

The State of CSR in India 2014-22

DATA GUIDE 2023



A SATTVA initiative



About the CSR Data Guide

With more than INR 1.53 Lakh Crore spent in eight years, today, CSR is seen as a credible source of development finance. Where are these funds being deployed? Who are the funders?

This comprehensive data guide helps you understand trends across sectors, industries and regions covering:

- INR 1.53 Lakh Crore of CSR funding
- In depth analysis of regional spend (six regions)
- In depth analysis of spend in top development sectors (Education, Healthcare, Livelihood, Rural Development Projects and more)
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- Eight years of CSR (2014-22)

This detailed CSR landscape study is designed to provide actionable insights on:

- Under-funded regions
- Industry and CSR spending trends
- Under-funded sectors
- Peer trends by industry and company size

This data guide is an essential tool if you are a:

- CSR practitioner working on creating effective programmes
- Non-profit organisation looking to understand the funding landscape
- Policy maker/researcher studying CSR trends

This Data Guide is produced by **India Data Insights** (www.IndiaDataInsights.com).

India Data Insights (IDI) - is an open data platform, empowering India's development sector with actionable, ready-to-use data driven insights. We enable sharper and quicker decisions, so that you can spend more time and resources on delivering better programmes and maximise impact.

We are a part of **Sattva Consulting** (www.Sattva.co.in) and our work is powered by Sattva's decade-long experience in designing and delivering high impact programmes in emerging economies across the world.

Corporate Social Responsibility

In 2014, India became the first country in the world to mandate CSR spend through legislative action. The legal mandate on CSR applies to companies that have:

- Net worth of INR 500 Crore or more, OR
- Annual turnover of INR 1,000 Crore or more, OR
- Net profit of INR 5 Crore or more.

Companies coming under the purview of the CSR mandate, have to spend at least 2% of their average net profits of the preceding three years on social impact programmes in the following financial year.

In the eight years of implementation of the CSR law, **more than INR 1.53 Lakh Crore has been cumulatively spent by over 30,000+ companies.**

In this report, we have analysed the CSR spend in the last eight years by the entire set of companies using data made available by the Ministry of Corporate Affairs as of August 2023.

Data Sources and Methodology

SOURCES

- Ministry of Corporate Affairs (MCA Portal) • Census 2011 • NITI Aayog • IDI analysis

DEFINITIONS

- **PAN India** – Project implementation is in more than one state
- **Sector** – Development sectors/thematic areas defined by MCA
- **Zero Spend Companies** – Companies that have their prescribed CSR amount as zero or they have spent zero amount with positive prescribed CSR
- **PAN SDGs** – Development sector of the project can be mapped to more than one SDG
- **PSU** – Public Sector Undertaking (Central or State government)

In this report, we have analysed the CSR spend in the last eight years by the entire set of companies using data made available by the Ministry of Corporate Affairs as of August 2023. For detailed data views explore our interactive dashboard on [India Data Insights](#).

Notes:

- Data is as made available by the Ministry of Corporate Affairs as of Aug 2023.
- An updated report will be available annually on [sattva.co.in](#) and [IndiaDataInsights.com](#).
- The industry mapping as codified in the CIN is not fully accurate in many cases and hence we have re-classified the top CSR spenders into categories as analysed in this report. The re-mapping of industry type ensures that about 80%-90% of the total CSR spend is mapped to the right industry. For remaining 10% of companies, we have retained the mapping as per their CIN, and hence that may lead to a small margin of error in industry-wise CSR spend calculation. However the error is small and is unlikely to impact the overall picture of industry-wise CSR spending trends portrayed here. In case you notice any big anomaly, please do write to us at IDI@sattva.co.in and we will investigate it. We thank you in advance!
- Each unique CIN is treated as a separate company in this report. Hence group CSR is not available as a single figure. This is in line with the data available on MCA CSR portal.

Introduction

Unlocking the Potential of CSR

Corporate Social Responsibility (CSR) in India has come a long way from being mere good-to-have philanthropy, orchestrated by a small group of companies due to legally mandated spends required by the law. CSR today has evolved to create systemic impact in society, working in sync with multiple key stakeholders and in alignment with key government priorities. The year 2022 marked the 8th year of the passing of the Companies Act, 2013 in India. Over these years, there have been multiple amendments to the law, primarily with the aim to strengthen regulations for corporates and non-profits, while also ensuring that the purpose of the law is fulfilled through successful implementation of impactful CSR programmes leveraging the expertise of corporates. In the aftermath of the pandemic, Sattva has been working deeply with companies across sectors to make their CSR strategic in approach and aligned to the rapidly-changing landscape. This has also ensured that corporates undertake a mid to long-term view to CSR and that their social investments are addressing the continuously-evolving needs on ground. Through the course of these engagements, Sattva has compiled the emerging trends that reflect the mood of the ecosystem in the next few sections.

The objective of this report is to provide key insights to CSR investment in India over the last 8 years and highlight the emerging trends that are shaping the way forward.

This report will equip corporates with key historical learnings and potential upcoming ecosystem priorities enabling well-informed decisions leading to impact-oriented, measurable and sustainable CSR.

Reflecting on the Past

2022 has seen some semblance of normalcy as the world has adjusted to life after COVID. Understandably, due to the disruptions in business during the pandemic, the CSR spend has decreased by a marginal ~1%, but corporates have realised the salience of their CSR spend and more than 50% of companies are spending more than their mandated 2% profits towards philanthropic activities as part of their CSR. In our deep work with over 150 corporates over the past decade, we have seen first-hand that businesses are seeing disproportionate societal and business benefit by engaging in strategic CSR. We have noticed that corporates prefer to support longer-term CSR impact goals through flagship programmes. This has enabled corporates to not only channel substantial commitments towards meaningful, sustainable impact but has also generated significant ROI to business and SROI to society.

Environment Sustainability: Emerging Recipient of CSR Funds

Education continues to remain the largest and most popular recipient sector. However, there has been a growing interest among corporates to fund contemporary and emerging sub-focus areas such as early childhood education, foundational literacy and numeracy (FLN), 21st century skills and vocational education in line with the National Education Policy, 2020. Healthcare is the second highest recipient sector with significant spends on preventive measures and immunisation against COVID-19 during 2021-22. Digital healthcare is an emerging priority as demonstrated by the Government's growing investment in the Ayushman Bharat Digital Mission (ABDM), from INR 30 Crore in FY 2020-21 to INR 200 Crore in the current year¹. Philanthropic organisations are also major funders, but the funding is usually project-specific where digital health may be the primary or secondary component. Other thematic focus areas such as rural development, environment sustainability and poverty, hunger eradication and malnutrition trailed behind the top two sectoral priorities.

With India being the 5th largest economy and a major global hub for international supply chains, ESG and supply chain risks have become prominent concerns in boardroom discussions². The shifting priorities of India Inc evidently reflect in the CSR funding trends with a significant jump of 130% increased spend on the Environment Sustainability sector. In the long-run, corporates will need to undertake a transformative path in their businesses to integrate ESG and sustainability and CSR can play a key in enabling this change.

The geographic priority of CSR funding for most corporates, continues to remain around headquarters or PAN India projects (i.e., projects implemented in more than one state). Maharashtra continues to remain the top recipient geography with 16% funding, while other high need geographies such as the North East Region and Aspirational Districts are among the least funded areas through CSR.

Collaboration to Strengthen and Scale Impact

No man is an island, and corporates have taken this literally with collective action booming. Collaborations with other corporates as well as joining hands with the government for a better future have seen an upswing. Collaboration through CSR can drive deep, systemic and scaled impact by leveraging expertise and resources across a diverse set of players in the ecosystem. Corporates with similar priorities have come together on a shared platform to address issues of mutual interest. Sattva has enabled collaborative action materialising across sectors such as education and skill development, among few others. CSR programmes led by a collaborative action can foster significant learning, promote innovation, create access to new market frontiers, and build a stronger reputation with potential for significant brand recall.

Collaborative efforts with the government are also being undertaken on multiple sectoral fronts. Companies have collaborated with village, block, district, state and central

1. Sattva Knowledge Institute, *Transforming Healthcare Delivery with Digital Health Initiatives in India*, June 2023
2. Sattva Knowledge Institute, *Navigating Regulatory Rapids of the ESG Landscape*, June 2023

government bodies by leveraging existing schemes and resources to enable scaled and systemic level impact. Collaboration with government also entails strengthening the execution on-ground of existing government initiatives through funding, expertise and increased visibility.

Sattva has collaborated with government bodies to leverage welfare schemes around livelihood, rural development, etc. and supplement ongoing efforts through contribution towards several key areas such as effective asset creation, improving market access, forging new partnerships, utilising market insights to inform product development, identifying use cases for emerging technologies and driving digitisation, and tapping emerging opportunities.

Blended Finance as Next Frontier

CSR has emerged as a catalyst in India's development narrative, investing close to INR 1.22 Lakh Crore since 2014 and demonstrating its commitment to creating social impact and driving positive change. However, despite significant contributions from CSR and other private philanthropy, the deficit to achieve the UN SDGs by 2030 stands at INR 7.7 Lakh Crore for FY 2022. There is significant potential for targeted funding to put us on the path to progress against these goals³.

The true potential for CSR or private philanthropy to move the needle across a social issue, lies in its ability to catalyse additional resources and leverage private sector expertise. To achieve this objective, Blended Finance has emerged as one of the newer funding models with the potential to catalyse additional private capital towards the country's development goals.

The concept of Blended Finance has gathered momentum as a potential solution to enable the mobilisation of private capital towards emerging, high-risk investment opportunities in the development sector. Some of the major risks of development focused investments include successful execution of a project within stipulated budget and time, variable costs of supply and price of input materials and other external risks such as availability of natural resources, political and economic barriers or natural disasters. Blended Finance can be used as an effective tool to mitigate investment risk and facilitate financing for private sector-led projects that have the potential to generate social benefits. It can combine concessional financing or even philanthropic grants with commercial funding to catalyse large-scale impact.

A few Indian corporates have ventured into catalytic CSR by adopting Blended Finance instruments such as 'Development Impact Bonds (DIB)', 'Pay for Outcomes', First Loan Default Guarantee (FLDG), 'Returnable Grants', etc. in priority sectors such as Education, Healthcare, micro-Enterprise Skilling/Livelihood programmes. Blended Finance could also be adopted to raise significant private capital towards achieving India's goal

3. Bain & Company and Dasra, *India Philanthropy Report 2023*

of net zero emissions by 2070. Innovative methods of raising climate finance would be essential to achieving this goal, particularly given that Indian banks are frequently unable to finance sustainability initiatives due to uncertain returns and lengthy maturities.

Integrating CSR with Business and Sustainability

India has overtaken the United Kingdom to become the 5th largest economy in the world. Keeping up with the momentum, India has projected growth of 6% in 2024 showing significant resilience and ability to recover from the economic impact of the COVID-19 pandemic⁴. Consequent to the accelerated economic growth, the business landscape in the country has also evolved, with sustainability taking centre-stage over the last decade.

In 2021, SEBI introduced a comprehensive ESG reporting framework called Business Responsibility and Sustainability Reporting (BRSR), mandating ESG reporting for the top 1,000 listed corporates. Further, in an effort to contextualise the reporting to India, SEBI has introduced the BRSR Core with nine key parameters. Four of these are centred around reducing overall carbon footprint and adopting sustainable practices within the business, such as water and energy conservation and integrating circular economy practices. The remaining five parameters focus on employee wellbeing, DE&I, enabling inclusive growth for MSMEs and marginalised communities, data protection and ensuring transparency in business transactions.

While CSR holds corporates accountable for contributing towards the welfare of the society from the business profits, adopting sustainability requires an all-encompassing approach taking into consideration the nature of business, type and source of emissions across the value chain, adoption of low-emission infrastructure and technology and ensuring financial viability. CSR can play a crucial role in achieving some of these outcomes through initiatives that align with a corporate's sustainability and ESG priorities.

Over the last eight years, through its work with corporates on CSR, Sattva has witnessed the evolution of CSR strategy from a compliance focused activity to a problem-solving approach. In the next phase of CSR-led impact, corporates have the opportunity to bring in more than 'just funds' and integrate business and sustainability focus into CSR.

Sattva through its work with 150+ corporates has identified the following key trends emerging in CSR:

Net Zero Emissions: Corporates Aligning Business with National Priority

We have all been witness to the extreme weather events over the past few years in our country. While climate change has had an adverse and direct impact on sectors like agriculture, a recent study conducted by the World Bank revealed that rising air pollution reduces India's year-on-year GDP growth by 0.56 percentage points⁵. After declaring

4. Indian Express Article, *India remains a bright spot, economy expected to grow 6.7% in 2024*: UN

5. The Wire, *Air Pollution Reduces India's y-o-y GDP Growth by 0.56 Percentage Points*: World Bank Report

its goal of net zero emissions by 2070 at COP26, India submitted its roadmap with the 'Long-Term Low Emissions and Development Strategies', at COP27 in 2022. The key areas of focus under the strategy include electricity, urbanisation, transport, forests, finance, and industry.

As mandated by the SEBI regulations introduced in 2021, corporates have also taken up ownership of controlling carbon emissions using ESG reporting as a starting point. Based on the new laws and policies, companies are redefining their sustainability strategy and are looking at ESG frameworks today for evaluating the risk and impact of their business on GHG emissions and climate change.

This has not only led to corporates taking significant steps over the past couple of years in their quest for sustainability but also led to an intersection of emerging ESG themes with CSR priorities. This is further evidenced by increased spend on environment sustainability under CSR by 130%.

Integrating CSR with Business and Key Material Priorities

ESG materiality assessment is no longer an option but a necessity for Indian companies aiming to thrive in an increasingly sustainable and responsible business landscape. With the increasing regulations around ESG reporting and compliance, corporates have also strengthened materiality assessments to help identify what ESG issues are most important, so that the company can then prioritise them and determine how to address them. Materiality assessments identify key issues most relevant to the business value chain. These issues range from, but are not limited to, environmental priorities such as waste management, curbing carbon emissions or value chain impact such as supplier diversity, equity and inclusion (DE&I) and community development.

Therefore, by identifying and addressing material ESG factors, Indian companies can enhance their competitiveness, manage risks, and contribute to a more sustainable future, aligning with global sustainability goals while also meeting regulatory requirements. Ultimately, ESG materiality assessment is a strategic imperative for Indian companies committed to long-term value creation and responsible corporate citizenship.

As CSR in India evolves into its next phase, there is an increase in the adoption of business priorities and the materiality framework as a key anchor for CSR. This has enabled a strategic, long-term mission for CSR with a clear impact focus aligned to corporate's business and sustainability priorities.

Enabling Supplier Diversity through CSR

Business and supplier diversity is a critical component of environmental, social and governance (ESG) and diversity, equity and inclusion (DE&I). Supplier diversity ensures an inclusive base of suppliers i.e., one that is owned and operated by underrepresented

individuals or groups such as women, persons with disabilities, minority owned businesses or the LGBTQ communities.

The impact of supplier diversity isn't confined to ESG metrics as supplier diversity also provides a competitive advantage that can drive innovation and growth. An inclusive network of vendors and suppliers opens new doors to collaboration, lower cost of services and is a valuable source of innovation, ideas and market insights. Sourcing strategies focused on diverse and local businesses help organisations differentiate at a local level and appeal to ESG-minded consumers who wish to support their communities.

Integrating supplier diversity in CSR will not only enable community-level impact but also advance the cause of diverse and sustainable sourcing and inclusive procurement practices. Enabling minority-owned businesses to be absorbed into the supply chains of large consumer goods companies will not only help businesses manage supply chain risks and improve local community relationships but it will also drive their sustainability agenda. Additionally, the programme will stimulate economic growth of the lesser-represented groups by providing minority businesses with unique opportunities for integration into large business ecosystems.

Conclusion

CSR in India has continued to ensure the social accountability of corporates through its mandatory 2% contribution over the last eight years. Corporates have also been taking efforts to keep up with the evolving ESG and sustainability landscape driven by emerging global standards and investor expectations. However, with the recent SEBI regulations, corporates in India have received clear directives to integrate ESG and sustainability practices into their business. While the government has set guidelines around reporting on ESG, barriers such as lack of a comprehensive framework, lack of expertise, technology and innovation, poor market awareness continue to limit investment in sustainable infrastructure.

During 2022, we saw corporates step up their collective action through CSR to provide healthcare service, vaccination, strengthen and build capacity of health systems and respond to livelihood needs of daily wage workers and other vulnerable communities. In the next phase of CSR, while corporates continue to enable social impact through strategic CSR, there remains an opportunity to advance CSR to integrate ESG agendas and focus on broader sustainability needs.

Through a comprehensive ESG materiality assessment, corporates can identify the issues that are most material and relevant to their business and stakeholders. Integrating CSR with key material priorities of a business will enable corporates to go the extra mile and accelerate the journey towards sustainability while being able to leverage their expertise for greater good.

CSR – The Next Frontier

While some of the traditional Indian corporates have been actively involved in philanthropy for decades, most other companies took their first steps into the social sector after the CSR law came into effect in 2014. In eight years of implementation, companies seem to have achieved a high level of legal compliance.

The next frontier for companies will be to go beyond legal compliance, towards achieving a strategic and long-term CSR vision. As analysed in this report:

- **There are regional disparities in CSR spending**
- **Certain sectors need greater attention and funding**

What's next?

- Companies can utilise their strategic competencies to align with impact goals.
- Social innovation and flagship CSR programmes are emerging areas of interest.
- Markets, investors, employees, business partners and the society are examining company's social responsibility today. CSR is becoming a strategic function for businesses.

If you would like to make informed decisions on your CSR strategy as a company, or fund-raising plan as a social organisation, we have detailed data views available as an interactive dashboard on [IDI](#).

Talk to us at ***impact@sattva.co.in*** to discuss how we can co-create effective and high impact CSR programmes with you.



We are part of **Sattva Consulting** - a leading firm specialising in research, data, advisory and assessment services for the social impact sector. Our work is powered by **Sattva's** decade-long experience in delivering high impact projects in emerging economies around the world.

Launched in January 2019, we are adding data-sets and visualisations every day.

If you are a social sector professional – CSR, Foundation, Social Enterprise, Non-Profit Organisation, Impact Investor, Researcher, Media House, Think-tank – you will find us to be a great data guide.

Connect with us – we would love to hear from you.

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