HIGH LEVEL COMMITTEE OF MCA's REPORT ON CORPORATE SOCIAL RESPONSIBILITY

High level committee of MCA on Corporate Social Responsibility submitted its report to Government on 13th August, 2019, after reviewing the existing framework and recommended a roadmap for developing a robust and coherent policy on Corporate Social Responsibility (CSR). [Here is REPORT]

KEY RECOMMENDATIONS OF COMMITTEE

- Extend scope of CSR to-
    1. Limited liability partnerships
    2. Banks registered under banking regulations act.
    3. Similarly placed entities not covered under companies act.
- For newly incorporated companies- CSR provisions under section 135 may apply after 3 years of their existence.
- Companies with CSR Amount below Rs. 50 lacs be exempt from forming a separate CSR Committee, only board can regulate CSR Policy.
- Unspent CSR expenditure of particular year be transferred by company to special designated account and such unspent amount and interest thereon be spent in 3 to 5 years. If not spent, whole amount be transferred to a fund specified by Government.
- Mechanism to own and run capital assets created out of CSR funds.
- Guidelines to engage in CSR activities by balancing local area preference and national priorities.
- New areas like promotion of sports, senior citizens and special enabled people welfare, to be added in schedule VII.
- Contribution to central government funds as specified in Schedule VII be discontinued and specific designated fund within company be created if CSR amount in spent in 3-5 years.
- Companies with Rs 5 Crore or more CSR amount, to assess and study their CSR programs and mention in Board Report.
- Reporting of CSR in annual reports to be strengthened.
- CSR be part of statutory financial audit; CSR spending be part of financial statements as per schedule III.

- Only disbursal of funds to implementing agencies not enough, board to ensure spending.
- Due diligence of implementing agencies.
- CSR expenditure be allowed as expenditure in income tax and all other indirect tax benefits be allowed for CSR activities.
- CSR exchange portal be developed.
- Creation of social impact companies.
- MCA to prepare annual CSR survey
- Recommend to delete Rule 3(2) of CSR Rules.
- Internationals organizations be allowed implementing agencies.
- Companies to engage CSR professionals.
- Third party assessment of CSR projects.

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