-public partnership model in CSR activities. CSR had also played a major role in implementing the Swachh Bharat Abhiyan.

Conclusion: We need business to understand its social responsibility, that the main task and objective for a business is not to generate extra income and to become rich and transfer the money abroad, but to look and evaluate what a businessman has done for the country, for the people, on whose account he or she has become so rich. Businesses cannot be successful when the society around them fails. The object of CSR is that the business takes advantage of environment and the some industries are even polluting water, air, noise, environment. It takes a lot of things from society as such it need to repay something to society where it runs its business. The Corporate should own its responsibility towards society by undertaking some activity for the benefit of the society and thereby joining hands in building good healthy social environment and building the nation.

"I admire companies that give back to communities. It is an absolute essential for organizations to watch, mitigate, and improve their impact on the environment, people, communities, their health and overall well-being. But this is a necessary condition, not a sufficient condition." – Shiv Nadar





CORPORATE SOCIAL RESPONSIBILITY

CS Ayushi Agrawal, ACS
csayushiagrawal19@gmail.com

When I thought of the responsibility
I heard an organized, legal imaging
'Contribution!' exulted I, 'Yes contribution!'
Quoth thy grant, 'Mind the distribution!'

'Welfare!' said I, 'thing of happiness'
Much I marvelled thy socio-economic affluence
I crave thy post-industrial, prosperous providence
And thy megalopolises never forecasting

In a kingdom full of corporate
Much I marveled thy privy enterprise
I crave thy embedded entrepreneurship, embodying
And, 'Corporate!' said I, 'thing of social'

I heard a lonely, climatic conditioning
Much I marveled thy endurance development
I crave thy endurance, ecological environment
And, off thy farm's petitioning, I heard a natural, climate blooming!



*The views expressed are personal views of the author
and it should not be taken as views of the NIRC-ICSI



Ms. Kanishka
kanishka240399@gmail.com

UNIVERSAL BASIC INCOME : WOULD DIRECT CASH TRANSFER (DCT) TO JAN DHAN (PMJDY) ACCOUNTS INCREASE DEMAND

With the merit-recognition of Development Economics and its promoted means to uplift the poor, there have been scholarly suggestions of public policy which are direct applications of its subject matter. One such policy is that of a universal basic income, i.e., government-guaranteed income to individuals and households. In literature, [Banerjee, Niehaus, Suri; 2019] noted- "there are good reasons why UBI may actually...contribute to the growth process in poor countries." Specifically, within the policy structure of India, there exists a provision of what is called, 'Direct Cash Transfer' or DCT. It is recognized as a form of a larger scheme named, 'Direct Benefits Transfer' or DBT; in other words, DCT is a form of DBT where the benefit is cash. Moreover, with the extension of PMJDY accounts to all unbanked individuals, DCT to PMJDY accounts is a pragmatic policy. So, the suggestion is seemingly easy to understand- the government shall transfer cash, which is not a payment for specific goods or services, to the bank accounts of poor individuals depending on the households they constitute. A fascinating theme of this policy is that the individual is free to use this money however they may choose. Quantitatively, it would take the following form- i.e., a suggestion by Abhijit Banerjee -500 rupees per person; so 2500 rupees for a family of five.

While this suggestion is for the whole nation, we would seek to address the elements of the state of the Indian economy in general and that of Bihar specifically. The choice of Bihar is a theoretical contraction of a 'Poor Country' to a 'Poor state'. Bihar has the lowest NSDP- Net State Domestic Product -per capita of all states in India, i.e., 30167 rupees in 2018-19 at 2011-12 prices; national level is at 92565. Moreover, Bihar has the lowest Annual Inflation rate for CPI, i.e. 1.25 in October 2019; the national level is at 4.62. Further, Bihar sees the second-highest inter-state and international emigration every decade. These indicators strongly signal poverty in Bihar. However, a peculiar reality of Bihar exists in its rural-urban divide of the economy. We recently noted the lowest inflation rate in Bihar; however, urban Bihar's inflation rate is higher than the All India urban inflation rate, 5.39 and 5.11 respectively. It may now be apparent that rural Bihar's inflation ought to be highly discounted to All India rural inflation rate so that Bihar- rural and urban combined tallies to the lowest in the country. Needless to say, such is the case- rural Bihar's inflation rate is 0.55 as opposed to 4.29 of rural all India.

As we noted earlier that the individual has the freedom to use the cash transfers according to their will, we would seek to understand the individuals' tendencies to use this money in various ways. Hence, at this point, we would like to emphasize two essential themes of the Indian economy- migration and savings- which, in our opinion, is highly relevant to India generally and Bihar specifically in regards to DCT. The proportion of India's population which are migrants by the place of birth happens to be very high.

In 1991, 27.4% of the population were migrants; In 2001, 30.6% of the population were migrants; In 2011, 37.6 per cent of the population were migrants. Interestingly, the proportion of migrant males in 2011 is the same as it was in 1991, i.e., ~ 23%. However, the proportion of women migrating has significantly increased, i.e., 32% in 1991 through 45% in 2001 to 38% in 2011- - it is not just the proportion, migrant women have been greater than migrant men absolutely.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

So, women migration increased by 65 per cent from 1991 to 2011. It is also observed that the leading cause of migration is not work/employment but marriage, which stood at 46% of all migration in 2011. 15.4 crore women in 2001 were migrants due to marriage and, in 2011, this number rose to 20.6 crores.

The proportion of this class of women is similar, i.e., 65-70 per cent. So, as of 2011, 66 per cent of women in India have migrated from their place of birth due to marriage. In Bihar, specifically, as Bihar Economic Survey notes, 75% of all migration occurs due to marriage, i.e., 63% more than the all India level, of which 98 per cent are women; only ~3% of the migration was due to work. After UP, Bihar is the largest source of migrants and has the lowest net migration to the state. It is also important to note that only roughly half of the migrants have migrated between rural areas.

Concurrent to the rise in migration, and migration due to marriage, there has been an increase in household savings- as noted by Prof Vaidyanathan in his book India Uninc. Since its lowest level in the 1950s, the Gross Domestic Savings (as a percentage of GDP) has grown from 8 per cent to its highest level in the 2010s, i.e., 34.6 per cent. Particularly, 22% of the GDP was household savings. In other words, every year, a fourth of the country's production is essentially household savings. In terminology, 'household' includes private unincorporated businesses as well; this indicates that the savings of real households and investments of small businesses are a very large producer of our national income. Regarding the form of household savings, as of 2011-12, two-thirds of the Household savings are physical and the remaining third is physical. Moreover, according to RBI's 'Report of the Household Finance Committee' of 2017, 88 per cent of an investor's wealth is in physical forms of gold or real estate.

We can suspect, at this point, that Bihar (and other poor states alike) is observing a phenomenon where unmarried rural women migrate to urban Bihar or outside Bihar for marriage. Where, they set up households and drive up household savings; as opposed to doing the same in rural Bihar. Moreover, these households are high savings households- mostly in gold or real estate- i.e., which largely contribute to the GDS and further the GDP. More generally, in essence, the potential drivers of economic growth in India- i.e., unmarried young women who eventually become house makers and save - move out of rural areas to either urban places within the state or outside of the state at substantial rates. In Bihar, this is particularly true with a significantly higher rate than that of other states.

If DCT to PMJDY accounts were to be used substantively as a universal basic income, the financial saving account of the individuals would be immediately increasing. Pertaining to the observations we drew above- i.e., a household's inclination to save in physical assets and unmarried rural woman's to migrate by marrying elsewhere - there is a substantial probability that the cash is used to simply buy physical assets, such as gold, or as funds for the marriage of the unmarried woman in the household. In other words, in terms of theoretical speculation of incentive, a rural household seems more inclined to use direct cash transfers to build up physical savings and as means to migrate and/or for funds for the marriage of the daughter(s), than the consumption of retail goods. However, if Development economists are able to conclusively submit that in an economy that is driven by household savings and itself assumes high migration, individuals/households would procreate households in rural areas with a guaranteed income, the conclusion may change.



CS Bhavana Tikekar, ACS
bhavana0401@gmail.com



CS Lalit Rajput, ACS
lalitrajput537@gmail.com

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility begins with a strong, competitive company. Only a healthy enterprise can improve and enrich lives of people and their communities

- **Jack Welch**

The concept of Corporate Social Responsibilities (“CSR”) is known for its philanthropic nature. CSR is a self-regulating business model that helps a company to be socially accountable — to itself, its stakeholders and the public. By practicing CSR, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social and environmental which is why the government has considered all these aspects while formulating CSR rules in India.

CSR was introduced in India in the year 2010, when The Ministry of Corporate Affairs (MCA) had issued 'Corporate Social Responsibility Voluntary Guidelines' which made CSR voluntary for the companies but for the first time it was introduced as a statutory obligation for companies by way of Companies Act, 2013 (“Act”) under Section 135. Thereafter, the Companies (Corporate Social Responsibility Policy) Rules were notified on 27th February 2014 (“Rules”) to lay down the specifications and procedure to be followed by the companies while discharging their CSR obligations.

The Companies Amendment Act of 2019 and 2020 resulted in some major changes in the CSR provision under Section 135 of the Act. The Ministry of Corporate Affairs (“MCA”) had released the Draft Companies (Corporate Social Responsibility Policy) Amendment Rules in March 2020 (“Draft Rules”) inviting public comments and on 22nd January 2021, the MCA finally issued the Companies (Corporate Social Responsibility Policy) Amendment Rules (“New Rules”) giving effect to the changes introduced in CSR by the Companies Amendment Act of 2019 and 2020.

In this Article, endeavors have been made to discuss the new notable and important concepts/changes which have been introduced under the New Rules, Impact of change New Rules on COVID -19 pandemic, top NGOs in India engaged in Corporate Social Responsibilities activities.

Key changes introduced in CSR Amendment, Regulations, 2021:

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

1.	<p>Non permissible activities under CSR: The CSR activities specifically excludes following activities:</p> <ul style="list-style-type: none"> - Activities in pursuance of normal course of business. However, any company engaged in R&D of vaccines, drugs and medical devices may undertake COVID-19 related R&D as CSR for 3 financial starting 2020-21 subject to certain conditions prescribed in New Rules. - Contribution to political party as provided under section 182 of the Act. - Sponsorship for deriving marketing benefits for own products and services. - Fulfilment of any other statutory obligations under any other law in force in India. - Activities undertaken outside India except training of National or International level Indian sports persons. - Activities benefitting employees of the company defined in clause (k) of section 2 of the Code on Wages, 2019.
2.	<p>Ongoing projects It is defined as multi-year project not exceeding three years excluding the FY in which it was commenced. Board may extend duration of a project to make it an ongoing project.</p>
3.	<p>CSR Spending</p> <ul style="list-style-type: none"> - Unspent amount not relating to ongoing projects to be transferred to Government funds notified in Schedule VII withing a period of 6 months from end of that particular financial year. - Unspent amount relating to an ongoing project to be transferred to Unspent CSR Account and used within immediate succeeding 3 financial as per CSR policy of the company. - Amount transferred to Unspent CSR Account remaining unspent at the end of immediate succeeding 3 financial to be transferred to Government funds notified in Schedule VII within 30 days from the date of completion of the third financial year.
4.	<p>Set off of excess CSR contribution The excess amount of CSR contribution be allowed to be set off against the immediate succeeding three financial years with the permission of a Board of Directors subject to the conditions prescribed in New Rules.</p>
5.	<p>Transfer of capital assets to the NGOs Ownership of capital assets created out of CSR fund to be held by:</p> <ul style="list-style-type: none"> - A section 8 Company, or a Registered Public Trust, or Registered Society, having charitable objects and CSR Registration Number, or - Collectives of beneficiaries, or - Public authority as defined in Section 2(h) of RTI Act. - The ownership of existing capital assets, if any held in the company's name to be transferred to above mentioned company/trust/beneficiary within 180 days from the commencement of New Rules and the said period can be extended upto 90 days beyond 180 days with the permission of the Board.
6.	<p>Filing of e-Form CSR -1</p> <ul style="list-style-type: none"> - The New Rules brought the new mandatory registration of Trusts/Section 8 companies with the Central Government by way of filing e-Form CSR-1 with Registrar of Companies. - Further, the MCA has introduced MCA E-Form CSR -1 w.e.f. 01.04.2021 on MCA Portal. - On the submission of the e-Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically and said number of implementing partner is required to be disclosed in Annexure II

7.	<p>Increased responsibility of Board and format of reporting CSR contribution in Board's Report</p> <ul style="list-style-type: none"> - CFO or person responsible for financial management to certify CSR fund utilized for the purpose and manner approved by the Board. - Board to monitor implementation of ongoing projects with respect to approved time lines and year-wise allocation. - The detailed information with respect to excess CSR spend carried forward and set-off, Surplus arising out of CSR projects, Ongoing projects, capital assets, unspent CSR amount shall be reported in Annexure II as prescribed under New Rules.
8.	<p>Impact Assessment</p> <ul style="list-style-type: none"> - Impact assessment to be undertaken for CSR projects with outlays of one crore of more by the Company having average CSR obligation of ten crore or more in immediate 3 preceding financial years through independent agency. - Independent agencies have not been defined under New Rules. - The cost of impact assessment expenditure shall not exceed 5% of the mandated CSR or Rs. 50,00,000, whichever is less. - Impact assessment report to be placed before the Board.

CSR AND COVID - 19 INTERLINKED

COVID-19 has been considered a global pandemic by the World Health Organization (WHO) in 2020. The contagious disease tremendously disrupted socio-economic circumstances of the entire earth. The Government of India and state governments announced lockdowns throughout the country in March, 2020 in order to promote social distancing, which basically directed the public to maintain distance both socially and physically.

Further, A general circular (No. 21/2014, dated June 18, 2014) mentioned that the items in Schedule VII are broad-based and may be interpreted liberally for the purpose of donations being made with respect to COVID 19. This announcement from the Ministry of Corporate Affairs was welcomed by Corporates India. It created a flexible situation for companies with existing CSR obligation pending who wanted to contribute to relief and meet statutory requirements of Act.

With the announcement by the government that any amount donated by companies in support of the fight against COVID-19 will qualify as CSR, a majority of the companies either contributed to the PM CARES Fund or for various other purposes that contributed to protecting health and preventing hunger of the affected.

The pandemic has surfaced issues we probably never considered important till now. Considering the need of an hour, The Indian government has made following significant changes in the definition of Corporate Social Responsibility in Rule 2 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 to include R & D for new vaccine, medicines and medical devices:

“Corporate Social Responsibility (CSR)” will now include activities undertaken in pursuance of normal course of business of the company 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, 2022-23 subject to the conditions that:

- 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;
- details of such activity shall be disclosed separately in the Annual report on CSR included in the Board's Report.

Thus, research and development activities will qualify as CSR activity if carried out in collaboration with: “incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, or public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defense Research and Development Organization (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine.”

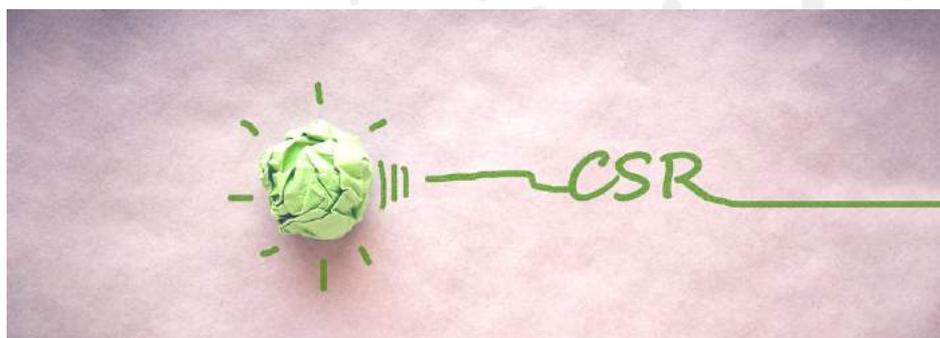
NON-PROFIT ORGANIZATIONS AND CSR ACTIVITIES - NGOs have been playing a crucial role in India since several years bridging the gap between government schemes and beneficiaries in remote areas. During Covid-19 crisis, they have emerged as the first line of protection and relief for the most affected people in the Country. Here are the top NGOs in India that are bringing about changes in the lives of people of India living in poverty line, sustainable/environmental development and actively engaged in Covid -19 crisis:

Top NGOs providing relief during Covid- 19 pandemic

Name of the NGOs	Object of the NGO
SEEDS	The acronym SEEDS stand for Sustainable Environment and Ecological Development Society. This 26-year-old organisation is active across India and in Nepal. This NGO works to create a safer and more sustainable Asia. SEEDS specialises in disaster preparedness, disaster response and rehabilitating homes and community infrastructure.
Goonj	This multi-award-winning Not for Profit organization headquartered in Delhi uses local resources and traditional wisdom to give dignity to the poor. Goonj has been around for more than two decades, galvanising mass civic participation in issues like rural infrastructure, water scarcity, education and disaster relief.
Magic Bus India	Magic Bus India tries to lift up children and teens from poverty into a life of meaning and joy. The Childhood to Livelihood programme has transformed the lives of more than a million such persons.
World Wildlife Fund for Nature	The World Wide Fund for Nature (WWF) is an international non-governmental organization founded in 1961 that works in the field of wilderness preservation and the reduction of human impact on the environment. The NGO aims to “stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.” WWF is the world's largest conservation organization, with over five million supporters worldwide, working in more than 100 countries and supporting around 3,000 conservation and environmental projects.

Name of the NGOs	Object of the NGO
MCKS Food for the Hungry Foundation	MCKS Food for the Hungry Foundation a non-profit organisation based in New Delhi. They have delivered more than 1,00,00,000 meals to those in need, in partnership with authorities across the country with over 20+ feeding programs over the last 15 years, To support our community in New Delhi during lockdown, they have increased capacity at the MCKS' Kitchen by 6x and delivered 60,000+ nutritious cooked meals.
Zomato Feeding India	The not-for-profit organization started the 'Feed the Daily Wager' project after the announcement of the 21-days lockdown to provide food support to families of daily wage earners across cities, who might have lost out on employment in this time of crisis.
Give India	Give India is a non profit organization in India. It is an online donation platform and aims to channel and provide resources to credible non-governmental organizations across India. they are raising funds for two COVID19 programmes at the moment: <ol style="list-style-type: none"> 1. Donation for food parcels for daily wage earners. 2. Hygiene kits for those in high risk areas.
Care India	CARE a global humanitarian organization is working with partners across over ninety countries helping the most marginalised women and girls in the fight on COVID 19. CARE India has a 1400+ team working with Government of Bihar in supporting the government in contact tracing, monitoring, infection control, laboratory and hospital strengthening for fight COVID
Rasoi on Wheels	Rasoi on Wheels is a mobile kitchen service that is providing packed meal boxes which are served to the less privileged section of our society. For the Covid-19 crisis, the foundation is working closely with groups and organizations to provide cooked meals and dry rations to daily wage labourers and to the less privileged in Delhi-NCR.

The provisions of the New Rules appears to be more detailed and structured as it has introduced new requirements like detailed reporting of CSR contribution in Board's Report, impact assessment of CSR contributions and covered the contribution towards vaccines and R & D focusing on the health issues faced by the Indian citizens during Covid-19. Though, the New CSR Rules are very streamlined, comprehensive and have addressed many unsolved issues but there are certain provisions which are still vague and needed some clarity from MCA, however, the New CSR Rules have been welcomed in India by Corporates.





CS Yati Mittal, ACS
csyatimittal@gmail.com

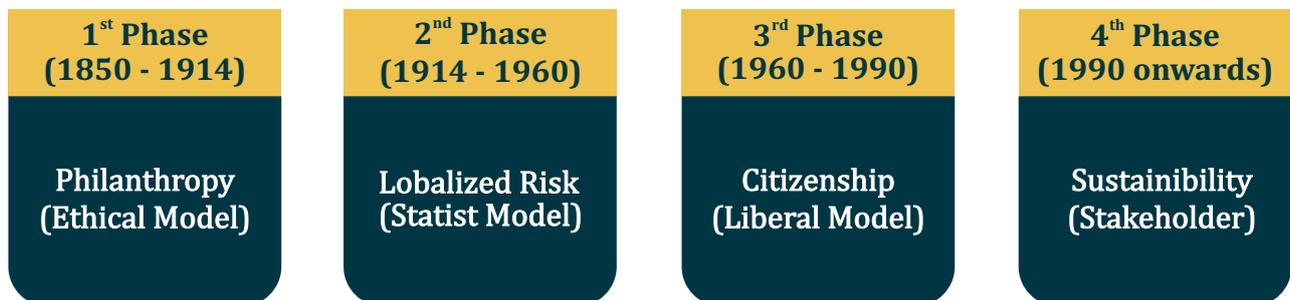
CORPORATE SOCIAL RESPONSIBILITY

Introduction

We are very well aware off the concepts of Corporate Citizenship, sustainable business, environmental responsibility, the triple bottom line, social and environmental accountability, business ethics and corporate accountability. These concepts all together linked with CSR. In order to mandate and impose certain responsibility on corporate towards the society, MCA introduced the concept of CSR and made India first country to introduce this concept as Section 135 of Companies Act, 2013. CSR is commitment by businesses to integrate social and environmental concerns in their business operations.

Evolution of CSR in India

India witnessed the concept of CSR since the time of Kautilya's but introduced the concept of CSR on April 01, 2014 as a part of Companies Act, 2013. Below are the phases of CSR which India witnessed since Ancient Times:



First Phase (1850-1914): This phase was known for charity and philanthropy. This phase was influenced by family values, traditions, culture and religion along with industrialization. In earlier times, the wealth of business was spent on welfare of society, by setting up temples and religious institutions. In times of famines, businessmen's opened up their granaries for the poor and hungry. The approach towards CSR changed with the arrival of colonial rule in 1850. In the Pre-independence era, the pioneers or propagators of industrialization also supported the concept of CSR. In 1900s, the industrialist families like Tatas, Birlas, Modis, Godrej, Bajajs and Singhanias promoted this concept by setting up charitable foundations, educational and healthcare institutions, and trusts for community development.

Second Phase (1914-1960): This phase was during the Independence struggle where businessman and industrialists were pressurized to support the society. Mahatma Gandhi urged to the powerful industrialists to share their wealth for the benefit of underprivileged section of the society. He gave the concept of trusteeship. This concept of trusteeship helped in the socio-economic growth of India. Gandhi regarded the Indian companies and industries as "Temples of Modern India". He influenced them to open schools, colleges, and research and training institutes. These trusts also worked to enhance social reforms like rural development, women empowerment and education.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI

Third Phase (1960-1990): The third phase was influenced by the emergence of PSUs (Public Sector Undertakings) to ensure better distribution of wealth in society. The policy of industrial licensing, high taxes and restrictions on the private sector resulted in corporate malpractices, led to enactment of legislation regarding corporate governance, labor and environmental issues. Since,, PSUs were not very successful, there was a natural shift of expectation from the public to the private sector and their active involvement in the socio-economic growth. In 1965, the academicians, politicians and businessmen set up a national workshop on CSR, where great stress was laid on social accountability and transparency.

Fourth Phase (1990 onwards): The last phase became the sustainable business strategy. With the wave of liberalization and globalization and relaxed licensing systems, a boom in economic growth was observed all over the country. This led to increase in industrial growth and possible for companies to contribute more towards social responsibility. Earlier this was considered as charity is now a responsibility to contribute towards the society.

Section 135 of Companies Act, 2013

Every Company including its holding & subsidiary company having:

- 1) Net worth of **Rupees 500 Crores** or more, or
- 2) Turnover of **Rupees One Thousand Crores** or more, or
- 3) Net profit of **Rupees 5 crores** or more, during the immediate preceding financial year.

CSR Committee: Companies fulfilling the above criteria shall constitute the CSR committee of the Board consisting of three or more directors, out of which one should be independent director. But there is an exception to this rule that in case a company is not required to appoint independent director, then it shall constitute the CSR committee with two or more directors.

Duties of CSR Committee:

- Recommend the CSR Policy to the board which shall include the activities undertaken by the company as per the areas specified in Schedule VII.
- Recommend the amount to be incurred on the activities referred above.
- Monitor the CSR policy of the company from time to time.

Duties of Board of Directors in CSR Policy

- Board of Directors shall approve the CSR policy recommended by the CSR Committee and then disclose the contents of such policy in its report and publish on company's website.
- Board of Directors shall ensure that the activities mentioned in CSR policy is undertaken by the company.
- The Board shall ensure that company spends at least 2% of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the said period since its incorporation, then 2% of immediately preceding financial years, in pursuance of its CSR policy.

Role of CSR during COVID -19

Corona Virus is termed as deadly virus due to which lockdown was imposed all over the world. All the activities were put on halt including airlines, railways and all the offices except the necessities products supply. Because of lockdown many daily wages workers became homeless and left with no food and shelter; GDP of the country continued to decline, many individuals experienced loss of jobs. Seeing the difficulty which can be faced by the country, MCA time to time amended the Schedule VII of Companies Act, 2013 as stated below:

1. The MCA circular dated 23rd March, 2020 stated that the CSR funds can be spent by companies for various activities related to COVID-19 as stated below:
 - Eradicating extreme hunger and poverty
 - Disaster management including relief, rehabilitation and reconstruction activities of Schedule VII appended to Companies Act, 2013.
2. In order to deal with any kind of emergency or distress situation such as COVID – 19, a public charitable trust under the name of Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) was set up on 28th March, 2020. The same day, MCA issued the subsequent notification that any contribution towards PM CARES Fund will be counted as CSR spend and amended the Schedule VII of Companies Act 2013.
3. Further amendment was brought by MCA in Schedule VII on 26 August, 2020 by including Research and Development (R&D) spending on new vaccines, drugs, medical devices related to COVID-19. MCA stated in gazette notification 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.”

Since, MCA has announced that any contributions towards COVID-19 will be treated as CSR activities; certain blue chips companies have extended their hands to combat COVID 19. Such companies are Infosys Foundation, ITC Ltd., State Bank of India, Hindustan Unilever Ltd.

Infosys Foundation

- Provided Rs 50 crore to PM CARES Fund
- Contributed additional Rs 500 crore to be utilised for providing testing kits, masks, ventilators, food and nutrition to the poor persons.
- It also joined hands with Narayana Hospitals to provide 100 beds quarantine facility.

ITC Ltd

- Covid-19 Contingency fund was set up of Rs 150 crore to provide financial assistance to the district and rural health cares for the poor Indian citizens.

State Bank of India

- SBI employees provide Rs 100 crore to PM CARES Fund
- SBI also announced to provide 0.25% of its net profit of financial year 2019-20 to combat against covid-19.



CORPORATE SOCIAL RESPONSIBILITY

CS Pradeep Patwari, ACS
pradeepatwari00@gmail.com

WHO INTRODUCED THE CONCEPT OF CSR?

HOWARD BOWEN an American economist and Grinnell College president, is often cited as the “**FATHER OF CSR**”. He connected the responsibility of corporations to society and published a book in 1953, which advocated for business ethics and responsiveness to societal stakeholders called Social Responsibilities of the Businessman.

CSR truly began to take hold in the U.S. in the 1970s, when the concept of the “social contract” between business and society was declared by the Committee for Economic Development in 1971. The social contract is based on the idea that business functions because of public “consent,” therefore business has an obligation to constructively serve the needs of society. This is often referred to today as “license to operate” – that is to contribute more to society than solely their products for sale.

In 1976, Professor Sandra L. Holmes conducted a survey on CSR to find how decisions on which causes to support were made. Her results, from the Executive perceptions of corporate social responsibility, can boil down to:

1. Utilizing a corporation's ability to help a specific need;
2. Severity of a social need;
3. Executive interest;
4. PR gained from action; and
5. Government influence.

The very early adopters of CSR were companies such as Johnson & Johnson, whose founder, Robert Wood Johnson, established their credo in 1943, which requires that the needs of those they serve are put first.

The Hershey Company founder, Milton Hershey built more than just a company in Hershey. He built a town and a community with facilities, civic centers and cultural institutions that continue to grow today.

Like these many initiatives were taken in the first half of the 20th century, and their founders understood that their stakeholders went beyond the board room and that when their customers and communities were healthy and vibrant, their companies would be as well.

INTERNATIONAL SCENARIO ON CSR:



US companies have had the luxury of defining and interpreting their own view of responsible business within the context of their own company. Subsequently they have been able to measure and promote activities with greater freedom than their international counterparts.

* The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI



Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour.

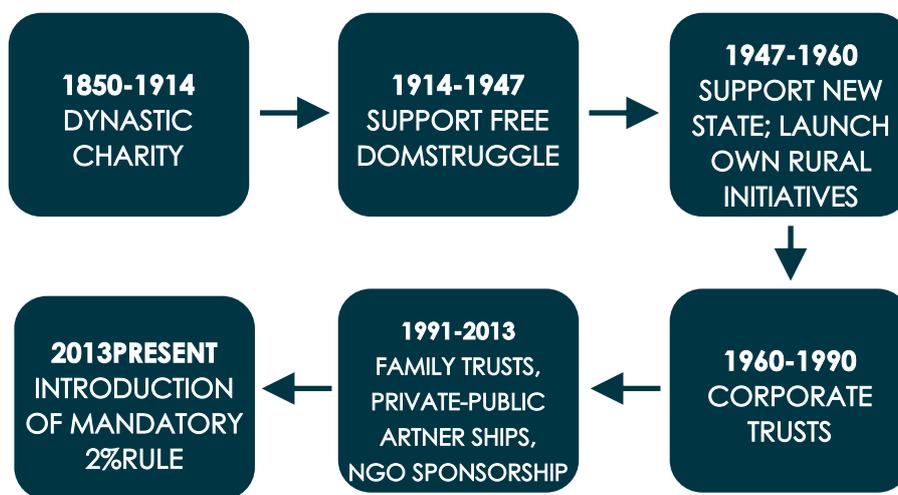


Doing Business, the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada's Extractive Sector Abroad builds on experience and best practices gained since the 2009 launch of Canada's first CSR strategy.



The UAE is among the countries in the region most interested in social welfare, through the provision of various public services aimed at maintaining an advanced level of social and economic stability.

Meaning of CSR Before 2013 :



UNDERSTANDING OF CSR INCURMENT SCENARIO:

CSR is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and volunteer efforts, businesses can benefit society while boosting their brands.

As CSR is important for the community, it is equally valuable for a company. CSR activities can help forge a stronger bond between employees and corporations, boost morale and help both employees and employers feel more connected with the world around them.

“The emphasis placed by more and more companies on corporate social responsibility symbolises the recognition that prosperity is best achieved in an inclusive society.”- Tony Blair, Former Prime Minister of the United Kingdom

THE LEGAL PROVISIONS UNDER THE COMPANIES ACT:

CSR was not covered under the Companies Act, 1956. Later, introduced under Section 135 in the Companies Bill 2013. As per Section 135 of the Companies Act, 2013 (“the Act”), every company having:

- Net worth of rupees 500 crore or more;
- Turnover of rupees 1000 crore or more; or
- Net profit of rupees 5 crore or more;

During immediately preceding financial year, shall constitute a CSR Committee consisting of three or more Directors of whom at least one is an Independent Director (ID). If a Company is not required to appoint ID, it shall have in its CSR Committee two or more Directors.

If the amount to be spent by a company does not exceed fifty lakh rupees, the requirement for constitution of the CSR Committee shall not be applicable and the functions of such Committee provided shall be discharged by the Board of Directors of such Company.

The Board of Directors to ensure that every Company, which is covered under above limits, spends at least 2% of average net profits made during the 3 immediately preceding financial years.

The Projects or program relating to activities for CSR to be undertaken by the Companies specified in **Schedule VII** of the Act. Projects or program relating to those activities which are undertaken by Board of directors of a Company in ensuring the recommendation of the CSR Committee of the Board as per declared CSR policy of the Company along with the conditions that such policy will cover subjects specified in Schedule VII of the Act.

Activities which may be included by companies in their CSR Policies relating to promoting health care, promoting education, including special education, promoting gender equality, empowering women, ensuring environmental sustainability, protection of national heritage, training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports, rural development projects, slum area development, disaster management activities and other activities mentioned in Schedule VII of the Act and as specified by the Central Government, if any.

Board of Directors shall disclose following points in its report concerning CSR:

- Brief outline of CSR policy.
- Composition of CSR Committee.
- Average net profit for last the three financial years.
- Prescribed CSR Expenditure.
- Details of CSR spent during the financial year (amount to be spent, amount unspent, manner of spending).
- Reasons for not spending the amount.
- Responsibility statement confirming that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy.

Recent amendments under the Companies (Corporate Social Responsibility Policy) Rules, 2014:

The Companies (Corporate Social Responsibility Policy) Rules, 2014, have also been amended by the Ministry of Corporate Affairs (MCA) from time to time as required. In a significant overhaul of the CSR Rules, several changes in the CSR framework have been made, including mandating Impact Assessment for big CSR projects and revamping the reporting formats of the Board Report. The other major changes include mandatory disclosure of all CSR projects and activities besides CSR Committee's composition and CSR Policy on the Company's website. The amended Rules also provide the transfer of the unspent amount to government notified fund. Several new norms have been introduced for carrying forward and set off of unspent CSR expenditure. Also, all CSR projects have to be mandatorily registered in e-Form CSR-1. Further, any excess amount may be set off against the requirement to spend up to immediate succeeding three financial years subject to the conditions that the excess amount available for set-off shall not include the surplus arising out of the CSR activities, if any.

BENEFITS OF CSR:

- Positive impact in the community, encouraging businesses to act ethically;
- Enhances relationships with clients;
- Demonstrates credibility & puts company ahead of the curve;
- Investors with a long-term strategy prefer to invest in companies with more sustainable business practices;
- Results in operational costs savings;

- Increases sales & better financial performance, attaining customer loyalty;
- Gets company into the good books of regulatory authorities;
- Publicises the brand of company without separate advertising;
- Ethical labour practices;
- Supports public value outcomes;
- Company is able to attract and retain high caliber staff;
- Encourages both professional and personal development; and
- Increased creativity.

STATISTICS OF CSR:

Financial Year	Total No. of Companies doing CSR*	Total Amount Spent on CSR (INR Cr.) *	Total No. of CSR Projects*
FY 2014-15	16548	10066	9365
FY 2015-16	18292	14517	18468
FY 2016-17	19549	14342	23075
FY 2017-18	21450	13890	23882
FY 2018-19	24932	18655	30620
FY 2019-20	1075	7823	5188

*As per data available on National CSR Portal i.e. www.csr.gov.in as on April 12, 2021.

DIFFERENT TYPES OF CSR ACTIVITIES:

- **Ethical Responsibility** – Responsibility towards welfare of the employees through fair labour practices & diversity in the workplace.
- **Philanthropic Responsibility** - Means to serve humanity by different ways like donating time, money or resources for the well-being of the unprivileged or needy people.
- **Environmental Responsibility** – Taking necessary steps to save our planet and preserve all the lives in it e.g., limiting pollution and reducing greenhouse gases.
- **Economic Responsibility** – It is an interconnected field which focuses to strike a balance between business, environmental and philanthropic practices.

“Businesses need to go beyond the interests of their companies to the communities they serve.” – Ratan Tata, Former Chairman of the Tata Group.

TOP 10 CSR CONTRIBUTOR COMPANIES IN INDIA:

S. No.	Company Name	Amount (INR Cr.) *
1.	Reliance Industries Limited	908.71
2.	Tata Consultancy Services Limited	602.00
3.	Infosys Limited	359.94
4.	ITC Limited	326.89
5.	J.P. Morgan Services India Private Limited	204.93

6.	Tata Steel Limited	183.80
7.	Wipro Limited	181.80
8.	Maruti Suzuki India Limited	168.09
9.	Mahanadi Colfields Limited	165.50
10.	Larsen and Toubro Limited	145.29

*As per data available on National CSR Portal i.e. www.csr.gov.in as on April 12, 2021.

TOP NGO'S IN INDIA FOR CSR DONATION:



CRY: It is believing in every child's right to a happy childhood - to live, learn, grow and play. It is dealing with issues like Child Labour, Child Malnutrition, Poverty and Education & Illiteracy.



GOONJ : The leading NGO takes care of disaster relief, humanitarian aid and community development.



AKSHAYA PATRA: It serves mid-daymeals to over 1.76million from schools' children 15,024 across 12states in India. Attempts to feed children who lack the means but have the zeal to learn and achieve.

ICSI INITIATIVE:

From being a voluntary act of benevolence to becoming a legal stipulation, the evolution of Corporate Social Responsibility has been breath-taking. The Indian Diaspora has awed the world by putting up a well chalked out legal structure in place which not only clarifies the financial limits in terms of eligibility but also the amount to be spent as well as the areas in which a company may delve to comply with its social responsibilities.

However, it still remains to be seen as to how well the corporate have been able to comply with their responsibilities and how well they have been able to touch lives of the society they have thrived in.

In continuation of its endeavours of endorsing the Government's efforts for promoting CSR amongst Indian Corporates, the ICSI CSR Excellence Awards were instituted in 2016.

The ICSI CSR Excellence Awards aim to recognise and promote the execution of CSR in its true letter and spirit. The objectives of these Awards include the promotion of the spirit of CSR amongst the Indian corporate by way of:

- Unique and extraordinary contributions in CSR establishing industry benchmarks;
- Persistent efforts towards fuelling inclusive growth through CSR; and
- Implementation of Innovative practices, programmes and projects in CSR.



**THE INSTITUTE OF
Company Secretaries of India**
भारतीय कम्पनी सचिव संस्थान
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament
(Under the jurisdiction of Ministry of Corporate Affairs)

digit

ICSI brings Group Insurance Policy for Hospitalisation due to COVID-19 for its stakeholders



Since the COVID-19 outbreak, people not having adequate health insurance have been looking out for affordable insurance policies to cover their hospitalisation expenses due to Covid-19.

ICSI has now joined hands with **Go Digit General Insurance Limited** to bring to its members, students, employees and their families a customized Digit Illness Group Insurance Cover. **The policy has been launched w.e.f. 15th May, 2021**

The policy differs from typical Corona Kavach policies. Cover duration is longer - one year with longer pre and post hospitalisation (30/60 days) periods. Premium quoted is per person basis and there is a waiting period of 15 days. Age group covered is 18-55 years.

Sum Insured (in Rs.)	Premium (in Rs.) including GST (per member cost)
1,00,000	828
3,00,000	2,459
5,00,000	3,709

For details, visit **Covid Insurance** under **ICSI Care**. The policy will remain open for purchase till 30 days only from the date of launch.

Disclaimer: The role of ICSI here is that of a facilitator only. Interested persons can go through the policy features, terms & conditions, inclusions, exclusions and premium payable before the purchase.



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

CSBF

**COMPANY SECRETARIES
BENEVOLENT FUND**

Safeguarding and
caring for your well being



COMPANY SECRETARIES BENEVOLENT FUND

Saathi Haath Badhana
साथी हाथ बढ़ाना

What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

The amount of ₹ 7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹ 10,00,000

Is it the right time to enrol in CSBF?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

Is it a requirement?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.

If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

Advantages of enrolling into CSBF

1 To ensure that your immediate family has some financial support in the event of your unfortunate demise

2 To finance your children's education and other needs

3 To ensure that you have extra resource during serious illness or accident

4 Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

Become a proud Member of CSBF by making a one-time online subscription of ₹ 10,000/- through Institute's web portal (www.icsi.edu) along with Form 'A' available at link <https://www.icsi.edu/csbf/home> duly filled and signed.

Decide Now! Decide Wise!

Connect with ICSI

www.icsi.edu | [f](#) [t](#) [in](#) [v](#) [@](#) | Online Helpdesk : <http://support.icsi.edu>