

# Part 1: CSR & stakeholders perception of CSR initiatives.

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# What is corporate social responsibility?

- **Corporate Social Responsibility (CSR) is a concept that describes a business's commitment to operate in a socially responsible and ethical manner.**
- **It involves a company's voluntary initiatives to address the social, environmental, and ethical concerns associated with its operations.**
- **CSR goes beyond the primary goal of profit-making and considers the broader impact of a company on society. This may include supporting community development, environmental sustainability, ethical business practices, and philanthropic efforts.**
- **CSR activities aim to create a positive and sustainable impact, not only benefiting the company's stakeholders but also contributing to the well-being of the communities and the environment in which it operates.**

# Corporate Social Responsibility in the Indian Context-legal frame work

Corporate Social Responsibility (CSR) in the Indian context has gained significant importance and prominence over the years. The concept of CSR in India has evolved in response to changing economic, social, and environmental dynamics.

Here are some key points to consider regarding CSR in India:

- The Companies Act 2013 has formulated Section 135 and is landmark legislation that makes Indian companies answerable to the government about their CSR expenditure. India is the first country to make the incorporation of Corporate Social Responsibility activities mandatory for qualifying companies. It is, for sure, a remarkable step towards growth, overall development and humanity.
- Be it a private sector company or a public sector company, Corporate Social Responsibility CSR has to be adhered to by all listed companies. If a company falls in either of the following criteria for compulsion, they need to form a CSR committee. Companies:
  - That has a net worth of Rs. 500 crores or more, or
  - That have an annual turnover of Rs. 1000 crores or more, or
  - That generate a profit of Rs. 5 crores or more.
- During any financial year, if any of the above financial strength criteria are met then the rules of Section 135 apply. Prior to the compulsion of the Corporate Social Responsibility clause, CSR activities in India were voluntary for the listed companies. However, it was mandatory for them to disclose their CSR spending to their shareholders. Under the Companies Act, the preference has to be given to local areas in which the company operates.

# Corporate Social Responsibility in the Indian Context-scope of CSR activities

The following are the types of CSR activities in India that the qualifying listed companies under the Companies Act 2013 can contribute to:

## (I) Eradicating Hunger, Poverty And Malnutrition

This can be done by promoting health care and sanitation in rural areas. This can also be a contribution to the Swachh Bharat Kosh which has been set-up by the Central Government. Blood donation camps can also be done as a part of a company's CSR initiative.

## (II) Promoting Education

This can be inclusive of providing education to children and essential vocational skill training that enhance employment or special education among women, elderly and the differently-abled.

## (III) Promoting Gender Equality.

Women empowerment programmes can be launched by setting up affordable hostels for women. Establishing old age homes, daycare centres and other facilities for senior citizens is another option. Orphanages can also be set up and managed by the CSR committee.

# Corporate Social Responsibility in the Indian Context - scope of CSR activities (continued from previous slide)

## (IV) CSR Initiatives Related To The Environment

Contributions can be made towards environmental sustainability. Activities that help in maintaining the ecological balance, protection of flora and fauna, promote animal welfare, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government.

## (V) Protection Of National Heritage, Art And Culture:

This can include the restoration of heritage sites, buildings of historical importance and works of art. Public libraries can be set up as well.

## (VI) Measures Can Be Taken Towards The Benefit And Support Of Armed Forces Veterans, War Widows And Families.

(VII) Contributions To The Prime Minister's National Relief Fund Or Any Other Fund Set Up By The Central Government, For Welfare, Development And Relief Of The Schedule Caste, Tribes, Other Backward Classes, Women And Minorities.

(VIII) Contributions Or Funds Provided To The Development Of Technology Located Within The Central Government Approved Academic Institutions.

(IX) Contributions Can Be Made Towards Rural Development Projects And Slum Area Development.

# CSR COMMITTEE AND POLICIES & Role Of The Board Of Directors in CSR

- The qualifying companies are required to form a CSR committee.
- They are needed to spend at least 2% of its average net profit for the 3 previous consecutive financial years on CSR initiatives.
- Mandatorily, a CSR committee has to be formed by the qualifying company. It also has to appoint at least 3 Board of Directors (Board).
- Committee is responsible for preparing and recommend to the Board, a policy and a plan that will specify the CSR activities to be undertaken (CSR Policy). They would also suggest (and protect) the amount of expenditure to be incurred on the activities referred. Monitor the implementation of CSR Policy and activity is also their job.

**Board of directors of a company plays a crucial role in the CSR activities of the company.**

**The role of the Board includes:**

- Approval of the Corporate Social Responsibility policy.
- Ensuring that the CSR plan gets implemented in its entirety.
- Full disclosure of the spends and plan of CSR policies which are related to its report.
- Displaying the same on the company website.
- Making sure that specified amount allotted is being spent by the company in CSR activities.
- Though there is no penalty if the entire amount is not spent on CSR activities in India, the CSR committee and the board's report should include the reason for the short spending.
- The Board will analyse the recommendations and suggestions made by the CSR Committee and support the CSR Policy and activities of the company.

# Importance of CSR

- While CSR is a BIG step by companies for making a powerful change, let's be frank, it also means an enhanced overall reputation.
- For companies, it is also a powerful statement through which they convey what they stand for.
- It helps its employees, people and the company itself contribute to something that is bigger than its own needs.
- CSR also gives employees a sense of belonging. It strengthens the bond among employees and attachment towards the organization as well.
- Corporate social responsibility goes a long way in creating a positive word of mouth around the organization as a whole.
- It plays a great role in making brand publicity.
- When people hear about CSR activities by a company, they intuitively develop a positive feeling for the brand.
- They tend to lean towards brands that take a stand.
- 2% might sound like a small amount, but large companies generate profit in crores. It is a huge contribution and brings about a big change towards the welfare of society and the development of the country.

# CSR as of FY 2021-22

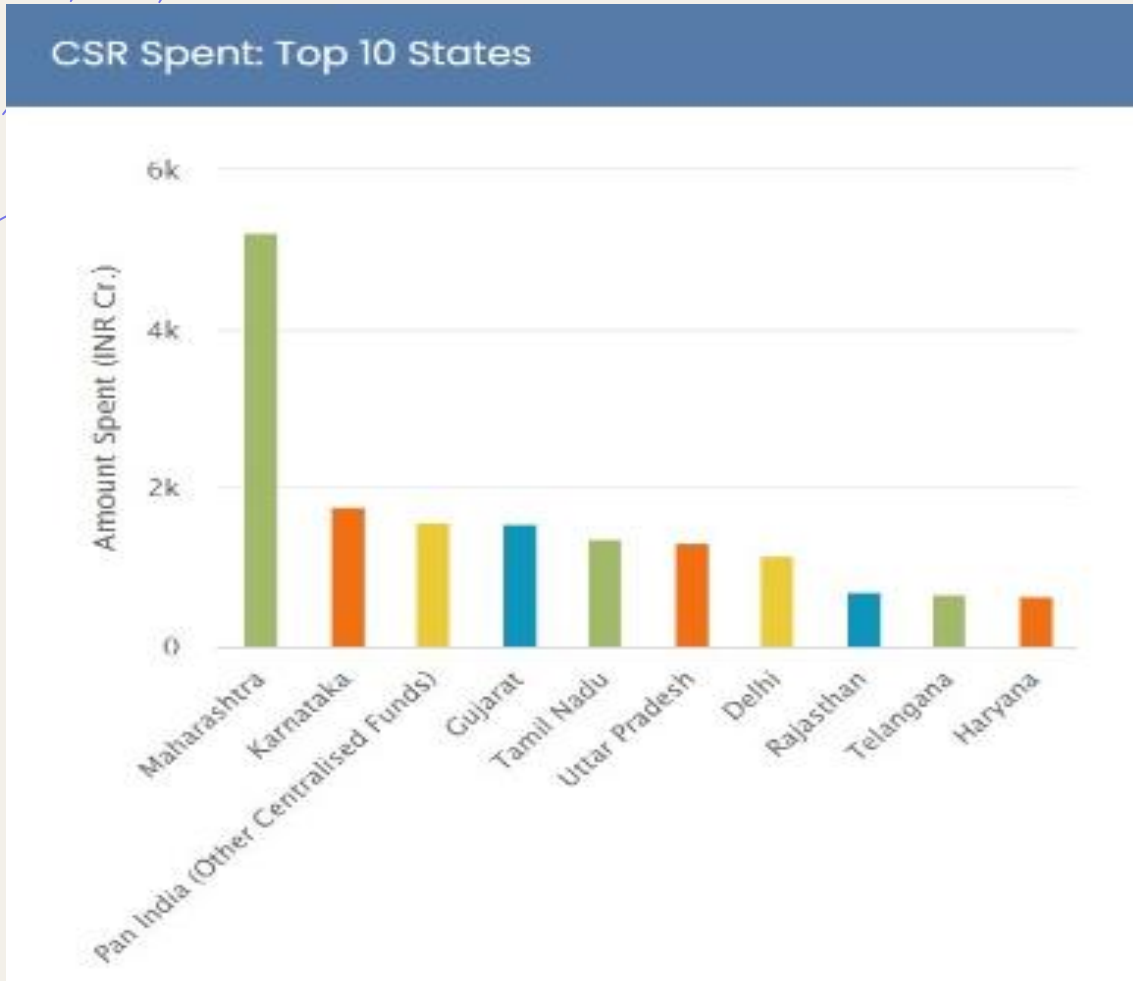
- By creating a statutory obligation for select categories of companies to undertake CSR projects, India has become the only country to regulate and mandate CSR initiatives under the Act.
- For the fiscal year 2021-22, a record 18,623 companies have engaged in CSR activities, a strong indication of India's commitment towards social welfare and sustainable development.
- Indian companies have invested a staggering INR 25932.79 Cr. in CSR activities, marking a significant increase in spending towards social causes.
- The funds have been directed to a total of 42,440 CSR projects, a record high for India, demonstrating an enthusiastic response to the Companies Act, 2013 which mandates CSR participation for select categories of companies.

## CSR Expenditure Summary for FY 2021-22

Total Number of Companies involved in CSR	18,623
Total Amount Spent on CSR (INR Cr.)	25932.79
Number of States & Union Territories Covered	40
Total Number of CSR Projects	42,440
Number of Development Sectors Involved	14



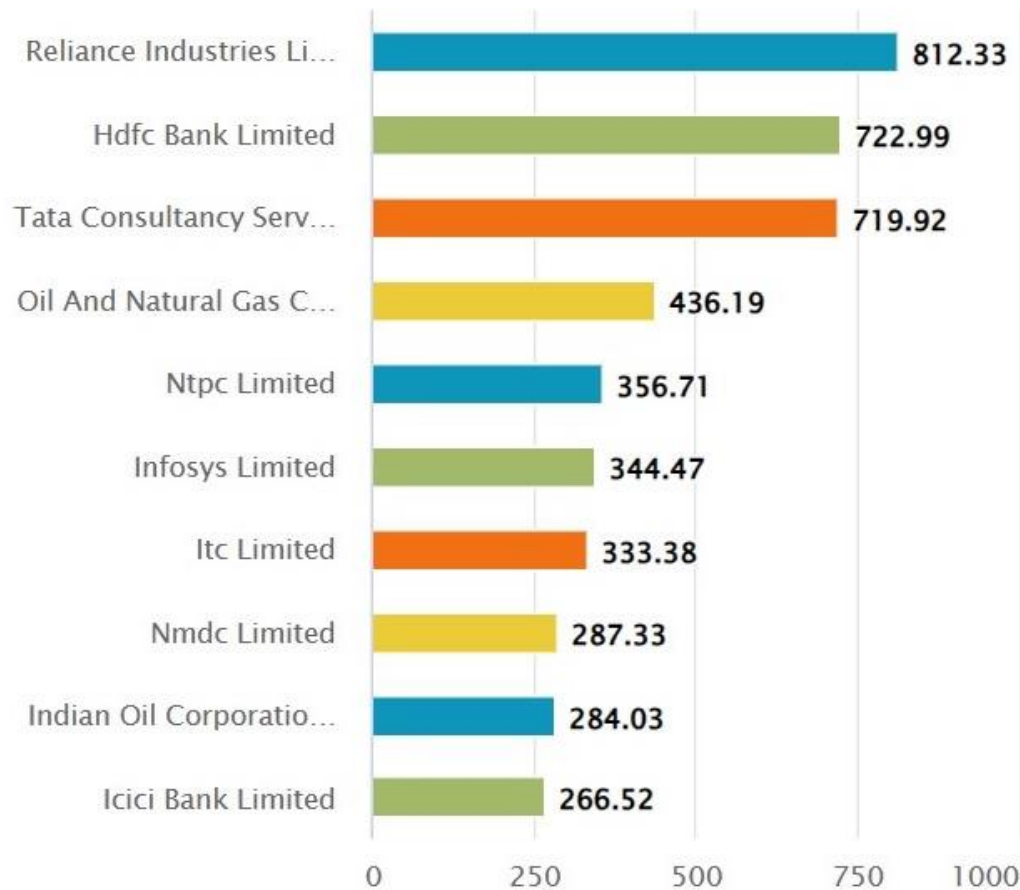
# CSR as of FY 2021-22 – Nationwide Impact



- + The reach of these CSR initiatives, spanning across 40 States and Union Territories, demonstrated the nationwide impact of these activities.
- + The CSR initiatives have been implemented across 14 different development sectors.
- + This indicates the diversified approach that Indian companies are adopting towards CSR, recognizing that sustainable development needs to be a multifaceted endeavour encompassing a wide range of sectors

# CSR as of FY 2021-22 – Top 10 spenders and direction

CSR Spent – Top 10 Companies

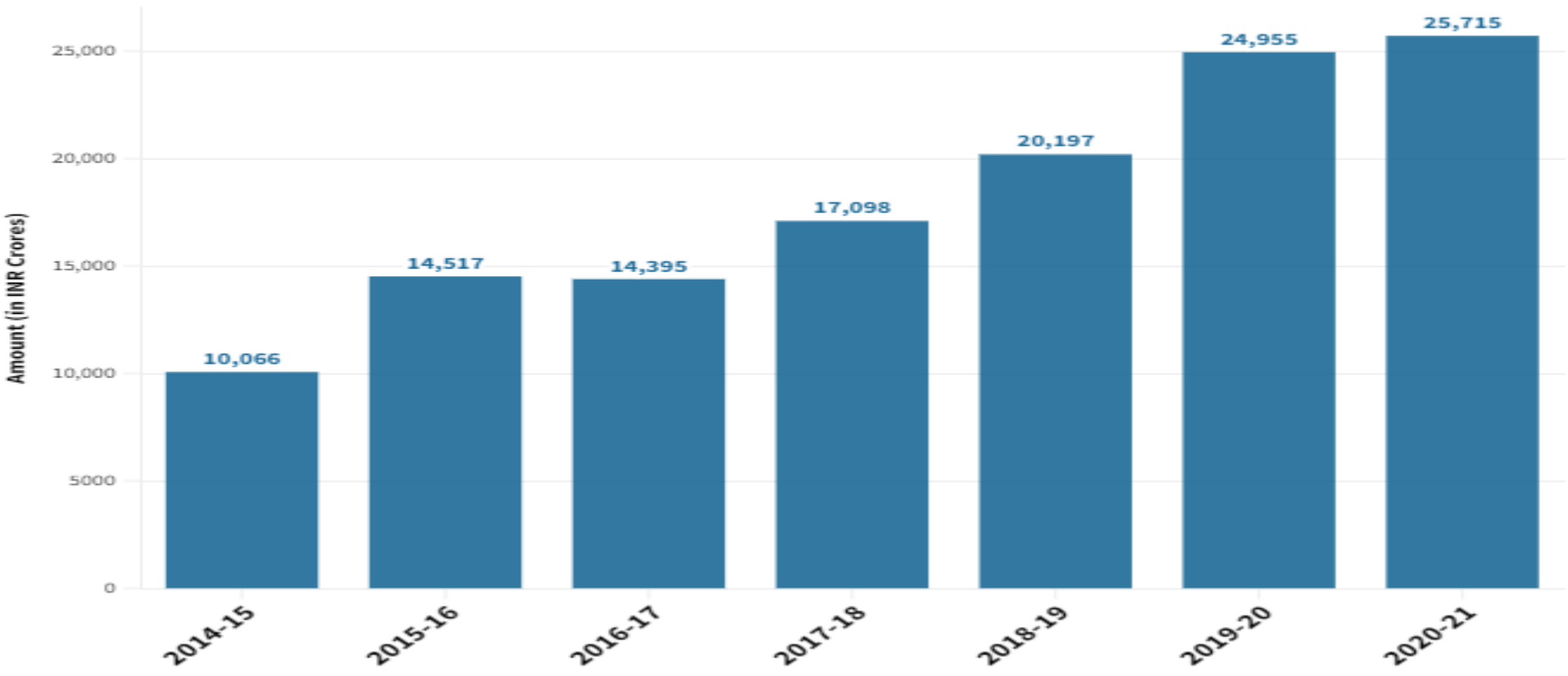


+ In total, top spender companies alone have spent over **INR 6264.87 Cr** on CSR initiatives, indicating a strong commitment to achieving societal and environmental goals. This reflects the positive impact of India's legislative actions that mandate CSR for certain categories of companies.

+ Figures of 2021-22 are a promising sign of the direction in which India is heading. The regulation and mandatory imposition of CSR by the Indian government have created an environment where companies are actively contributing towards the social and economic development of the country.

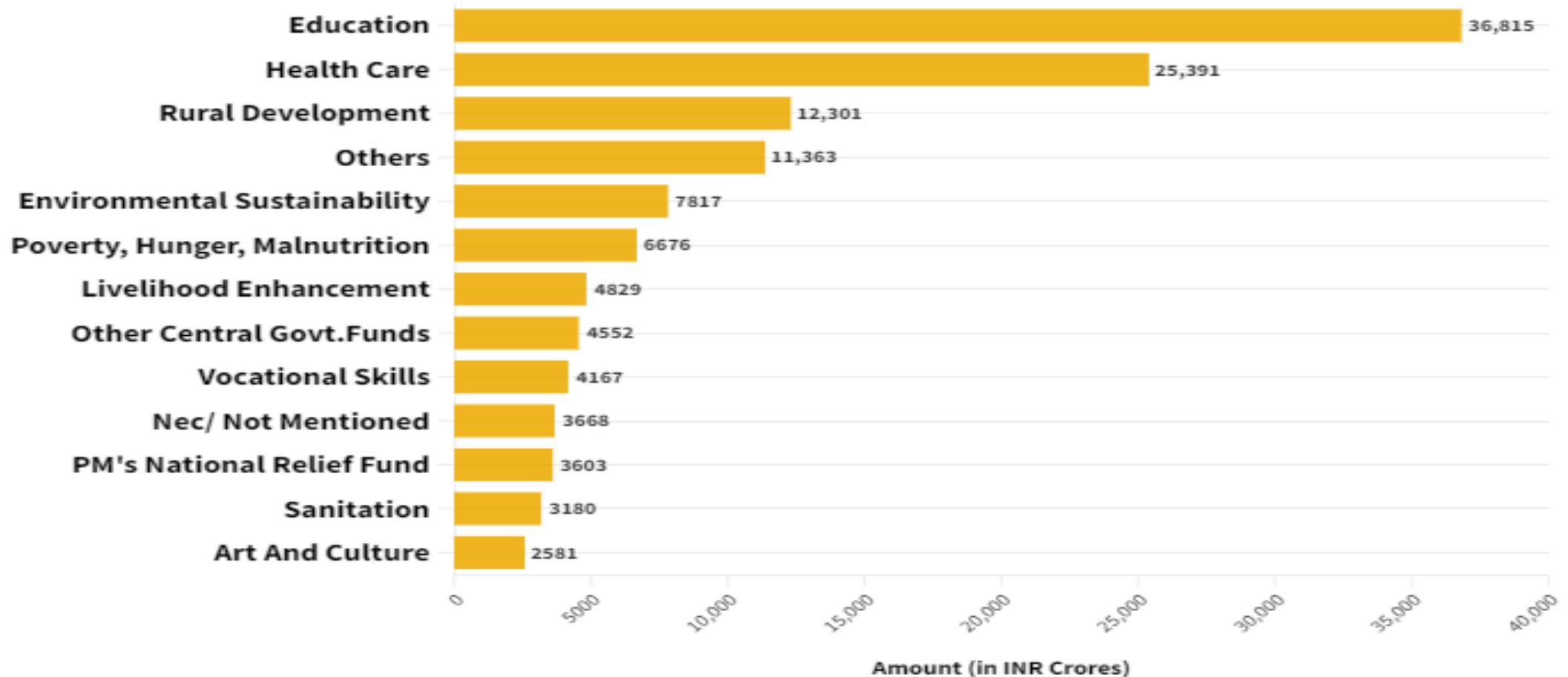
# India's CSR Journey – CSR expenditure over the years

**CSR expenditure in India over the years**  
(2014-15 to 2020-21, in INR Crores)

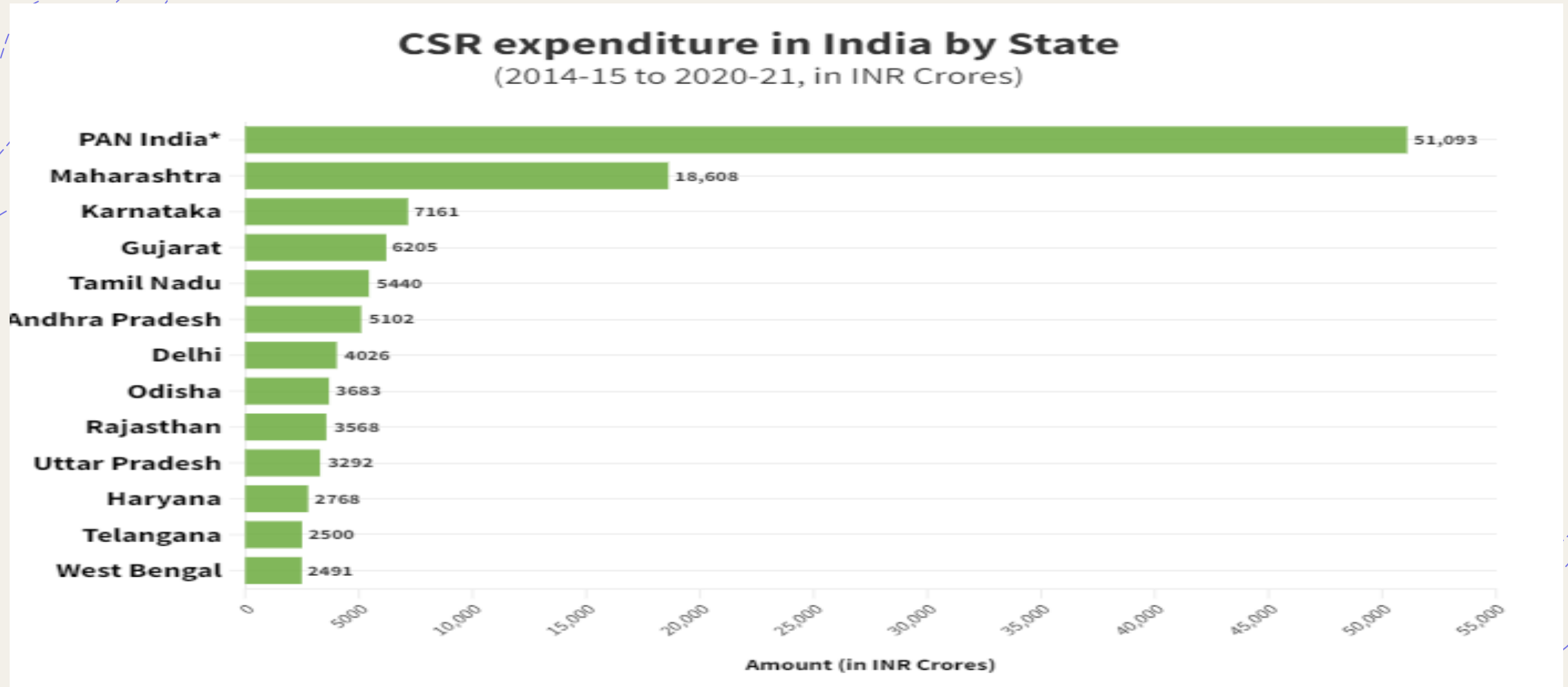


# India's CSR Journey – CSR expenditure over the years

**CSR expenditure in India by Development Sector**  
(2014-15 to 2020-21, in INR Crores)



# India's CSR Journey – CSR expenditure over the years



\*Pan India is when companies have mentioned PMNRF, Swacch Bharat Kosh or Clean Ganga Fund or Any Other Fund or if they have mentioned more than one state for a particular project/activity

# In 2021-22 India affirms CSR journey

Total No. of Companies Analysed	No. of Companies Exceeding Mandated CSR Spending	Total CSR Expenditure (INR Cr.)
18,623	10,443	16,107.53

In percentage terms, approximately 56% of the companies analysed exceeded their mandated CSR spending.

Total No. of Companies Analysed	No. of Companies Exceeding Mandated CSR Spending	% of Companies Exceeding Mandated CSR Spending
18,623	10,443	56%

- **The comprehensive CSR Spending Report affirms India’s journey towards setting a global benchmark in achieving sustainability goals and stakeholder activism. As the nation continues to foster this culture of social responsibility within its corporate sector, it is paving the way for a future where businesses play a pivotal role in national development and societal welfare.**
- **Companies Surpassing Mandatory Spending Requirements :** According to the data provided by the National CSR Portal, a remarkable number of companies have exceeded their mandated Corporate Social Responsibility (CSR) spending requirements. Out of 18,623 companies analysed, an impressive 10,443 companies contributed more than their mandated CSR expenditure. This display of heightened corporate responsibility led to a total CSR expenditure significantly surpassing the prescribed amount as per the Companies Act.

# Stakeholders in corporates social responsibility in India

**In the context of Corporate Social Responsibility (CSR) in India, there are several key stakeholders who play important roles in shaping and implementing CSR initiatives.**

**These stakeholders include:**

- **Corporate Entities:** These are the primary drivers of CSR activities. Companies subject to the CSR mandate under the Companies Act, 2013, are responsible for planning, funding, and executing CSR projects. They establish CSR committees, formulate policies, and allocate funds for these initiatives.
- **Government:** The Indian government plays a crucial role in shaping CSR regulations and policies. It has established legal frameworks, such as Section 135 of the Companies Act, which mandates certain companies to spend a portion of their profits on CSR. The government also provides guidelines and monitors compliance.
- **Non-Governmental Organizations (NGOs):** NGOs are often key implementation partners for companies' CSR projects. They have the expertise and infrastructure to carry out social and environmental initiatives effectively. Companies collaborate with NGOs to ensure the efficient execution of their CSR programs.

# Stakeholders in corporates social responsibility in India (Continued from last slide)

- **Local Communities:** The communities where CSR activities are conducted are direct stakeholders. The impact of these initiatives directly affects the well-being of local residents. Community engagement and consultation are essential to identify specific needs and priorities.
- **Employees:** Employees of a company are important stakeholders as they often participate in volunteering and CSR activities. Companies may also implement CSR initiatives aimed at employee well-being, skill development, and workplace ethics.
- **Shareholders and Investors:** Shareholders and investors have a vested interest in a company's CSR activities because they can influence the company's reputation and long-term sustainability. Ethical and responsible business practices can attract responsible investors.
- **Customers:** Consumers in India increasingly prefer to support businesses engaged in CSR and ethical practices. CSR efforts can enhance a company's reputation and customer loyalty.
- **Suppliers and Business Partners:** Companies may encourage CSR practices among their suppliers and business partners to ensure the entire supply chain adheres to ethical and sustainable principles.



# Stakeholders in corporates social responsibility in India (Continued from last slide)

- **Academic and Research Institutions:** These institutions contribute by conducting research and analysis on CSR impact and best practices. They also provide valuable insights and guidance to companies for their CSR initiatives.
- **Media and Civil Society:** The media and civil society organizations play a watchdog role, holding companies accountable for their CSR commitments and outcomes. They help raise awareness and advocate for responsible corporate behavior.
- **Industry Associations:** Industry-specific associations often provide guidelines and support for companies in their sector to implement CSR effectively. They may also promote industry-wide CSR initiatives.

**Effective CSR in India involves engaging with and considering the interests and concerns of all these stakeholders. It is a collaborative effort that aims to create a positive and sustainable impact on society and the environment while ensuring business sustainability and responsible governance.**

# Perception of CSR stakeholders

**Indian corporate entities perception of CSR:** In India, corporate entities have increasingly embraced the concept of Corporate Social Responsibility (CSR) as more than just a regulatory requirement. Many view CSR initiatives as a strategic imperative that aligns business goals with societal well-being. CSR is seen as an opportunity to build trust, enhance brand reputation, and demonstrate a commitment to ethical and sustainable practices. Indian businesses understand that responsible and purpose-driven actions can attract customers, talent, and investors, ultimately contributing to long-term success. They often perceive CSR as a means to address critical social and environmental issues, empower local communities, and foster economic development while simultaneously fulfilling their corporate responsibilities. As a result, CSR initiatives in India have become an integral part of the corporate landscape, reflecting a broader recognition of the interconnectedness between business success and social impact.

**The Indian government's perception of Corporate Social Responsibility (CSR) initiatives can be summarized in three key points:**

1. **Regulatory Compliance and Oversight:** The government views CSR initiatives as a crucial mechanism for corporate engagement in social and environmental causes. Through the Companies Act, 2013, and subsequent amendments, the government has mandated that eligible companies allocate a portion of their profits to CSR activities. It actively monitors and regulates compliance with these requirements, ensuring that corporate entities fulfill their CSR obligations.
2. **Sustainable Development and Inclusive Growth:** The government perceives CSR as a means to address pressing social and environmental challenges and contribute to sustainable development. It encourages companies to focus on areas such as education, healthcare, sanitation, and environmental sustainability to help achieve national development goals, reduce inequalities, and enhance the overall quality of life for citizens.
3. **Public-Private Collaboration:** The government views CSR initiatives as an avenue for collaboration between the public and private sectors to achieve shared societal objectives. It encourages companies to work closely with government bodies, non-governmental organizations, and local communities to maximize the impact of CSR programs and promote responsible corporate citizenship. The government acknowledges the role of businesses in complementing public efforts to address critical issues and drive positive change in the country.

# Perception of CSR stakeholders (Continued from last slide)

**Non-Governmental Organizations (NGOs)** in India play a significant role in the perception and implementation of Corporate Social Responsibility (CSR) initiatives. Their perception of CSR initiatives and their roles can be summarized as follows:

- **NGOs generally perceive CSR initiatives as an opportunity for collaboration with corporate entities to address pressing social and environmental issues. They often see themselves as critical stakeholders and implementation partners, leveraging their expertise, local knowledge, and grassroots presence to ensure the effective execution of CSR programs. NGOs appreciate the financial support, resources, and visibility that partnering with companies can provide to their social and environmental causes.**
- **NGOs play a crucial role in monitoring and holding corporations accountable for their CSR commitments. They assess the impact of CSR projects and initiatives, ensuring that they align with the needs of local communities and contribute to sustainable development. NGOs often act as watchdogs, advocating for transparency, ethical practices, and the fulfillment of CSR obligations by companies.**

# Perception of CSR stakeholders ( NGOs part- Continued from last slide)

- **NGOs recognize the potential of CSR initiatives in empowering local communities and advocating for their rights and well-being. They work to ensure that CSR projects genuinely benefit the communities they target and aim to build community capacity for long-term sustainability. NGOs also engage in advocacy efforts to influence corporate policies and practices to align with socially responsible and ethical standards.**
- **Many NGOs engage in research, analysis, and knowledge-sharing to promote best practices in CSR. They provide valuable insights, case studies, and expertise to guide companies in their CSR efforts, helping them make informed decisions and maximize the impact of their initiatives. NGOs also contribute to the evolution of CSR strategies and standards in India.**

**Overall, NGOs in India view CSR initiatives as a valuable avenue for driving positive change and addressing social and environmental challenges, and they actively participate in these initiatives to ensure they align with their mission of promoting the well-being of society and the environment.**

# Perception of CSR stakeholders (Continued from last slide)

**Indian local communities** play a vital role in Corporate Social Responsibility (CSR) initiatives, and their perception of CSR is crucial in shaping the effectiveness and sustainability of such programs. Here are key points regarding the perception of Indian local communities on CSR and their critical role:

- **Perception of CSR as a Beneficial Resource:** Local communities in India often view CSR initiatives positively as they recognize them as a source of much-needed resources and support. They perceive CSR activities as opportunities for community development, access to better education, healthcare, infrastructure, and livelihood opportunities. As such, CSR programs are seen as directly beneficial to their well-being.
- **Community Engagement and Empowerment:** Local communities play an active role in shaping CSR projects by identifying their needs and priorities. They are critical in the planning and execution phases, providing valuable insights, local knowledge, and feedback. Community engagement ensures that CSR initiatives are relevant, culturally sensitive, and responsive to the specific challenges and aspirations of the community.
- They also play a greater role in social inclusion and capacity building, act as monitors and evaluators of CSR activities, essential for the long-term sustainability of CSR projects, and often see CSR initiatives as opportunities to address systemic issues and advocate for broader social and environmental change.

# Perception of CSR stakeholders (Continued from last slide)

**Employees** generally view their employer's CSR initiatives positively and as an integral part of the company's identity and culture. Engaging in CSR activities can lead to higher job satisfaction, improved morale, and a sense of pride among employees. However, effective communication, involvement opportunities, and transparency are crucial for enhancing the perception of these initiatives and ensuring they align with the values and expectations of the workforce.

**Shareholders and investors** typically perceive their companies' Corporate Social Responsibility (CSR) efforts as a reflection of responsible and ethical business practices. They see CSR as an indication that the company is not solely focused on profit but also prioritizes social and environmental concerns. Such initiatives are often viewed positively because they can enhance the company's reputation, mitigate risks, and potentially lead to long-term sustainability. Shareholders and investors may see CSR as a way to attract responsible investors, reduce the likelihood of controversies, and create a positive public image, ultimately contributing to the company's financial success. However, they also value transparency and accountability in CSR reporting, as this allows them to assess the actual impact of these initiatives and ensure they align with their expectations and values.

# Perception of CSR stakeholders (Continued from last slide)

**Customers** typically perceive suppliers who implement CSR initiatives positively, and these perceptions can influence their purchasing decisions and brand loyalty. CSR can serve as a way for suppliers to connect with customers who share their values and prioritize social and environmental responsibility, ultimately enhancing their reputation and market position.

**Suppliers and business partners** generally view CSR-implementing companies positively, valuing their ethical and responsible practices, as well as the potential for risk reduction and competitive advantages. Effective CSR initiatives can enhance collaboration, reputation, and long-term partnerships, contributing to mutual success and sustainable business relationships.

**Academic and research institutions** perceive CSR as an essential field of study, research, and action. They are actively engaged in advancing knowledge, guiding business practices, and influencing policy development to promote responsible corporate behavior and drive positive social and environmental change.

# Perception of CSR stakeholders

(Continued from last slide)

**Media and civil society** perceive CSR as a critical domain for transparency, accountability, and advocacy for responsible corporate behavior. They play essential roles in promoting ethical practices, informing the public, and holding companies accountable for their commitments, ultimately contributing to the advancement of CSR as a tool for positive social and environmental change.

**Industry associations** generally view companies that implement CSR initiatives positively, recognizing their role in setting industry standards, promoting responsible practices, and driving innovation. These associations often collaborate with CSR-implementing companies to enhance the industry's overall social and environmental responsibility, ensuring compliance with regulations and industry standards, and maintaining a positive public image.



# Is CSR a noise in India or is it really effective? Reasons!

**Corporate Social Responsibility (CSR) in India is not mere "noise"; it is indeed effective, and several factors contribute to this effectiveness:**

- **Mandatory Legislation:** The Indian government has made CSR mandatory for certain companies, requiring them to allocate a portion of their profits to CSR activities. This legal requirement ensures that companies take CSR seriously and allocate resources to it. This legislative framework has given CSR a structured and significant role in corporate operations.
- **Scope and Impact:** CSR initiatives in India address a wide range of social and environmental issues, from education and healthcare to poverty alleviation and environmental sustainability. These initiatives have had a tangible impact on communities, contributing to sustainable development, poverty reduction, and improved living conditions.
- **Community Engagement:** Effective CSR in India often involves deep community engagement, ensuring that projects align with local needs and priorities. This approach fosters a sense of ownership among local communities and makes the initiatives more relevant and impactful.

# Is CSR a noise in India or is it really effective? Reasons!

- **Measurement and Reporting:** Companies are increasingly focusing on measuring the impact of their CSR initiatives. They use metrics and impact assessment tools to evaluate the effectiveness of these programs, promoting transparency and accountability.
- **Positive Business Outcomes:** CSR has been shown to have positive business outcomes in India. Companies that actively engage in CSR often benefit from enhanced brand reputation, customer loyalty, and employee satisfaction. This, in turn, can contribute to long-term profitability.
- **Alignment with Social Values:** Many Indians value socially responsible companies and prefer to support businesses engaged in CSR and ethical practices. This alignment with social values has a real impact on consumer choices, attracting customers and stakeholders.
- **Partnerships and Collaboration:** Collaboration between companies, NGOs, government bodies, and other stakeholders is common in the Indian CSR landscape. These partnerships leverage expertise and resources to address complex social and environmental issues more effectively.

# Is CSR a noise in India or is it really effective? Reasons!

- **Policy Advocacy:** CSR initiatives can influence policy changes and improvements in India. Businesses and civil society organizations often collaborate to advocate for regulations and policies that promote ethical and responsible corporate behavior.
- **Global Integration:** India is increasingly integrated into the global economy. Companies operating in India often need to adhere to global CSR standards and expectations, which further motivates their engagement in CSR activities.

**Conclusion:** While CSR in India has faced challenges, including issues of transparency, misuse of funds, and variations in the quality of initiatives, it has made significant strides and has proven to be effective in addressing social and environmental challenges. The combination of legal mandates, community engagement, measurement, and alignment with social values has made CSR a meaningful and impactful endeavor in the country.



**End of Part-1**

**Thanks for your patient listening!**

**Now the floor is open for Q&A???**

**Part 2 on 30<sup>th</sup> October & Part 3 on 31<sup>st</sup>  
October' 2023,**