

## **PRESS RELEASE**

# **The notification of the CSR Rules by the Ministry of Corporate Affairs is a positive step...and the implementation will allow Boards all reasonable flexibility - says FICCI President**

**New Delhi, February 28, 2014:** The notification of the much awaited CSR Rules by the Ministry of Corporate Affairs is a positive step in the overall implementation of the Companies Act, 2013.

This provision paves the way for the corporate sector to play a larger and more conscious role in shaping communities and participate in the social side of the economy. The consultative process followed by the Ministry of Corporate Affairs in finalizing these Rules helped in taking care of many, but unfortunately not all of, Industry concerns.

“We are pleased that most of our recommendations find place in the Rules. FICCI notes the revised Schedule VII (detailing activities which may be included by companies in their CSR Policies) and we expect that the implementation will allow Boards all reasonable flexibility, as the underlying intent of the law is to promote self-regulation, non-intrusion and accountability”, **said Mr. Sidharth Birla, President, FICCI.**

Exempting overseas branch profits for calculation of net profit is an equitable step. Similarly, clarification on excluding independent directors, for private and unlisted public companies is a correct step for those who are not required to appoint such directors under law.

“As expected, without clarity from the Ministry of Finance, tax deductibility of CSR spend remains unclear. But FICCI is confident that given the approach of the Government, steps would be taken to ensure that CSR expenditure is not construed as a tax on business, more so since CSR has been pitched as integral to business.

“An increasing number of companies in India and abroad have been successful on shared value initiatives. Going forward, we hope it will be found appropriate to capture the concept of Shared Value in the Rules”, **Mr. Sidharth Birla, President, FICCI stated.**

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