

BRIEF NOTES ON CORPORATE SOCIAL RESPONSIBILITY
[SPECIALLY PREPARED FOR MLAs/DEPTs./DISTRICT ADMINISTRATION]

1. Concept of Corporate Social Responsibility:

India became the first nation to enact legislation mandating the implementation and reporting of Corporate Social Responsibility (CSR) activities under the Companies Act, 2013. CSR is a management framework through which companies incorporate social and environmental considerations into their business operations and interactions with stakeholders. It represents a long-term, structured commitment to societal development and welfare. CSR activities encompass two key components i.e. the company as the driving force and the beneficiaries as the ultimate recipients of these efforts.

2. Criteria for CSR Eligibility

Three criteria are under the ambit of CSR eligibility for the companies operating in India which impose a mandate to ensure social commitments:

- a. Net worth of the company to be Rs 500 crore or more; or
- b. The company turnover is Rs 1000 crore or more; or
- c. Net profit of the company to be Rs 5 crore or more.

According to Section 135 (1) of the Companies Act, 2013, “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 [the immediately preceding financial year] shall constitute a Corporate Social Responsibility Committee of the Board”.

3. Permitted Areas of Intervention:

The Govt. of India allows the Companies operating in India to intervene in a wide range of activities concerning Poverty, Food, Health, Nutrition, Water, Sanitation, Education, Gender, Vulnerable Groups, Environment, Art & Culture, Youth & Sports, Research & Development, Rural Development, Disaster Management etc. to be included in their Corporate Social Responsibility Policies.

The following are the details of activities proposed for intervention mentioned as per *Schedule VII of the Companies Act, 2013*:

- 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, daycare centres, and 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, agroforestry, conservation of natural resources, and maintaining the 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 buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows, and their dependents, [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 Olympic sports
- 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 govt. for socio-economic development and relief and welfare of the scheduled caste, tribes, other backward classes, minorities, and women;
- ix. (a) 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; and
(b) Contributions to public-funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]
- x. rural development projects]
- xi. slum area development. Explanation. - For 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.]
- xii. disaster management, including relief, rehabilitation, and reconstruction activities.]

4. Functions of the Board of Company:

The following are the functions of the Board in ensuring Corporate Social Responsibility (CSR) compliance:

- a. **Approval of CSR Policy:** The Board must approve a formal CSR policy outlining the company's goals and objectives for social responsibility.
- b. **Public Disclosure:** The Board is required to disclose the CSR policy in the company's annual report and ensure that it is available on the company's website.
- c. **Implementation of CSR Activities:** The Board must ensure that the activities outlined in the CSR policy are effectively undertaken by the company.
- d. **CSR Expenditure:** The Board must ensure the company spends at least 2% of its average net profits from the past three financial years on CSR initiatives.
- e. **Monitoring Fund Utilization:** The Board must satisfy itself that the CSR funds disbursed are being properly utilized for their intended purposes.
- f. **Reporting and Transfer of Unspent CSR Funds:** If the company fails to spend the requisite 2% on CSR, the Board must include an explanation in its annual report and transfer the unspent funds according to the legal provisions in the Companies Act (Sections 135(5) and 135(6)).

5. Composition of Corporate Social Responsibility Committee:

As per Section 135(1) of the Companies Act, 2013, the Corporate Social Responsibility Committee is structured as follows:

- a. The committee includes a minimum of three directors.
- b. Among these directors, at least one is an independent director.

However, the composition of the Corporate Social Responsibility Committee may vary depending on the categories of company as highlighted below:

- i. **Listed Companies:** Must have at least three directors, including at least one independent director.
- ii. **Unlisted Public Companies:** Must have at least three directors, including at least one independent director. If an independent director is not required, the committee should have at least two directors.
- iii. **Private Companies:** Must have at least two directors. Independent directors are not required as specified in the proviso under Section 135(1) of the Companies Act, 2013.
- iv. **Foreign Companies:** Must have at least two persons, including
 - One person as specified in Clause (d) of Sub-Section (1) of Section 380 of the Companies Act, 2013 and
 - Another person nominated by the foreign company.
(Refer to Rule 5(1) of the Companies (CSR Policy) Rules, 2014)

6. Roles & Responsibilities of the Committee:

As per Section 135 (5) of the Companies Act, 2013, the Corporate Social Responsibility Committee are required to perform the following roles;

- a. **Formulate and recommend a CSR Policy:** The Committee must draft and propose a Corporate Social Responsibility policy to the Board, outlining the activities the company will undertake in areas specified by the law.
- b. **Recommend CSR Expenditure:** The Committee is responsible for advising on the amount of money to be allocated for the activities mentioned in the CSR policy.
- c. **Monitor CSR Policy:** The Committee must regularly review and monitor the implementation of the CSR policy to ensure its alignment with the company's objectives and legal requirements.

7. Mode of CSR Implementation:

As per Rule 4(1) of the Companies (CSR Policy) Rules, 2014, the Board of the company may implement its CSR activities, as approved by the CSR Committee, by the company itself or through:

- a. a company formed under Section 8 of the Companies Act, 2013, or a registered public trust or society established by the company registered under Section 12A and approved under 80G of the Income Tax Act, 1961 and exempted under Section 10(23C) of the Income Tax Act, 1961 either independently or in collaboration with another company; or
- b. a company established under Section 8 of the Companies Act, 2013, or a registered trust or society established by the Central or State Government, or
- c. any entity of statutory bodies established under an Act of Parliament or State legislature which undertakes activities mentioned in Schedule VII of the Companies ACT, 2013; or
- d. a company formed under Section 8 of the Companies Act, 2023 or a registered public trust or society established by the company registered under Section 12A and approved under 80G of the Income Tax Act, 1961 and exempted under Section 10(23C) of the Income Tax Act, 1961 has a track record of at least 3 years in undertaking similar activities.

8. Mandatory Financial Commitment:

- a. It is mandatory for companies to allocate every financial year at least 2% of their average net profits from the last three financial years.
- b. For companies that have been operating for less than three years, they may allocate every financial year at least 2% of their average net profits since their inception.

Section 135 (5) of the Companies Act, 2013 states "The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two percent. of the average net profits of the company made during the three immediately preceding financial years [or where

the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy”.

9. Action Against Non-Compliance with Mandatory Financial Commitment:

In case of an unspent CSR amount by the company, the concerned company is compelled to go through the following treatment as mentioned in Section 135 (5) of the Companies Act, 2013:

a. Ongoing Projects:

- Within 30 days from the end of the financial year, the company must open a special account in any scheduled Bank under the name “Unspent CSR Account” and transfer the entire unspent CSR amount to the said account.
- The company should spend the unspent CSR amount within three financial years with effect from the date of such transfer in the scheduled bank.
- At the end of three financial years, in case the unspent CSR amount remains unspent in the account, the remaining unspent amount shall be transferred to a fund specified in Schedule VII of the Companies Act, 2013, to be executed within 30 days from the end of the third financial year.

b. Other than Ongoing Projects:

- Within 6 months from the end of the financial year, companies eligible for CSR must transfer the unspent CSR amount to the fund specified in Schedule VII of the Companies Act, 2013.

10. Permissible Limit for Administrative Overhead:

As per Rules 7(1) of the Companies (CSR) Rules, 2014, companies implementing CSR projects are permitted to incur expenses up to 5% of the total CSR funds allocated towards administrative overheads for ‘general management and administration’ of CSR functions only. Administrative overheads include expenditures such as operating costs, employee salary or remuneration, expenses towards compliances, etc.

11. Surplus arising from CSR Activity:

Rules 7(2) of the Companies (CSR) Rules, 2014 outlines that in case of surplus accumulated from the spending on CSR activities, companies are mandated to transfer the surplus amount to the unspent CSR account and utilize the surplus income only for approved CSR activities within six months from the end of the financial year.

Income may be generated from the following sources:

- interest income earned by the implementing agency on funds provided under CSR,
- revenue received from the CSR projects,
- disposal/sale of materials used in CSR projects, and
- other similar income sources.

12. Requirement to undertake Impact Assessment:

As per Rule 8(3) of the Companies (CSR Policy) Rules, 2014, companies falling under the following conditions are mandated to conduct an impact assessment:

- a. companies with a minimum average CSR obligation of Rs. 10 crore or more in the last three financial years; and
- b. companies having CSR projects accomplished with an expenditure of a minimum of Rs. 1 crore not less than one year before execution of impact assessment.
- c. In case of fulfilling both conditions stated above, impact assessment shall be initiated based on the project.
- d. In other cases, the company may voluntarily initiate an impact assessment of the project accomplished.

13. CSR Reporting:

As per Rule 8(1) of the Companies (CSR Policy) Rules, 2014, the Board's Report for any financial year of a CSR-eligible company must include an annual CSR report with the details outlined in Annexure I or Annexure II of the Companies (CSR Policy) Rules, 2014, as applicable.

14. CSR Disclosure:

According to Rule 9 of the Companies (CSR Policy) Rules, 2014 the company's Board of Directors is mandated to publicly disclose the following on the company's website:

- a. The composition of the CSR Committee,
- b. The CSR Policy, and
- c. The projects approved by the Board

15. Legal Compliances Obligation for CSR Funds:

a. NGO Registration:

- Must registered under a specific legal framework passed by the Central or State Government.
- *National level:*
 - NGOs can be registered under “Trust & Society” under the Society Registration Act, 1860 administered by the Ministry of Corporate Affairs, Govt. of India.
 - NGOs can also be registered under Section 8 of the Companies Act, 2013 through the Registrar of Companies administered by the Ministry of Corporate Affairs, Govt. of India
- *Mizoram:* NGOs can be registered under “Firms & Societies” of The Mizoram Societies Registration Act, 2005 through the Registrar of Firms and Societies administered by the Taxation Department, Govt. of Mizoram.

b. PAN Card Registration:

- It is a crucial document for financial transactions and tax-related purposes, serving as a taxpayer's permanent identification number issued by the

Income Tax Department. Once allotted, the PAN remains valid indefinitely unless cancelled or modified by the department.

- An NGO can apply for a PAN Card by submitting the requisite application form along with supporting documents to the Income Tax Department.
- ***The necessity and uses of a PAN Card include the following:***
 - For filing income tax returns and all communications with the Income Tax Department.
 - In all challans related to the payment of taxes, interest, and penalties under the Income Tax Act.
 - For opening a bank account.
 - To obtain a CSR registration number.
 - For registration on the DARPAN portal of NITI Aayog.
 - To secure Section 12A registration and certification under Section 80G of the Income Tax Act.
- Under Section 272B of the Income Tax Act, 1961, failure to obtain a PAN Card may result in a penalty. As per the Income Tax Department's guidelines, a fine of INR 10,000 may be imposed for non-compliance.

c. Registration/Revalidation under Section 12A and approved under 80G of the Income Tax Act, 1961:

- NGOs have several options for their legal constitution, including trusts, societies, and section 8 companies. NGOs established under these primarily depend on donations to sustain their operations.
- To ensure these funds are exempt from taxation, NGOs must register under Section 80G and Section 12A of the Income Tax Act. However, DARPAN registration is now a prerequisite for obtaining these registrations.
- Section 80G registration enables NGOs to receive donations and issue exemption certificates to contributors, while Section 12A registration allows the NGO's surplus income over expenditure to be exempt from income tax.
- **Mandatory Requirement of DARPAN ID:** Organizations applying for registration or revalidation under the amended provisions of Sections 80G and 12A are required to provide their registration number from the DARPAN portal of NITI Aayog.
- **Registration under Section 80G:**
 - For those NGOs registered under Section 80G, donors can claim a 50% deduction from their taxable income for contributions made to the organization.
 - Organizations seeking new/fresh registration must apply to the Principal Commissioner of the Income Tax Department. A provisional registration valid for three years will be granted. To renew this registration, applications must be submitted either at least six months before the expiration of the validity period or within six months of commencing activities, whichever is earlier. Registration

must be revalidated every five years, with reapplications required six months before the registration's expiration.

▪ **Conditions under Section 80G:**

- The NGO must not have any non-exempt income, such as business income. If the NGO does generate business income, it must maintain separate accounts and ensure that donations received are not redirected for business purposes.
- The bylaws or objectives of the NGO must not include any provisions for using its income or assets for purposes other than charitable activities.
- The NGO must not operate for the benefit of a specific religious community or caste.
- The NGO must maintain accurate and regular accounts of its receipts and expenditures.
- The NGO must be duly registered under the Societies Registration Act, 1860, or under any corresponding legislation, or must be registered under Section 8 of the Companies Act, 2013.

▪ **Registration Under Section 12A:**

- Previously, registration under Section 12A was a one-time process, remaining valid indefinitely unless it is cancelled. However, effective from April 1, 2021, all new registrations are granted for five years, requiring organizations to apply for renewal every five years.
- To obtain fresh registration under Section 12A, an application must be submitted to the Principal Commissioner or Commissioner of the Income Tax Department, as specified in Section 12AB. Organizations will initially receive a provisional registration valid for three years.
- Renewal applications must be submitted at least six months before the expiration of the current registration.

▪ **What Types of Donations Are Eligible for Deduction Under Section 80G?**

- To claim a deduction under Section 80G, the donation must be made in monetary form and cannot consist of goods or services. Eligible donations can be made via cash, cheque, or electronic transfer. It is important to note that donations made in cash exceeding ₹2,000 are not eligible for this deduction. Donors should ensure that they obtain a receipt for their contributions.

▪ **Can Applications Under Sections 12A and 80G of the Income Tax Act Be Submitted Together?**

- Yes, applications under Sections 12A and 80G can be submitted simultaneously or separately. If an organization chooses to apply separately, the application for registration under Section 12A should

be submitted first. Obtaining registration under Section 12A is essential for subsequent registration under Section 80G of the Income Tax Act.

d. **CSR Registration:** For NGOs seeking CSR funding, it is essential to register with the Ministry of Corporate Affairs (MCA) by filing Form CSR-1 promptly. The MCA will review the application and may request further documentation or clarification. Upon approval, the NGO will receive a CSR-1 registration certificate, enabling it to receive CSR funding from corporate entities.

- **Applicability of Form CSR-1:** Form CSR-1 is the registration form required to secure CSR funding, as designated by the Ministry of Corporate Affairs for entities undertaking CSR activities.
- According to Rule 4 of Companies (CSR Policy) Rules, 2014:
 - Any entity intending to engage in CSR activities must register with the Central Government by electronically filing Form CSR-1 with the Registrar. (*Effective from April 1, 2021*)
 - Form CSR-1 must be signed and verified digitally by a practicing Chartered Accountant, Company Secretary, or Cost Accountant.
 - Upon submission of Form CSR-1 on the portal, the system will automatically generate a unique CSR Registration Number.
- **Eligibility Criteria for Form CSR-1:**
 - A company incorporated under Section 8 of the Companies Act, 2013, with registrations under Sections 12A and 80G of the Income Tax Act, 1961.
 - A registered society or trust with Section 12A and 80G registrations under the Income Tax Act, 1961.
 - A company established under Section 8 of the Companies Act, 2013, or a registered trust or society established by the Central or State Government.
 - An entity created under an Act of Parliament or State Legislature.
- **Benefits of CSR Registration:**
 - **Access to Funding:** Registering allows NGOs to secure corporate funding with fewer legal complications.
 - **Enhanced Goodwill:** It improves the goodwill and public image of the NGO.
 - **Streamlined CSR Activities:** Registration simplifies the process of undertaking CSR initiatives.

e. **NGO Darpan Enrolment/Registration:**

- The official website for NGO DARPAN registration is DARPAN Portal - <https://ngodarpan.gov.in/>. This platform allows NGOs to register and obtain necessary details for compliance with NITI Aayog requirements.

- The NGO DARPAN portal has been maintained by NITI Aayog since January 1, 2015, and invites all Voluntary Organizations (VOs) and Non-Governmental Organizations (NGOs) to register on the platform.
- This portal allows VOs and NGOs to enroll centrally and create a comprehensive repository of information categorized by sector and state.
- Upon registration, VOs and NGOs receive a system-generated Unique ID, which is mandatory for applying for grants under various schemes from Ministries, Departments, and Government bodies.
- **Benefits of NGO DARPAN Registration:**
 - **Mandatory for Government Funding:** Registration with NITI Aayog is essential for NGOs seeking government funding.
 - **Enhanced Credibility:** It boosts the credibility of NGOs, trusts, and societies, making it easier to attract donations from the general public.
 - **Strengthened Collaborations:** The NGO DARPAN portal facilitates stronger collaborations between NGOs and the government.
 - **Access to Information:** NGOs can access the latest information about new programs and projects through the NGO DARPAN portal, as well as updates on previous government initiatives.
 - **FCRA and Tax Compliance:** When filing for FCRA registration and Form 10A under the Income Tax Act, NGOs are required to provide their DARPAN ID details.

f. **Registration under the National CSR Exchange Portal:**

- The National CSR Exchange Portal is an initiative by the Ministry of Corporate Affairs, Government of India, designed to create an interactive platform for CSR stakeholders. This portal functions as an e-marketplace, showcasing social welfare projects from across India, allowing implementing agencies to present their ongoing projects while enabling companies to select projects for CSR spending based on their preferences, and vice versa.
- It was developed following the recommendations of the High-Level Committee on Corporate Social Responsibility in 2018, the portal aims to assist corporations in identifying suitable implementing agencies for the effective execution of their CSR initiatives, thereby reducing transaction costs. It addresses common challenges such as:
 - Identifying appropriate implementing agencies.
 - Finding suitable projects that align with their CSR policies.
- **Criteria for Registration:**
 - **Who Can Register on the National CSR Exchange Portal?**
The portal is open for registration to both registered companies and registered implementing agencies.
 - **Who are the Registered Implementing Agencies?**

Registered implementing agencies are those that are listed on the MCA21 portal and possess a valid CSR Registration Number (CRN).

- **Who are the Registered Corporates?**

Registered corporates are companies that are also listed on the MCA21 portal and hold a valid Corporate Identification Number (CIN).

▪ **Benefits of Registration**

i. Register as a Corporate:

- **Identify Suitable Implementing Agencies:** Easily find appropriate implementing agencies for CSR projects.
- **Discover CSR Projects:** Access a variety of CSR projects proposed by registered implementing agencies.
- **Manage CSR Projects:** Utilize the portal to efficiently oversee and manage CSR initiatives.

ii. Register as an Implementing Agency:

- **Apply for Corporate CSR Projects:** Submit proposals for CSR projects to corporates seeking partnerships.
- **List Projects for Funding:** Showcase projects to attract funding from corporate entities.
- **Manage CSR Projects:** Use the portal to effectively manage and track the progress of CSR projects.

g. Registration under Foreign Contribution (Regulation) Act, 2010:

- The Foreign Contribution (Regulation) Act, 2010 (FCRA) was enacted by Parliament to streamline the legal framework governing the acceptance and utilization of foreign contributions and foreign hospitality by specific individuals, associations, or companies. The Act aims to prevent the acceptance and use of foreign funds (*to be specified CSR funds from foreign companies*) or hospitality for activities that may harm national interests and addresses related issues or incidental matters to ensure proper regulation and accountability in this domain.
- Any Person* can receive foreign contribution subject to the following conditions:
 - It must have a definite cultural, economic, educational, religious, or social programme.
 - It must obtain the FCRA registration and prior permission from the Central Government.
 - It must not be prohibited under Section 3 of FCRA, 2010.

** In terms of FCRA, 2010 "person" includes – an individual; a Hindu undivided family; an association; and a company registered under*

section 25 of the Companies Act, 1956 (now Section 8 of the Companies Act, 2013).

- **Eligibility Criteria for Grant of Registration:** For grant of registration under FCRA, 2010, the association should:
 - i. be registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882, or section 25 of the Companies Act, 1956, etc;
 - ii. normally be in existence for at least three years and have undertaken reasonable activity in its chosen field for the benefit of the society for which the foreign contribution is proposed to be utilized. For this purpose, the association should have spent at least Rs.10,00,000/- over the last three years on its activities, excluding administrative expenditures. Statements of Income & Expenditure, duly audited by a Chartered Accountant, for the last three years, are to be submitted to substantiate that it meets the financial parameter.
- **Eligibility Criteria for Grant of Prior Permission:** An organization in the formative stage is not eligible for registration. Such organizations may apply for the grant of prior permission under FCRA, 2010. Prior permission is granted for receipt of a specific amount from a specific donor for carrying out specific activities/projects. For this purpose, the association should:
 - i. be registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882, or section 25 of the Companies Act, 1956, etc;
 - ii. submit a specific commitment letter from the donor indicating the amount of foreign contribution and the purpose for which it is proposed to be given; and
 - iii. submit a copy of a reasonable project for the benefit of the society for which the foreign contribution is proposed to be utilized.
- **Process for Application of Grant of Registration & Prior Permission:**
 - Application for grant of registration and prior permission is to be submitted online in form FC-3 A and FC-3 B respectively on the website- <https://fcraonline.nic.in>.
- **Required Documents:** For all FCRA services provided through the online portal, an Aadhar Number & Darpan ID are mandatory:
For Grant of Registration:
 - i. jpg file of scanned signature of the chief functionary (size: 50kb)
 - ii. self-certified copy of registration certificate/Trust deed etc., of the association (size: 1mb) [if not in English/ Hindi, upload copy translated into English/Hindi]
 - iii. self-certified copy of relevant pages of the Memorandum of Association/ Article of Association showing the aim and objects of the association. (size: 5mb) [if MOA/Article of Association is

not in English/ Hindi, please also upload a copy translated into English/Hindi]

- iv. Activity Report indicating details of activities during the last three years ;(size: 3mb)
- v. Copies of relevant audited statements of accounts for the past three years (Assets and Liabilities, Receipt and Payment, Income and Expenditure) reflecting expenditure incurred on aims and objects of the association and administrative expenditure; (size: 5mb)
- vi. A fee of Rs. 10,000/- is to be paid online through the payment gateway.
- vii. Affidavit from each office bearer in Proforma AA.

For Grant of Prior Permission:

- i. jpg file of scanned signature of the chief functionary (size: 50kb)
 - ii. self-certified copy of registration certificate/Trust deed etc., of the association (size: 1mb) [if not in English/ Hindi, upload copy translated into English/Hindi].
 - iii. duly signed Commitment Letter from the Donor. (size: 5mb)
 - iv. If functioning as editor, owner, printer, or publisher of a publication registered under the Press and Registration of Books Act, 1867, a certificate from the Registrar of Newspapers for India that the publication is not a newspaper in terms of section 1(1) of the said Act.
 - v. A fee of Rs. 5000/- is to be paid online through the payment gateway.
 - vi. Project Report for which FC will be received. (size: 3mb)
 - vii. Affidavit from each office bearer in Proforma AA. Note: Please ensure that documents are scanned in proper resolution so that these are legible.
- **Opening of Bank Account:** The “FCRA Account” under Section 17(1) of the Act can be opened only in the New Delhi Main Branch of SBI. “Another FCRA Account” and utilization account/accounts can be opened in any scheduled bank. It should be a PFMS integrated Bank.
 - **Process of Renewal:** Associations that desire to renew their registration certificate shall apply online only in Form FC-3C within 6 months before the expiry of their existing registration certificate. After successful payment of fees only, the application is deemed to have been completed.

16. Statutory Compliances for NGOs

a. Finance related to Compliances:

- **Annual Financial Audits:** NGOs must ensure Annual Financial Audits of Accounts are conducted after the completion of every financial year by a

qualified Chartered Accountant and submit the audit report to the Registrars of Societies/Companies and Funding Agencies.

- **Financial Statements:** NGOs must prepare and maintain accurate Financial Statements which shall be inclusive of Balance Sheets and Income & Expenditure Accounts of the organization for submission to the Registrar of Societies/Companies and Funding Agencies at the end of every financial year or timeline given by the concerned authority.
- **Bookkeeping:** NGOs regularly must maintain accurate and up-to-date Books of Accounts throughout the year which is inclusive of all financial transactions related to receipts, payments, and other financial activities within the organization to ensure transparency and accountability of the organization.
- **Tally:** If applicable and feasible, it is highly recommended that NGOs adopt the practice of using a Tally daily to digitalize and maintain the financial transactions and records of the organization's accounts to ease the process of maintaining financial records through bookkeeping, comply with legal compliances and generate important financial records for various financial compliances.
- **Utilization Certificates:** It is mandatory compliance for NGOs to prepare and provide utilization certificates on Funds/Grants received from Central Government ministries and State Government Departments or CSR funding corporations Quarterly or Annually. It also enables NGOs and Funders/Granters to maintain the flow of funds or grants promptly.

b. **Tax Deducted at Source (TDS):**

- **Deduction, Deposit & Filing:** If applicable, NGOs must deduct TDS on payments made and ensure timely deposit of the TDS after Deduction with the Income Tax Department before 7th of every month.
- **Issuance of TDS Certificate:** NGOs must ensure issuance of TDS certificate to deductees in Form 16 or Form 16A within 15 days of at the end of every quarter.

c. **Filing Annual Returns:** NGOs must file annual returns with the relevant authorities, including the Registrar of Societies, Registrar of Companies, or the Income Tax Department, as applicable.

- **Filing of Form ITR 7:** Entities such as NGOs, charitable trusts, political parties, and educational or religious institutions that claim exemptions under section 12A and 80G of the Income Tax Act, 1961 are required to file this ITR form before 31st October of the assessment year.
- **Filing of Form 10B:** It is applicable for NGOs, charitable trusts, and institutions that claim tax exemptions on their income under Section 12 of the Act are required to file before 30th September of the assessment year. Form 10B is used to submit the audit report for entities that seek

to claim tax exemptions. If Form 10B is not filed, the NGO or trust may lose its tax-exempt status and may have to pay tax on its income at regular rates.

- d. **Filing of Annual FCRA Returns:** All FCRA registered organisations must file Annual FCRA Returns by filling the Form FC-4 before 31st December every year.

17. Project Proposal Template for CSR Fund

- 1) Name/Title of Project:
- 2) Profile of the Organisation:
- 3) Project description/ Abstract of the project:
- 4) Background of Project:
 - a. The issue of concern:
 - b. Methodology of problematizing the concern (evidence of form/type of stakeholder consultation to understand the concern):
 - c. Supporting statistics/data and source (mandatory):
- 5) Location of project (State/ District/ Block):
- 6) Very briefly state why your organization is best suited to receive funding for implementing the proposed project.
- 7) Project objectives (SMART-Specific/ Measurable/ Achievable/ Relevant/ Time Bound):
- 8) Proposed Timelines and milestones of the project (can be presented in a tabular format):
- 9) Number of beneficiaries proposed (please represent scope in terms of year 1 and year 2 reach as per the project):
 - a. Direct beneficiaries
 - b. Indirect beneficiaries
- 10) Indicators for measuring output:
- 11) The anticipated outcomes (social, economic, cultural and environmental etc.):
 - a. Short term
 - b. Medium term
 - c. Long term (here, impact may also be specified)
- 12) Mitigation measures for unintended consequences:
- 13) Program Strategies/Implementation Mechanisms:
- 14) Program Strategies/Implementation Mechanisms: (please present as Gantt chart based on intensity of activity against a timeline)
- 15) Project Monitoring and Evaluation Mechanism:
- 16) Impact Assessment Plan:
- 17) Give details of sustainability mechanisms and substantiate the sustainability of this project:
- 18) Specific roles and responsibilities of all stakeholders identified for this project:
- 19) Define the innovative approach/strategy adopted by the proposed project in addressing the existing problems/gaps specific to the sector:

- 20) Substantiate the uniqueness of the proposed project in comparison to the existing sector specific initiatives:
- 21) Financial Information: The Organization's forecast for the period of Project with respect to Budget and Fund details:
 - a. Detailed Budget of the Project with line items:
 - Capital Expenditure
 - Program Expenditure
 - Personnel Cost
 - Administrative Expenditure
 - Monitoring Expenditure
 - Others
 - b. Loans/Debts already held by the Organization
 - c. Projected Cash Flow Statement
 - d. Statement of Accounting Policies Followed
 - e. Expected Grant from other Sources
 - f. Expected Internal Revenue Generation
- 22) Describe the Organization's accounting and financial controls and MIS functions. What MIS and technology expenditures will be needed in the future?
- 23) SWOT Analysis of the proposed project
 - a. Strengths (Internal factors)
 - b. Weakness (Internal factors)
 - c. Opportunity (External factors)
 - d. Threats (External factors)
- 24) Benefits of the project to the corporate donors:
- 25) Annexures
 - a. Details Report on atleast three current/ongoing projects implemented by the organization:
 - b. Others

18. Important Sites for NGOs:

- i. National CSR Portal <https://www.csr.gov.in/>
 - ii. Ministry of Corporate Affairs <https://www.mca.gov.in/>
 - iii. National CSR Exchange Portal <https://csrxchange.gov.in/>
 - iv. FCRA Online services <https://fcraonline.nic.in/>
 - v. NGO Darpan <https://ngodarpan.gov.in/>
 - vi. Income Tax Department <https://www.incometax.gov.in/iec/foportal/>
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