



COVID-19 ALERT: Clarification on spending of CSR funds for COVID-19

As COVID-19 cases spike in India, the Government of India, along with the respective State governments, is taking all possible measures to contain its spread. While the governments (Central as well as States) have been undertaking various public health measures, including notifying nodal hospitals where COVID-19 cases can be tested and treated, setting up of special facilities for keeping the patients in quarantine, various corporates are also coming forward with financial commitments for tackling the spread of COVID-19.

In India, many corporate houses have voluntarily offered to set up facilities for treatment of COVID-19 patients, while others are already undertaking manufacturing of essential medical supplies which would be provided free of cost to hospital/ government agencies.

Recognizing the contribution of corporate houses, the Ministry of Corporate Affairs, India (MCA) released, on March 23, 2020, a circular wherein it clarified that spending of corporate social responsibility (CSR) funds for COVID-19 shall be considered as eligible CSR activity by companies in India.

The CSR activities which can be undertaken by companies are provided under Schedule VII of the (Indian) Companies Act, 2013. As per the circular, spending of CSR funds for COVID-19 would fall under CSR activities as provided in item no. (i) and (xii) of Schedule VII, which are as under:

Item no. (i): Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

Item no. (xii): Disaster management, including relief, rehabilitation and reconstruction activities.

Accordingly, companies can spend the CSR funds on COVID-19, provided that the aforesaid activities are included in the CSR Policy of the company.

We continue business as usual and our attorneys and staff are available to provide our clients uninterrupted service. Please do not hesitate to reach out with questions or concerns at any time. We hope that you and your family remain healthy and safe throughout this global health challenge.

Dr Gopal Das Bhawan, 14th Floor, 28, Barakhamba Road, New Delhi - 110 001

Tel: +91 11 4213 0000 | Fax: +91 11 4213 0099

Bajaj Bhawan, 1st Floor, 226, Nariman Point, Mumbai - 400 021

Tel: +91 22 4910 0000 | Fax: +91 22 4910 0099

W : www.clasislaw.com

E : info@clasislaw.com