



MCA amends CSR norms to encourage fight against COVID-19

August 25, 2020

Dear Reader

In the wake of COVID-19 pandemic and observing the importance of role that companies play through CSR, MCA has made following changes in CSR regime:

Incorporation of following as eligible activities for CSR expenditure under section 135:

- **Contribution to science, technology, engineering and medicine sector:** 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;
- **Contribution to Department of Pharmaceuticals, AYUSH:** Contribution to Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH).

Exception carved out for development of vaccine for COVID-19 in normal course of business:

As per the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**CSR Rules**), "CSR Policy" relates to the activities to be undertaken by the company in areas or subjects specified in Schedule VII to the Companies Act, 2013, and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company. In this context, an exception has been carved out for companies engaged in research and development activity of new vaccine, drugs and medical devices, in their normal course of business, to 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. Further changes have been made in CSR Rules to reflect this change.

Aforementioned changes have been implemented with effect from August 24, 2020, vide notification dated August 24, 2020 amending Schedule VII of the Companies Act, 2013 ([available here](#)) and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 dated August 24, 2020 ([available here](#)).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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