

Rule	Provision	Impact
<p>Rule 3 CSR In Rule 3 Sub-rule 1 Inserting new proviso after sub-rule (1)</p>	<p>Provided further that a company having any amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of section 135 shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section.</p>	<p>Companies are allowed to keep unspent amounts relating to ongoing projects in a designated account but have to utilize it within three financial years. Now they have to form a CSR Committee mandatorily and the CSR committee will oversee its utilization.</p>
<p>Rule 3 CSR Sub-rule (2) shall be omitted</p>	<p>Every company which ceases to be a company covered under subsection (1) of <u>section 135</u> of the <u>Act</u> for three consecutive financial years shall not be required to – (a) constitute a <u>CSR Committee</u>; and (b) comply with the provisions contained in ¹[sub-section (2) to (6)] of the said section, till such time it meets the criteria specified in sub-section (1) of <u>section 135</u>.</p>	<p>After omission of Rule 2, Only a Company falling under Section 135(1) shall be required to constitute a CSR Committee. Therefore, if CSR applies to a Company for one year, then the CSR Committee can be dissolved after one year.</p>
<p>Rule 4 CSR Implementation In rule 4, for sub-rule (1), the following sub-rule shall be substituted</p>	<p>1. The Board shall ensure that the CSR activities are undertaken by the company itself or through, – (a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the</p>	<p>As provided under Rule 4(1), a company may undertake CSR activities either through itself or appoint another entity to work on its behalf, called implementing agency. MCA vide this amendment has introduced a new class of entity which may act as an implementing agency.</p>

	<p>company, either singly or along with any other company; or</p> <p>(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</p> <p>(c) any entity established under an Act of Parliament or a State legislature; or</p> <p>(d) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.</p>	
<p>Rule 8 CSR Reporting In rule 8, in sub-rule (3), in clause (c)</p>	<p>(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher</p>	<p>The earlier rule had allowed up to 5% of the total CSR spending or ₹50 lakh whichever is less. The change allows higher spending on impact assessment in case of large CSR projects</p>
<p>Annexure II</p> <p>The government has released a new format for the annual report on CSR activities which is to be included in the board's report for the financial year commencing on or after April, 2020.</p>		<p>Under the format, the composition of the CSR committee requires the companies to provide the executive summary along with the weblinks of impact assessment of CSR projects carried out.</p> <p>It is to be noted that while this rationalization has been</p>

		done in the information to be provided in the annual report of CSR, the information to be provided in Form CSR-2 (which has almost all details as was in the erstwhile CSR annual report) remains unaltered
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