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Government of India
Ministry of Corporate Affairs

Subject: - Approved record of discussion of the meeting regarding Sub-Group of Chief Ministers on Skill Development held on 31st December, 2015.

Prime Minister's office may refer to their ID Note, No.360/31/c/29/2015/ES-2, dated 05.01.2016 on the subject cited above with respect to the record of discussions of the meeting held on 31.12.2015 of the Sub-Group of Chief Ministers on 'skill development'.

2. One of the discussion reads as follows:

"The Ministries of Corporate Affairs and Skill Development and Entrepreneurship may examine the option of allowing use of CSR funds in large industrial clusters for skill training related to the cluster activities".

3. The matter has been examined in the Ministry in the light of provision of section 135 of the Companies Act, 2013 and rules made thereunder read with General Circular issued on 18.06.2014.

4. In this connection it is stated that the activities to be undertaken as Corporate Social Responsibility (CSR) are enlisted in Schedule VII of the Companies Act, 2013. 'Skill training' is already covered under item no. (ii) of Schedule VII of the Act.

5. Further, the Apprentices Act, 1961 read with the rules, mandates apprenticeship training to 'any area or any industry in any area' as notified by Central Government from time to time. Companies which are covered under the Apprentices Act shall undertake 'skill training' under the Apprentices Act 1961. These companies can also undertake 'skill training' from their CSR funds over and above the requirement under the Apprentices Act. The companies which do not fall under the Apprentices Act can undertake 'skill training' under the provisions of Corporate Social Responsibility.

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6. General Circular dated 18.06.2014 issued by this Ministry already clarifies that *expenses incurred by companies for the fulfillment of any Act/ Statue of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.* No further amendment / clarification is required to be issued by Ministry of Corporate Affairs in this regard.

7. This issues with the approval of Secretary, MCA.

Encl:

1. General Circular
2. Schedule VII



(Seema Rath)

Deputy Director-CSR

Tel: 011-23384657

Prime Minister's Office (Shri Mayur Maheshwari, Deputy Secretary)

M/o Corporate Affairs UO No. 07 /01/ 2016- CSR dated 10.02.2016

Copy to:

✓ Shri Rohit Nandan,
Secretary (TPL)
Ministry of Skill Development and Entrepreneurship
New Delhi.