

## **CSR Expenditure for COVID-19**

The Government of India is being taken several steps to tackle the wide spread of COVID-19 and PMO has requested all the corporates to make contribution towards CSR activities in their fight against COVID-19. The Ministry clarified vide General Circular No. 10/2020 dated March 23, 2020, **that spending of the Corporate Social Responsibility (herein after mentioned as CSR) funds for COVID-19 is eligible CSR activity.**

Funds of CSR may be spent on various activities related to COVID-19 like-

- Promotion of Health Care;
- Preventive Health Care and Sanitation;
- Disaster Management;
- Any other way for COVID-19

On March 28 2020, the MCA further clarified through an Office Memorandum that any contribution made to the Prime Minister's Citizen's Assistance and Relief in Emergency Situations Fund (**PM CARES Fund**) shall qualify as Corporate Social Responsibility expenditure under the Companies Act, 2013. The PM CARES Fund has been setup with the chief objective of tackling any emergency or distress situation such as the one posed by the COVID-19 outbreak.

The Ministry clarified on eligibility of CSR expenditure related to COVID-19 activities by issuing a General Circular No. 15/2020.

As per General Circular No 15/2020, following **activities are considered as eligible** CSR Expenditure:

- ✓ Contribution of PM Cares Fund;
- ✓ Contribution to State Disaster Management Authority;
- ✓ Spending of CSR funds for COVID-19 related activities under items no. (i) to (xii) of the Schedule VII of the Act;
- ✓ Ex-gratia payments to temporary/casual workers/daily wage workers over and above the disbursement of actual wages, provided there is an explicit declaration to that effect by the Board of the company, which is duly certified by the statutory auditor.

Following **activities are not considered** as eligible CSR Expenditure:

- ✓ Contribution to Chief Minister's Relief Funds or State Relief Fund for COVID-19;
- ✓ Payment of salary/wages to employees and workers including contract labour;

- ✓ Payment of wages made to temporary/casual/daily wage workers during the lockdown period.

These clarifications as provided with respect to eligible CSR expenditure for COVID-19 can pave way for a combined effort of private entities with the government in order to fight the pandemic.

Link of the notifications:

[http://www.mca.gov.in/Ministry/pdf/Covid\\_23032020.pdf](http://www.mca.gov.in/Ministry/pdf/Covid_23032020.pdf)

[http://www.mca.gov.in/Ministry/pdf/Circular\\_29032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_29032020.pdf)

[http://www.mca.gov.in/Ministry/pdf/Notification\\_10042020.pdf](http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdf)

**Mayank Arora & Co.  
Company Secretaries**

Add: Office no. 268, 2nd Floor,  
Udyog Bhavan, Sonawala Road,  
Goregaon (East), Mumbai - 400 063.

**M: +91-9324254455**

**L: 022-49735566**

**Website: [www.mayankarora.co.in](http://www.mayankarora.co.in)**



**MAYANK ARORA & CO.**  
COMPANY SECRETARIES

Date: 18<sup>th</sup> May, 2020