General Circular No. 15 /2020

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

10th April, 2020

COVID-19 related Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR)

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

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

	Management Authority shall qualify as CSR expenditure?	shall qualify as CSR expenditure under item no (xii) of Schedule VII of the 2013 and clarified vide general circular No. 10/2020 dated 23rd March, 2020.
4.	**Whether spending of CSR funds for COVID-19 related activities shall qualify as CSR expenditure?**	Ministry vide general circular No. 10/2020 dated 23rd March, 2020 has clarified that spending CSR funds for COVID-19 related activities shall qualify as CSR expenditure. It is further clarified that funds may be spent for various activities related to COVID-19 under items nos. (i) and (xii) of Schedule VII relating to promotion of health care including preventive health care and sanitation, and disaster management. Further, as per general circular No. 21/2014 dated 18.06.2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.
5.	**Whether payment of salary/wages to employees and workers, including contract labour, during the lockdown period can be adjusted against the CSR expenditure of the companies?**	Payment of salary/ wages in normal circumstances is a contractual and statutory obligation of the company. Similarly, payment of salary/ wages to employees and workers even during the lockdown period is a moral obligation of the employers, as they have no alternative source of employment or livelihood during this period. Thus, payment of salary/ wages to employees and workers during the lockdown period (including imposition of other social distancing requirements) shall not qualify as admissible CSR expenditure.

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6.	**Whether payment of wages made to casual /daily wage workers during the lockdown period can be adjusted against the CSR expenditure of the companies?**	Payment of wages to temporary or casual or daily wage workers during the lockdown period is part of the moral/ humanitarian/ contractual obligations of the company and is applicable to all companies irrespective of whether they have any legal obligation for CSR contribution under section 135 of the Companies Act 2013. Hence, payment of wages to temporary or casual or daily wage workers during the lockdown period shall not count towards CSR expenditure.
7.	**Whether payment of ex-gratia to temporary /casual /daily wage workers shall qualify as CSR expenditure?**	If any ex-gratia payment is made to temporary / casual workers/ daily wage workers over and above the disbursement of wages, specifically for the purpose of fighting COVID 19, the same shall be admissible towards CSR expenditure as a one-time exception provided there is an explicit declaration to that effect by the Board of the company, which is duly certified by the statutory auditor.

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This issues with the approval of competent authority.

(Shobhit Srivastava)
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