

## Invitation for public comments for High Level Committee on Corporate Social Responsibility -2018

The Ministry of Corporate Affairs (MCA) has constituted a High Level Committee on Corporate Social Responsibility-2018 (HLC-2018) to review the existing framework and guide and formulate a coherent policy on Corporate Social Responsibility (CSR).

2. Comments/suggestions are invited on the provisions of CSR in the Companies Act 2013 Companies (CSR Policy) Rules, 2014 and Circulars issued concerning CSR.

3. All stakeholders are requested to furnish comments/suggestions through mails only on the following e-mail id:

Email: hlc.csr-2018@gov.in

4. All comments received till 01.02.2019 will be analyzed by HLC-2018.

Sections of Companies Act, 2013	Text	Public Comment
Section 135 (1)	Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.	
Proviso to Section 135 (1)	Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.	

Section 135 (2)	The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.	
Section 135 (3)	The Corporate Social Responsibility Committee shall, –	
	(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII;	
	(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and	
	(c) monitor the Corporate Social Responsibility Policy of the company from time to time.	
Section 135 (4)	The Board of every company referred to in sub-section (1) shall, –	
	a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its	

	report and also place it on the company's website, if any, in such manner as may be prescribed; and	
	b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.	
Section 135 (5)	The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:	
1 <sup>st</sup> Proviso to Section 135 (5)	Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:	
2 <sup>nd</sup> Proviso to Section 135 (5)	Provided further that, if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.	
Explanation	For the purposes of this section "net profit" shall not include such sums as	

	may be prescribed, and shall be calculated in accordance with the provisions of section 198.	
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**Activities covered in Schedule VII of the Act and Amendments made thereunder**

No. of Activity	Activities	Public Comments
(i)	eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh 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 vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	
(iii)	promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;	
(iv)	ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources	

	and maintaining quality of soil, air and water including contribution to the 'Clean Ganga Fund' set-up by the Central Government for rejuvenation of river Ganga;	
(v)	Protection of national heritage, art and culture including restoration of building and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;	
(vi)	measures for the benefit of armed forces veterans, war widows and their dependents;	
(vii)	training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;	
(viii)	contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;	
(ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;	

(x)	Rural development projects.	
(xi)	Slum area development.	
	Explanation- For the purpose of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.	

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**The Companies (Corporate Social Responsibility Policy) Rules, 2014 notified on 27-02-2014 (inclusive of all amendments).**

**G.S.R. 129(E).** - In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely

<b>Rule No.</b>	<b>Rules</b>	<b>Public Comments</b>
1. Short title and commencement	These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014  (2) They shall come into force on the 1 <sup>st</sup> day of April, 2014.	
2. Definitions	(1) In these rules, unless the context otherwise requires, -	
	(a) "Act" means the Companies Act, 2013;	
	(b) "Annexure" means the Annexure appended to these rules;	
	(c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to :-	
	(i) Projects or programs relating to activities areas or subjects specified in Schedule VII to the Act; or	
	(ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the Committee of the Board as per declared CSR Policy of the company subject to the	



	condition that such policy will include activities, areas or subjects specified in Schedule VII of the Act.	
	(d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.	
	(e) "CSR Policy" relates to the activities to be undertaken by the company in areas or subjects specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;	
	(f) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-	
	(i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and	
	(ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:	

1 <sup>st</sup> proviso to definition of Net profit	Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:	
2 <sup>nd</sup> proviso to definition of Net profit	Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.  (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.	
3. (1) Corporate Social Responsibility.	Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of	

	section 135 of the Act and these rules:	
Proviso to Rule 3 (1)	Provided that net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.	
Rule 3 (2)	Every company which ceases to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to -	
	(a) constitute a CSR Committee; and	
	(b) comply with the provisions contained in sub-section (2) to (5) of the said section,	
	till such time it meets the criteria specified in sub-section (1) of section 135.	
4. (1) CSR Activities.-	The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.	

Rule 4 (2)	The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through -	
	(a) a company established under Section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or	
	(b) a company established under Section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under on Act of Parliament or State legislature :	
Proviso to rule 4 (2)	Provided that if, the Board of a company decides to undertake its CSR activities through a company established under Section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilization of funds of	

	such projects and programs and the monitoring and reporting mechanism.	
Rule 4 (3)	A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.	
Rule 4 (4)	Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.	
Rule 4 (5)	The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.	
Rule 4 (6)	Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall	

	not exceed five percent of total CSR expenditure of the company in one financial year.	
Rule 4 (7)	Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.	
5. (1) CSR Committees	The companies mentioned in the rule 3 shall constitute CSR Committee as under.-	
	(i) a company covered under sub-section (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director;	
	(ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;	
	(iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be	

	nominated by the foreign company.	
Rule 5 (2)	The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.	
6. (1) CSR Policy	The CSR Policy of the company shall, inter-alia, include the following, namely :-	
	(a) a list of CSR projects or programs which a company plans to undertake areas or subjects specified in Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and	
	(b) monitoring process of such projects or programs:	
1 <sup>st</sup> Proviso to Rule 6 (1)	Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company.	
2 <sup>nd</sup> Proviso to Rule 6 (1)	Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the areas or	

	subjects specified in Schedule VII of the Act.	
Rule 6 (2)	The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.	
7. CSR Expenditure	CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Act.	
8. (1) CSR Reporting	The Board's Report of company covered under these rules pertaining to a financial year commencing on or after the 1 <sup>st</sup> day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.	
Rule 8 (2)	In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (l) of section 381 shall contain an Annexure regarding report on CSR.	



9. Display of CSR activities on its website	The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.	
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**General Circular No. 21/2014**

Dated: 18<sup>th</sup> June, 2014

**Subject: - Clarifications with regard to provisions of Corporate Social Responsibility under section 135 of the Companies Act, 2013.**

No.	Clarifications	Public Comments
(i)	<p>The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Schedule VII must be <b>interpreted liberally</b> so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively mentioned in the Annexure.</p>	
(ii)	<p>It is further clarified that CSR activities should be undertaken by the companies in project/ programme mode [as referred in Rule 4 (1) of Companies CSR Rules, 2014]. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV Programmes etc. would not be qualified as part of CSR expenditure.</p>	

(iii)	Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labor Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.	
(iv)	Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.	
(v)	"Any financial year" referred under Sub-Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014, implies 'any of the three preceding financial years'.	
(vi)	Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.	
(vii)	'Registered Trust' (as referred in Rule 4(2) of the Companies CSR Rules, 2014) would include Trusts registered under Income Tax Act 1956, for those	

	States where registration of Trust is not mandatory.	
(viii)	Contribution to Corpus of a Trust/ society/ section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.	

**General Circular No. 01/2016**

**Dated: 12.01.2016**

**Subject: FAQ with regard to Corporate Social responsibility**

<b>Q. No.</b>	<b>FAQ</b>	<b>Public Comments</b>
1.	<p>Whether CSR provision of the Companies Act, 2013 is applicable to all companies?</p> <p>CSR provisions of the Companies Act 2013 is applicable to every company registered under the Companies Act 2013 and any other previous companies law having</p> <ul style="list-style-type: none"><li>i. Net worth of rupees five hundred crore or more, or</li><li>ii. Turnover of rupees one thousand crore or more or</li><li>iii. A net profit of rupees five crore or more during any financial year</li></ul>	
2.	<p>What is meaning of 'any financial year' mentioned above?</p> <p>"Any Financial Year" referred under Sub-section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies any of the three preceding financial years (refer General Circular No. 21/2014, dated: 18.06.2014)</p>	
3	<p>Whether CSR expenditure of a company can be claimed as a business expenditure?</p> <p>The amount spent by a company towards CSR cannot be claimed as business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.</p>	

4.	<p>Whether the 'average net profit' criteria for section 135(5) is net profit before tax or net profit after tax?</p> <p>Computation of net profit for section 135 is as per section 198 of the Companies Act, 2013 which is primarily PROFIT BEFORE TAX (PBT).</p>	
5	<p>Can the CSR expenditure be spent on the activities beyond schedule vii?</p> <p>General Circular No. 21/2014 dated June 18, 2014 of MCA has clarified that the statutory provision and provisions of CSR Rules, 2014, is to ensure that activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act, 2013. The entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities. The General Circular also provides an illustrative list of activities that can be covered under CSR. In a similar way many more can be covered. It is for the Board of the company to take a call on this.</p>	
6.	<p>What tax benefits can be availed under CSR?</p> <p>No specific tax exemptions have been extended to CSR expenditure per se. The finance Act, 2014 also clarifies that expenditure on CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to Prime Minister's Relief Fund, Scientific Research, Rural development projects, skill development projects, agricultural extension projects, etc. which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.</p>	
7.	<p>Which activities would not qualify as CSR?</p> <p>i. The CSR projects or programs or activities that benefit only the employees of the company and their families.</p>	

	<p>ii. One- off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programs etc.</p> <p>iii. Expenses incurred by companies for the fulfilment of any other Act/ Statue of regulations (such as Labor Laws, Land Acquisition Act, 2013, Apprentice Act, 2013, Apprentice Act, 1961 etc.)</p> <p>iv. Contribution of any amount directly or indirectly to any political party.</p> <p>v. Activities undertaken by the company in pursuance of its normal course of business.</p> <p>vi. The project or programs or activities undertaken outside India.</p>	
8.	<p>Whether a holding or subsidiary of a company which fulfils the criteria under section 135(1) has to comply with section 135, even if the holding and subsidiary itself does not fulfill the criteria.</p> <p>Holding or subsidiary of a company does not have to comply with section 135(1) unless the holding or subsidiary itself fulfills the criteria.</p>	
9.	<p>Whether provisions of CSR are applicable on Section 8 Company, if it fulfills the criteria of section 135(1) of the Act.</p> <p>Section 135 of the Act reads “Every company.....”, i.e. no specific exemption is given to section 8 companies with regard to applicability of section 135, hence section 8 companies are required to follow CSR provisions.</p>	

10.	<p>Can contribution of money to a trust/ society/ section 8 companies by a company be treated as CSR expenditure of the company?</p> <p>General Circular No 21/2014 of MCA dated June 18, 2014 clarifies that contribution to Corpus of a Trust/ Society/ Section 8 companies etc. will qualify as CSR expenditure as long as:</p> <ol style="list-style-type: none"> <li>1. The trust/ Society/ Section 8 company etc. is created exclusively for undertaking CSR activities or</li> <li>2. Where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.</li> </ol>	
11.	<p>Whether display of CSR policy of a company on website of the company is mandatory or not?</p> <p>As per section 135(4) the Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any (refer Rule 8 &amp; 9 of CSR policy, Rules 2014).</p>	
12.	<p>Whether reporting of CSR is mandatory in board's report?</p> <p>The Board's Report of a company qualifying under section 135(1) pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure. (refer Rule 9 of CSR policy, Rules 2014).</p>	
13.	<p>Whether it is mandatory for foreign company to give report on CSR activity?</p> <p>In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.</p>	



14.	<p>Whether contribution towards disaster relief qualifies as CSR or not?</p> <p>(May please refer point no. 7 to the annexure to General Circular dated 18.06.2014 issued by Ministry of Corporate Affairs).</p>	
15.	<p>Whether contribution in kind can be monetized to be shown as CSR Expenditure?</p> <p>Section 135 prescribes “..... shall ensure that company spends.....”. The company has to spend the amount.</p>	
16.	<p>if a company spends in excess of 2% of its average net profits of three preceding years on CSR in a particular year, can the excess amount spent be carried forward to the next year and be offset against the required 2% CSR expenditure of the next year?</p> <p>Any excess amount spent (i.e., more than 2% as specified in Section 135) cannot be carried forward to the subsequent years and adjusted against that year’s CSR expenditure.</p>	
17.	<p>Can the unspent amount from out of the minimum required CSR expenditure be carried forward to the next year?</p> <p>The Board is free to decide whether any unspent amount from out of the minimum required CSR expenditure is to be carried forward to the next year. However, the carried forward amount should be over and above the next year’s CSR allocation equivalent to at least 2% of the average net profit of the company of the immediately preceding three years.</p>	

18.	<p>What is the role of government in monitoring implementation of CSR by companies under the provision of the companies act, 2013?</p> <p>The main thrust and spirit of law is not to monitor but to generate conducive environment for enabling the corporates to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country.</p> <p>The existing legal provisions like mandatory disclosures, accountability of the CSR committee and the Board, provisions for audit of the accounts of the company etc., provide sufficient safeguards in this regard. Government has no role to play in monitoring implementation of CSR by companies.</p>	
19.	<p>Whether government is proposing to establish any mechanism for third parties to monitor the quality and efficacy of CSR expenditure as well as to have an impact assessment of CSR by companies?</p> <p>Government has no role to play in engaging external experts for monitoring the quality and efficacy of CSR expenditure of companies. Boards / CSR Committees are fully competent to engage third parties to have an impact assessment of its CSR programme to validate compliance of the CSR provisions of the law.</p>	

20.	<p>Can CSR funds be utilized to fund government scheme?</p> <p>The objective of this provision is indeed to involve the corporates in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, CSR should not be interpreted as a source of financing the resource gaps in Government Scheme. Use of Corporate innovations and management skills in the delivery of 'public goods' is at the core of CSR implementation by the companies. In- principle, CSR fund of companies should not be used as a source of funding Government Schemes. CSR projects should have a larger multiplier effect than that under the Government Schemes.</p> <p>However, under CSR provision of the Act and rules made thereunder, the Board of the eligible company is competent to take decision on supplementing any Government Scheme provided the Scheme permits corporates participation and all provisions of Section 135 of the Act and rules thereunder are complied by the company.</p>	
21.	<p>Who is the appropriate authority for approving and implementation of the CSR programmes/projects of a company? What is government's role in this regard?</p> <p>Government has no role to play in this regard. Section 135 of the Act, Schedule VII and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06.2014 issued by the Ministry of Corporate Affairs, provide the broad contour within which eligible companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. Therefore, all CSR programmes/ projects should be approved by the Boards on the recommendations of their CSR Committees. Changes, if any, in the programme / project should also be undertaken only with the approval of the Committee / Board.</p>	

22.	<p>How can companies with small CSR funds take up CSR activities in a project/ programme mode?</p> <p>A well designed CSR project or programme can be managed with even small fund. Further, there is a provision in the CSR policy Rules, 2014 that such companies can combine their CSR programs with other similar companies by way of pooling their CSR resources. (refer rule 4 in Companies (CSR Policy) Rules, 2014.</p>	
23.	<p>Whether involvement of employees of the company in CSR project/ programme of a company can be monetized and accounted for under the head of 'CSR expenditure'?</p> <p>Contribution and involvement of employees in CSR activities of the company will no doubt generate interest/ pride in CSR work and promote transformation from Corporate Social Responsibility (CSR) as an obligation to Socially Responsible Corporate (SRC) in all aspects of their functioning. Companies therefore, should be encouraged to involve their employees in CSR activities. However monetization of pro bono services of employees would not be counted towards CSR expenditure.</p>	

**General Circular No. 06/2018**

**Dated: 28.05.2018.**

**Subject: Clarification with regard to provisions under section 135(5) of the Companies Act, 2013.**

	<b>Clarification</b>	<b>Public Comments</b>
	The company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities - It is reiterated that the above provision has to be followed in letter and spirit	