

4. CM Fund Contributions to Not Qualify as CSR Spend

Prelims Syllabus: Governance

Mains Syllabus: GS-II Government Policies and Interventions for Development in Various Sectors and Issues Arising out of their Design and Implementation.

Why in News?

- The Ministry of Commerce has clarified that the contributions to the Chief Minister's Relief Fund or the State relief fund will not qualify as Corporate Social Responsibility (CSR) expenditure, while any donation to the PM CARES Fund will.

Highlights:

- Ministry of Commerce also said that Ex-gratia payments made to temporary, casual and daily wage workers by companies will be considered as CSR expenditure under the companies law, provided that such payments are over and above disbursement of wages.
- Under the Companies Act, 2013, certain classes of profitable entities are required to spend at least 2 % of their three-year average annual net profit towards Corporate Social Responsibility (CSR) activities.

Schedule VII of the Companies Act, 2013:

- The 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.
- Schedule VII shows activities which may be included by companies in their Corporate

Social Responsibility Policies Activities Relating to:

- Eradicating hunger, poverty and malnutrition, and sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women; setting up old age homes, day care centres and such other facilities for senior citizens.
- Ensuring environmental sustainability, 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]

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- Historical importance and works of art; setting up public libraries; promotion and development of traditional art and Handicrafts;
 - Measures for the benefit of armed forces veterans, war widows and their dependents;
 - Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
 - Contribution to the prime minister's national relief 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;
 - Contribution to incubators funded by Central/state Government or any agency or PSU, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
 - ✓ Rural development projects;
 - ✓ Slum area development;
 - Disaster management, including relief, rehabilitation and Reconstruction Activities.

