

UNDERSTANDING CSR FOR NGOS

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About Us



- Vinod Kothari and Company, company secretaries, is a firm with over 35 years of vintage
 - Based out of Kolkata, New Delhi, Mumbai & Bengaluru
- We are a team of qualified company secretaries, chartered accountants, lawyers and managers.

Our Organization's Credo:

Focus on capabilities; opportunities follow

BACKGROUND

CSR originally introduced in 2013

Several series of proposed amendments

Substantial amendments effective from 22nd January, 2021

Effect of amendments

Comply or explain

Comply or pay penalty

SERIES OF AMENDMENTS IN CSR PROVISIONS

**Companies
(Amendment)
Act, 2017**
**3rd January,
2018**
(Notified)

Companies (Amendment) Act, 2020
28th September, 2020
(notified on 22nd January, 2021)
Substituted section 135(7)
Shift from comply or pay fine to **comply
or pay penalty**

**Companies
(CSR Policy)
Amendment
Rules, 2022**
(notified on 20th
Sep, 22)

**Companies
(Amendment) Act,
2019**
31st July, 2019
**(notified on 22nd
January, 2021)**
Introduced s 135(7)
Shift from comply or
explain to **comply or
pay fine**

**Companies
(CSR Policy)
Amendmen
t Rules,
2021**
**(notified on
22nd January,
2021**

APPLICABILITY

CSR is applicable on the companies satisfying ***any of the below limits*** -

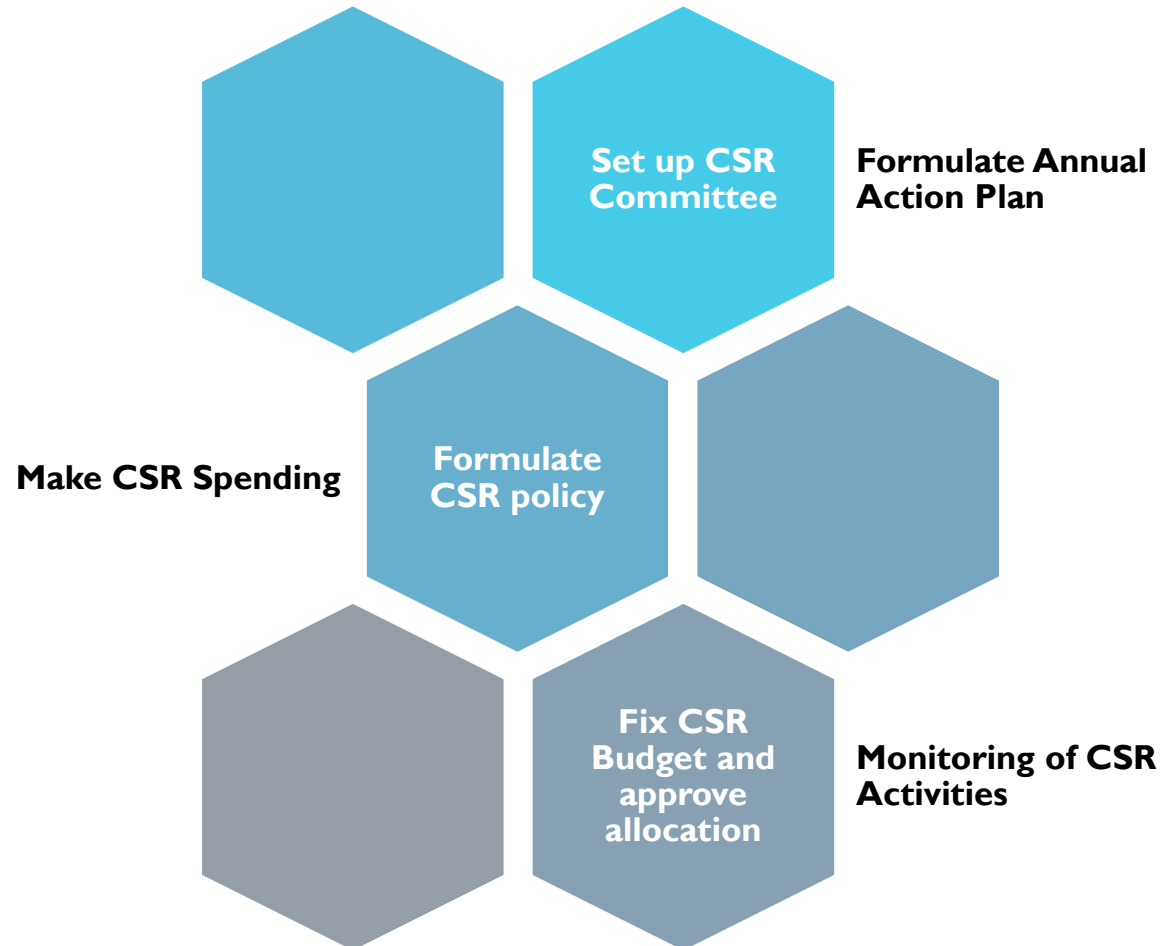


Net worth = Rs.
500 crores or more

Turnover = Rs. 1000
crores or more

Net profit = Rs. 5
crores or more

WHAT IS EXPECTED FROM A COMPANY COVERED UNDER SECTION 135?

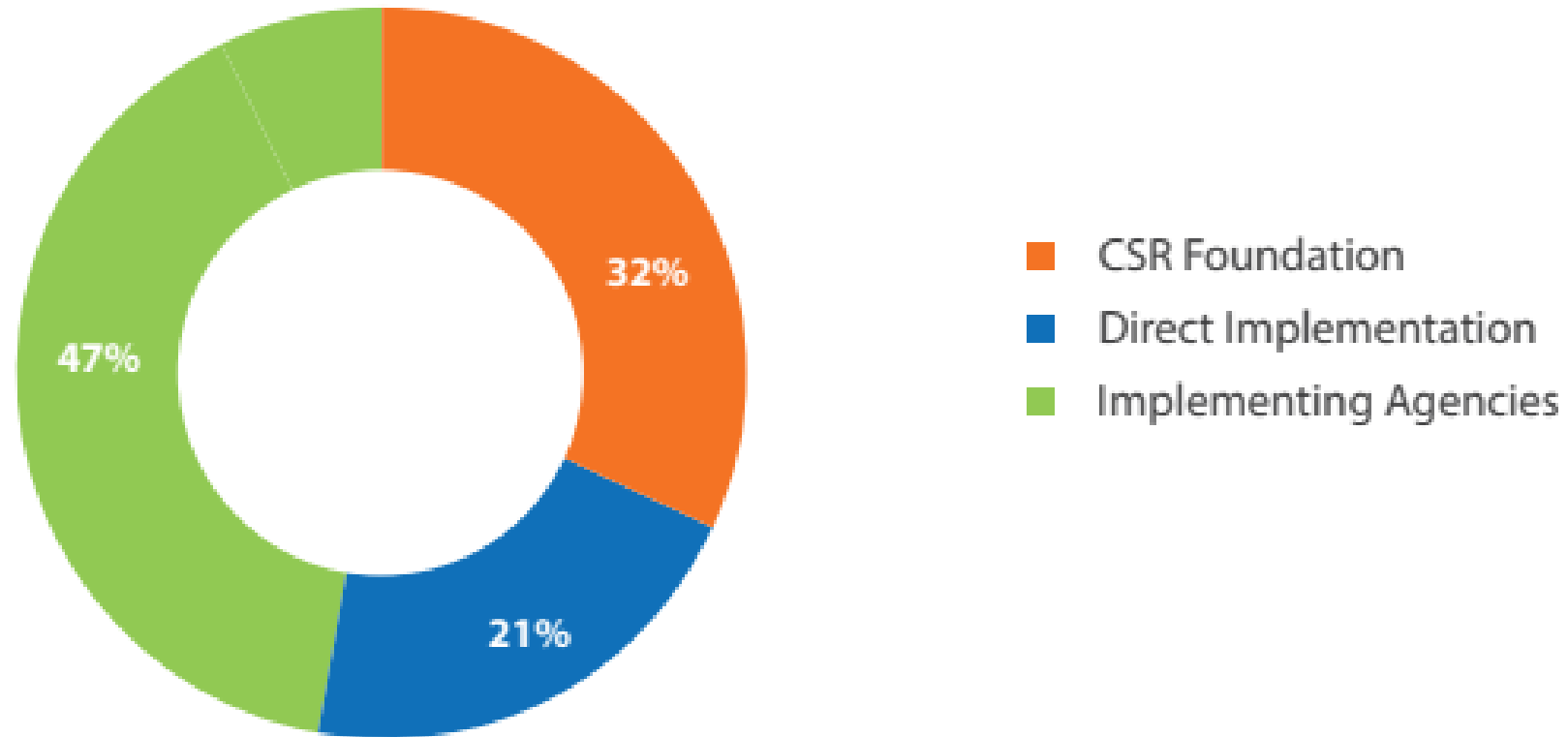


MEANS TO SPEND FOR CSR



ROLE OF NGO's IN CSR

As per the 2022 India CSR Outlook Report, CSR Analysis of Large 301 Listed Companies demonstrates-



ROLE OF NGO IN CSR

Direct implementation



Helping the company in actual implementation of the project/ activities



Hereinafter referred as “implementation agency” (“IA”)

Crowdfunding platform



Collecting funds for a specific cause



Helps companies in routing funds on cause they support

Beneficiary

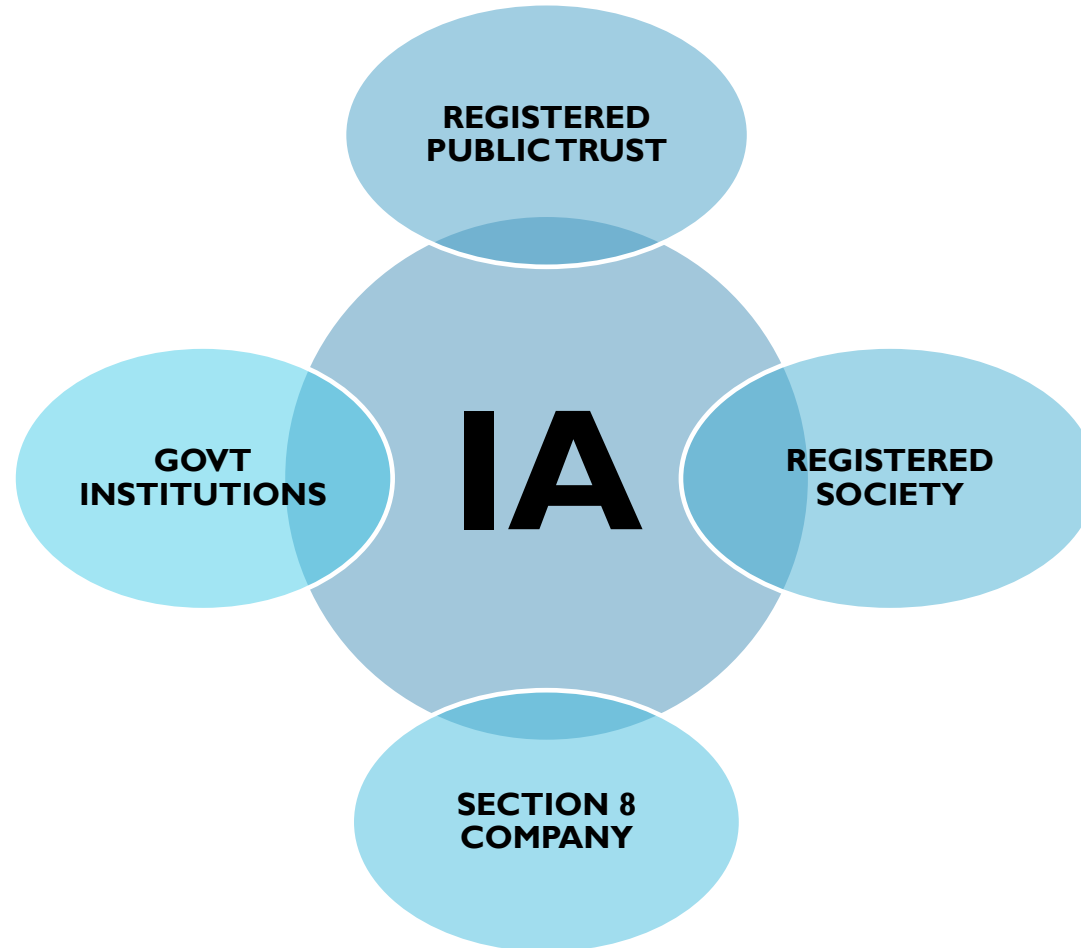


Companies may contribute funds based on the activities the NGOs are engaged in



NGOs may use the same for their objectives as and when required

WHICH AGENCIES CAN ACT AS AN IA?



NGOs AS CROWDFUNDING PLATFORM



Connecting link between the companies and ultimate beneficiary/ IA

Collects funds for a specific cause



Cause should relate to the activities allowed to be undertaken as CSR

SCHEDULE VII OF CA, 2013- PRESCRIPTIVE LIST OF CSR ACTIVITIES

- 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.**
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward group.
- iv. ensuring environmental sustainability, ecological balance, 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 setup by the Central Government for rejuvenation of river Ganga.
- v. protection of National Heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts.
- vi. measure for the benefit of armed force veterans, war widows and their dependent, **Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans and their dependents including widows.**
- vii. training to promote rural sports, nationally recognized sports, Paralympic sports and Olympics sport.
- viii. **contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)** or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedule Tribes, other backward classes, minorities and women.
- ix. **Contributions to incubators or research and development projects in the field of science, technology, engineering and medicine funded by CG or SG or PSU or any agency of the CG or SG**
- x. Contributions to public funded universities, IITs, National laboratories and autonomous bodies established under DAE, DBT, DST, Department of Pharmaceuticals, AYUSH, DRDO, ICAR, ICMR, CSIR,
- xi. Rural Development projects.
- xii. Slum area development.
- xiii. **Disaster management including relief, rehabilitation and reconstruction.**

ACTIVITIES THAT CAN BE CARRIED OUT AS CSR

NGOs having objectives in line with the requirements of the Companies Act (Schedule VII) including-



promotion of
education



healthcare



Protection of
environment



Restoration of
culture



Handicrafts



Disaster
management



Development
of slum area



Development
of rural areas



Promotion of
sports



REQUIREMENTS FOR AN NGO



REGISTRATION REQUIREMENTS

Registration with MCA by filing CSR-I

Mandatory to act as IA

Attract more companies since can act as both IA and beneficiary



Registration under IT Act

This is mandatory for acting as IA

Will also attract more companies since they can claim certain tax exemptions



Registration under specific State laws

May get itself registered with the Registrar of Assurance

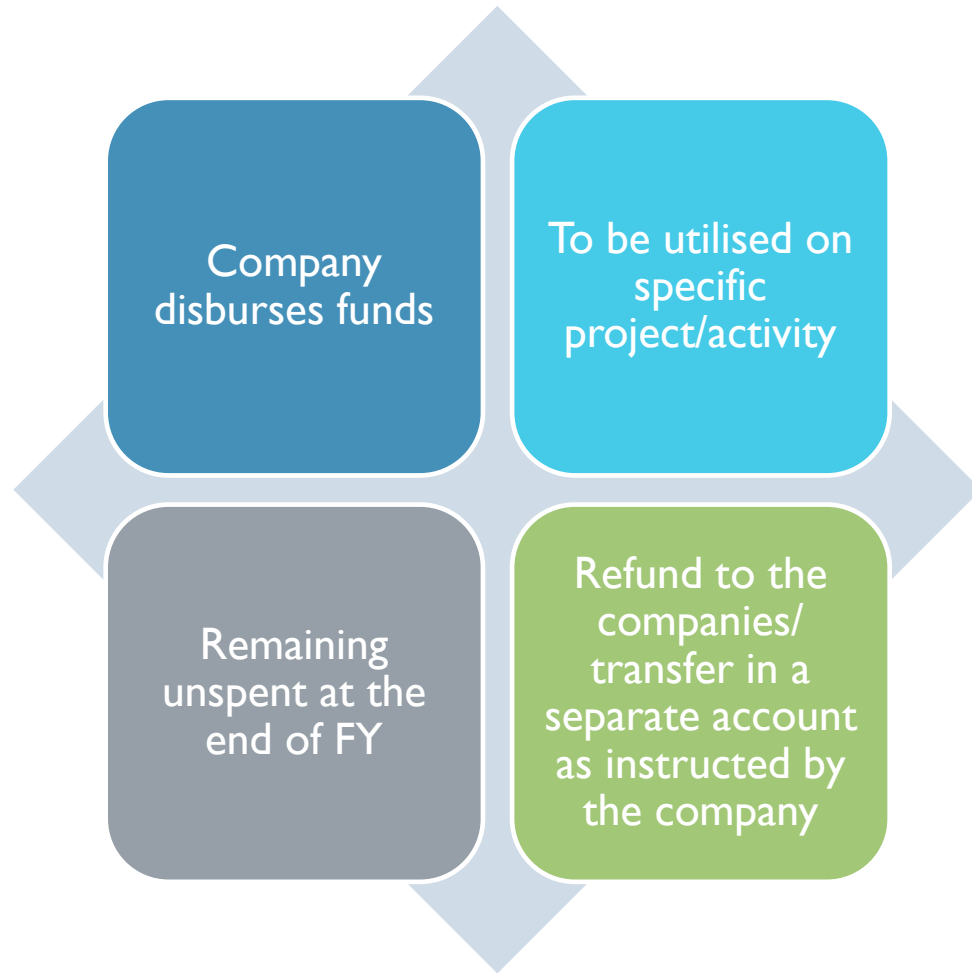
Not mandatory unless required under specifically applicable State laws

OTHER REQUIREMENTS

Maintenance of proper books of accounts

UNSPENT MONEY AND ONGOING PROJECT

ONGOING PROJECT



Multi-year project

Money to be kept in separate bank account

To be commenced within the FY

Completed as per schedule determined by Board of the Company

IA vs BENEFICIARY vs CROWDFUNDING PLATFORM

BASIS OF DIFFERENCE	IMPLEMENTATION AGENCY	BENEFICIARY	CROWDFUNDING PLATFORM
Registration requirement	Mandatory IT Registration and registration with MCA	No registration requirements	No registration requirements
Benefit	Helps in proper implementation of the CSR activities of the company.	Uses CSR contributions of the company for furtherance of its own objectives.	Collects funds for a cause supported by the company
Role	Acts as an extended hand of company in CSR	Acts as the recipient on the other end of company's CSR project	Acts as a connecting link between the company and IA/ beneficiary
Spending discretion	Spends funds in accordance with the CSR policy of the company.	Spends voluntarily as per its own objectives and activities	Collates funds and provides to the IA/ beneficiary as instructed by the company
Monitoring requirement	Monitoring and utilization reports required	Only utilisation certificate is required	No such requirements