Social Impact Assessment of Corporate Social Responsibility in India

Evaluation Period:
FY14-15 to FY19-20

Findings from First Phase of the Study
(i.e., Secondary Literature Survey and KII)
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MESSAGE

The tradition of doing ‘goodwill’ for fellow beings has been deeply entrenched in the culture of India for community, religious and spiritual causes. More organized and institutional forms of philanthropy find its mentions in the medieval times. However, in the Indian context, with the advent of industrialization along with the liberalization of the Indian economy and emergence of strong civil society, Corporate Social Responsibility (CSR) is now seen as a strategic undertaking by companies to go beyond the traditional form of donations. With participation of multiple stakeholders in the CSR ecosystem like donor institutions, implementing agencies, beneficiaries, local administration, and activists, the corporates have cumulatively contributed upwards of INR 71,000 Crores to CSR in the first five years of implementation of the mandatory provision.

Also, under the amendment of the Company’s Act 2013, the Government took up the role of a facilitator and enabler of CSR project implementation, which is visible through its policies such as setting up of National CSR portal and CSR exchange connecting different parties in the ecosystem. As the world finds itself ravaged by the effects of the pandemic, the importance of CSR projects undertaken by the corporate sector cannot be understated. The Government has further created a win-win situation for all stakeholders by declaring all expenditures incurred on activities related to COVID-19 as permissible avenues for CSR expenditure.

The aim of this study is to develop a holistic view of CSR initiatives in India. This includes understanding the social impact of the expenditure over the last years, engagement of companies in assessing social impact of their initiatives, identifying best practices and challenges in the implementation process while taking into consideration the regional as well as sectoral variation of expenditures. This report is meant to provide the solution to the challenge of measuring social impact through CSR in India and is a multi-faceted prompt which requires a detailed understanding of the current ecosystem, existing frameworks and measurement tools and recommendations for scaling it. It is important to note that there hasn’t been any large-scale empirical study evaluating CSR impact – in India or around the world. However, this report lays the groundwork for pioneering the next stage of this study and identifying how we can measure social impact and what tools are required for the same.

This report comes in at an apt moment as the pandemic has led to companies pivoting their CSR priorities to address more pertinent social issues caused by the pandemic. It is hoped that this experience will lead them to expand their CSR footprint to other hitherto, unexplored sectors and geographical areas.
Acknowledgment

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In accordance with the scope and scale of the exercise, this report owes its successful completion to the dedicated efforts of a wide variety of stakeholders.
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1. Overview of the Proposed Study

1.1. Background

- Corporate Social Responsibility (CSR) is a term that emerged after the Second World War to represent ethics of the Company Heads [1]. However, over the years the term has undergone many transformations. In the contemporary world, CSR emphasizes a “triple bottom-line” approach, according to which, companies need to balance out societal interests and environmental concerns besides financial performance [2].

- When analyzed from a business model viewpoint, CSR is aimed at promoting contribution of corporate sector and businesses to sustainable development. CSR helps create a balance between economic interests, environmental needs and social expectations by integrating the spirit of sustainable development into the business strategy. [3]

- While CSR is often referred to in different forms viz. corporate philanthropy, corporate citizenship, social enterprise, sustainable development, triple-bottom line, corporate ethics and also corporate governance, all the different terminologies reiterate the expectation from corporates (public and private sector alike) to behave ethically vis-à-vis broad group of stakeholders – workers and their families, community and society at large [4]. CSR encompasses all the practices put in place by companies in order to uphold the principles of sustainable development [5].

- Therefore, in the contemporary world, CSR represents a multi-faceted relationship between business and society, and accounts for the impact of business activity on economic, social and environmental dimensions [6].

- In 2011, the Ministry of Corporate Affairs (MCA) urged businesses in India to embrace the “triple bottom-line” approach with respect to CSR. This entailed harmonizing the financial performance of the companies with the expectations of the society, environment and the many stakeholders they interface within a sustainable manner. [7].

- The CSR concept in India is governed by Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by Ministry of Corporate Affairs, Government of India, outlining the criteria for CSR eligibility of a company, implementation and reporting of their CSR Policies, and makes it mandatory for these companies to comply with the provisions relevant to CSR.

1.2. Purpose of the Study

- The story of rising CSR expenditures in India is well documented. Between 2014-2019, CSR spending across the country recorded a growth rate of more than 85%, compounded annually. However, there are glaring sectoral and regional biases in CSR expenditure. Further, there is limited empirical evidence of the impact of CSR expenditure on company performance or the economy or society or environment.

- This study is motivated by the need to develop a holistic view of the multitude of CSR initiatives in India. It demands understanding the social impact of the CSR expenditure, engagement of companies in assessing social impact of their initiatives, best practices, challenges affecting the monitoring of CSR initiatives, identification of suitable projects, community participation in CSR activities, availability of capacity in
local implementing bodies/NGOs, regulatory and policy framework, leveraging technology, misuse of CSR funds, among others. The target segment for this study includes inter alia policymakers, business leaders, CSR practitioners, civil society and the research and education community.

• For instance, according to the CSR data maintained by the Ministry of Corporate Affairs, INR 71,190 crores were spent under CSR initiatives from FY14-15 to FY18-19, out of which more than 78% was focused on five sectors:
  o Education (30%)
  o Health Care (17%)
  o Rural Development (11%)
  o Environment Sustainability (7%)
  o Poverty, Eradicating Hunger, Malnutrition (6%)

Furthermore, around 43% of the CSR spend from FY14-15 to FY18-19 has been concentrated in only seven states/UTs: Maharashtra (INR 11,361 cr.), Karnataka (INR 4,248 cr.), Gujarat (INR 3,564 cr.), Andhra Pradesh (INR 3,374 cr.), Tamil Nadu (3,167 cr.), Delhi (INR 2,455 cr.) and Odisha (INR 2,345 cr.). Understanding these sectoral and regional variations may help us in identifying measures to direct the CSR agenda based upon the development needs in India, balancing regional and national priorities, thereby improving the scope of the scheme, particularly with respect to North East Region, Aspirational districts and Left-Wing Extremism (LWE) districts.

• CSR reporting around the world is being driven up by Governments, regulators and stock exchanges with most countries looking to link CSR with Sustainable Development Goals (SDGs) to understand how CSR is contributing in various sectors and to assess the quantifiable impact of the initiatives. This is aligned with the recommendations of the High-Level Committee on Corporate Social Responsibility, 2018 (HLC-2018), constituted under the Chairmanship of Shri Injeti Srinivas, Secretary, Ministry of Corporate Affairs to review the existing CSR framework. The key recommendations of the study included inter alia:
  o Aligning Schedule 7 with the SDGs by adopting an SDG plus framework
  o Balancing local area preferences with national priorities
  o Introducing impact assessment studies for CSR obligation of 5 crores or more
  o Registration of implementation agencies on MCA portal
  o Developing a CSR exchange portal to connect contributors, beneficiaries and agencies
  o Third-party assessment of major CSR projects.

• While the HLC-2018 recommended that companies conduct impact assessment studies for their CSR programmes/projects once in three years, it is also crucial to assess the social impact of CSR spend at a national level. Currently, it is important to note that there is no nationwide study empirically assessing the social impact of CSR initiatives. While there have been numerous studies conducted in the CSR domain in the past, there is limited empirical evidence of the impact of CSR expenditure on company performance, economy, society and environment.
1.3. Objectives of the Study

The study is aimed to accomplish the below-stated objectives:

(i) Understand the **current state of CSR** in India, covering implementation as well as facilitation mechanisms

(ii) Review of the **global practices** on CSR / Corporate Philanthropy

(iii) Measure the **social impact** of CSR spending in various sectors

(iv) Identify **challenges** in implementation

(v) Identify **social innovations** and **best practices**

(vi) Identify specific socially-useful **CSR projects of international agencies** and conduct a gap analysis for enabling similar projects in India

The study will cover these objectives through in-depth sections by providing an overview and specific illustrative examples which have been developed through interviews with Key Informants and a comprehensive secondary literature review. The study specifically focuses on understanding existing Monitoring and Evaluation frameworks for CSR and the status of evaluating impact of CSR programs at scale. It will provide a background for further research and investigation to quantify the social impact of CSR in India following the 2013 Company’s Law and give recommendations of approaching this complex task.

1.4. Findings from First Phase of the Study i.e., Secondary Literature Survey and KIIs

The purpose of this document is to provide findings on the above listed objectives based on the secondary literature survey and Key Informant Interviews (KIIs) conducted with experts from this space. These inputs are based on analysis of 100+ Research Papers and Publications of national and international reputation, and KIIs with 17 experts (*list provided in ‘Annexure 6*) from across the CSR ecosystem. While providing its findings from secondary research, the document also highlights the gaps in the available secondary data sources, thereby listing the potential key areas of enquiry for the next phase of the study and terms of reference for the primary survey.

Please note that this document is drafted based on the information available in the public domain with regards to the subject, and thereby provide guidance for a more detailed research to be carried out in subsequent phase. Any errors or omissions are unintended. All information provided in this document is "as is", with no guarantee of completeness, accuracy, timeliness or of the results obtained from the use of this information.
2. CSR Legislation and Rules in India

This section focuses on CSR legislation and regulation in India. It encompasses the history of CSR in India – both pre- and post-the enforcement of the mandatory 2013 CSR regulation and covers the timeline leading up to and following implementation of mandatory CSR spending in India. It covers recommendations through the High-Level Committee meetings following enforcement of the laws and culminates in a background of monitoring and evaluation methodologies. Lastly this section investigates the driving force behind CSR.

2.1. CSR in the pre-mandated period

- The tradition of ‘giving’ has been deeply entrenched in the culture of India for community, religious and spiritual causes. The concept daana (giving), karma (fate) and seva (service) in Hinduism; zakat (almsgiving) and sadaqat (voluntary offerings) in Islam; and of bhiksha (food given as alms) in Buddhism emphasize giving. [11]

- Institution-based voluntary donations have been existent since the medieval era, with more organized forms of philanthropy emerging with the advent of industrialization in the 19th century. [12] [13]

- The growth of CSR in India can be seen in four distinct phases [14]

  o 1st phase (1850-1914):

    CSR, seen primarily in the form of donations by big industrialists and not for strategic purposes. In 1860, India legally recognized the existence of non-profit groups through the Societies Registration Act leading to the emergence of numerous non-profit organizations and philanthropic foundations. [12]

  o 2nd phase (1914-1960):

    CSR assumed the shape of support towards social and cultural causes associated with the nationalist movement. Focus on tackling widespread poverty especially at the village level gained traction at the beginning of the 20th century. Mahatma’ Gandhi’s model of trusteeship inspired numerous wealthy individuals and industrialists to contribute to society in a larger capacity. [12] [13]

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3rd phase (1960-80):

As the environment of mistrust grew especially as companies engaged in questionable business practices, the contribution of the sector declined. Post-independence evidenced the government assuming a larger role in development efforts and social welfare, with the participation of corporate sector slowing down.\(^\text{[12]}\) \(^\text{[13]}\)

4th phase (1980 onwards):

The liberalization of the Indian economy in 1991 and emergence of strong civil society saw the emergence of CSR as a strategic undertaking by companies going beyond the traditional form of donations, with numerous domestic and foreign charities and foundations also being setup.\(^\text{[12]}\) \(^\text{[13]}\)

2.2. CSR Regulations and Guidelines

(Refer to ‘Annexure 1’ for Timeline View of ‘Significant Milestones in Evolution of Responsible Business’)

- In 2009, the Ministry of Corporate Affairs (MoCA) released the Corporate Governance Voluntary Guidelines, to encourage corporates to voluntarily achieve high standards of Corporate Governance.

- In 2011, MoCA further released National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) with an objective of mainstreaming the concept of Business Responsibilities. The NVGs were developed based on India’s socio-cultural context and priorities as well as global best practices and finalized after extensive consultations with business, academia, civil society organizations and the government.

- In 2013, Corporate Social Responsibility (CSR) was introduced as a statutory obligation under Section 135 of the Companies Act, 2013 \(^\text{[15]}\) wherein it was mandated that every company having a net worth of INR 500 crore or more, or turnover of INR 1000 crore or more, or a net profit of INR 5 crore or more, during any financial year shall spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years in pursuance of its CSR Policy. (Refer to ‘Annexure 2’ for the language of the ‘Section 135 of the Companies Acc, 2013’).

- Section 166 of the Companies Act, 2013 cast fiduciary duties on the Directors of a Company requiring them to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of the environment.

- In exercise of powers conferred under Section 135 and Section 469 of the Companies Act, the Central Government further released the Companies (Corporate Social Responsibility Policy) Rules, 2014 \(^\text{[16]}\), which prescribes the rules of implementation. The regulation came into effect from Apr 1, 2014.

- As per the Rules, it was mandated that the liable companies constitute a CSR Committee to formulate and recommend to the Board, a CSR Policy indicative of activities to be undertaken, recommend the amount of expenditure to be incurred on CSR activities, and monitor CSR Policy of the Company from time to time.
In 2019, NVGs were revised to formulate the National Guidelines for Responsible Business Conduct (NGRBCs) to take into account wider global changes in the business environment and policy discourse such as the United Nations Guiding Principles on Business & Human Rights (UNGPs) and Sustainable Development Goals (SDGs), while adhering to the thrust of the Companies Act, 2013.

The NGRBCs are aimed at encouraging businesses to deliberate on areas related to business, such as climate change, circular economy, and sustainable development. It facilitates examination of social costs incurred in the process of economic development, especially with respect to natural resources such as clean air, potable water, contamination-free food, etc.

Section 135 was further amended in the Companies (Amendment) Act, 2019 and with a view to operationalizing the same, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 was drafted and shared for public comments.

Among other changes suggested by the Act and the Rules, it was proposed that the company transferred the unspent CSR amount to an ‘Unspent Corporate Social Responsibility Account’ opened by the company and such amount be spent towards company’s CSR policy within a period of 3 financial years. Any such amount unspent even at end of 3 financial years shall be transferred to the Central Government’s “National Unspent Corporate Social Responsibility Fund”. Until such fund is created, it was proposed that the unspent CSR amount be transferred by the company to any fund as specified in schedule VII of the Companies Act, 2013.

The Amendment Act also introduced penal provisions for non-compliance in reporting, utilization and transfer of the unspent CSR amount, with the company punishable with fine, not less than INR 50,000 but which may extend to INR 25 lacs. Also, every officer of the Company who is found to be in default shall be punishable with imprisonment for a term which may extend to 3 (three) years or with fine which shall not be less than INR 50,000 but which may extend to INR 5 lacs, or with both.

In addition to the provisions of the Companies Act, 2013, Department of Public Enterprises (DPE) regularly issues guidelines to Public Sector Undertakings (PSUs) with respect to the implementation of CSR.

The Schedule III of the Companies Act, 2013 is not applicable for a certain set of companies viz. insurance or banking company or company engaged in the generation of electricity, etc. which are governed under separate Acts. As per the report of the HLC-2018, it was recommended that the scope of CSR applicability be extended to Limited Liability Partnerships (LLPs), Banks (registered under the Banking Regulation Act, 1949) and similarly placed entities not covered under Companies Act.

2.3. Prescribed Mode of Implementation

Rule 4 (2) of the Companies (CSR Policy) Rules, 2014 states that the Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a company established under section 8 of the Act or a registered trust or a registered society, established by:

- the company, either singly or along with any other company, OR
• the Central Government or State Government or any entity established under an Act of Parliament or a State legislature

• As per the above rule, international organizations are not eligible to undertake CSR activities presently in India unless they are a Section 8 company, a registered trust or a registered society in India.

• If the Board of a company decides to undertake its CSR activities through a company established under Section 8 of the Act or a registered trust or a registered society, other than those specified in the above sub-rule, such company or trust or society should have an established track record of three years in undertaking similar programs or projects.

2.4. High-Level Committee - 2015

• A High-Level Committee was set up in 2015 [19] to review the CSR regulatory framework and suggest measures for improved monitoring of implementation.

• It made a number of useful recommendations but also pointed out that it was limited by not having adequate ‘learning experience’ as FY 2014-15 was the first year of implementation of the Companies Act, 2013 and the statutory annual filings were still due.

• HLC-2015 recommended that another Committee be set up after three years to revisit the CSR framework.

2.5. High-Level Committee - 2018

• As suggested by HLC-2015, another High-Level Committee was set up in 2018 [10] to review the existing CSR framework and make recommendations to develop a more robust and coherent regulatory and policy framework, supported by an underlying ecosystem.

• The Committee constituted of eminent persons from the government, public sector enterprises, private sector, civil society, and academia, who deliberated over a wide range of issues ranging from CSR policy, implementation, issues and challenges, monitoring, enforcement, advocacy and awareness as well as global debates around social development.

• The report provided a comprehensive analysis of the CSR data as reported by companies, trends and patterns of CSR spending over the years, key issues and subsequent recommendations, thereby proposing a way forward and roadmap for future implementation of CSR in India.

• The report was aimed at facilitating the implementation of CSR in a more efficient, transparent and competitive manner by removing difficulties and ambiguities, ensuring minimum regulations and maximum disclosures, and building a culture of healthy competition and compliance.

2.6. Current Reporting & Monitoring Mechanism by Regulatory Authorities

• As per the current design of CSR regulation, CSR is meant to be monitored and regulated through a disclosure-based regime. The Companies (CSR Policy) Rules, 2014 [16] provides for disclosures of CSR details by the company in a prescribed format.
Presently, details of CSR are reported in the ‘Annual CSR Report’ as part of the Company’s Board Report. Financial statements of a company are filed on MoCA21 portal through designated e-Forms AOC-4/AOC-4 XBRL \[20] by all companies, including Section 8 companies, and in e-Form FC-3, by foreign companies.

Segment III of the AoC-4 e-form deals with CSR and its details thereof. It constitutes of details on CSR implementation, including allocation of funds, destination state, implementation mechanism and development sector where the CSR funds are being spent.

As per the prevalent requirements, only the financial statements of a Company fall within the purview of financial audit and not the Board Report. In other words, only the quantum of CSR amount spent is verified by the auditor.

While the Companies Act 2013 \[15\] provides that prescribed CSR amount be spent during the course of a year thereby qualifying CSR expenditure as a revenue expense, often CSR spending is used for acquisition or creation of assets such as land, buildings, etc. which would make CSR expenditure a capital expense.

In this regard, the HLC-2018 recommended that the companies be encouraged to forge partnerships when creating assets for a public purpose; The ownership should rest with the public and the company could act as a custodian to operate it and make it self-sustaining.

### 2.7. Business Responsibility Reporting

In 2012, the Securities and Exchange Board of India (SEBI) mandated the top 100 listed companies by market capitalization to file Business Responsibility Reporting Framework (BRR) \[21\] based on the NVGs where the top 100 listed companies reported on non-financial parameters from an environmental, social and governance (ESG) perspective. Filing of these non-financial reports was meant to steer businesses towards responsible business practices.

Subsequently, the BRR reporting was extended to top 500 listed companies by market capitalization in September 2015 \[22\], and to top 1000 companies in Nov 2019 \[23\].

With the release of NGRBCs, a Committee was set up by the MoCA for formulating BRR Formats for listed as well as unlisted companies, with the intent of simplifying and integrating various reporting requirements based on internationally accepted key non-financial reporting frameworks.

### 2.8. What drives CSR? Ethics or Economics?

According to Dhanesh, 2015 \[14\], the motivations for CSR stem from both moral and economic arguments: i) Moral: There is a sense of moral obligation on the part of corporates. They believe that they cannot be islands of prosperity. The moral arguments are deeply rooted in Kantian ethical model which advocate that actions are morally right when there is a strong sense of duty ii) Economic: CSR has a strong impact on corporate longevity, goodwill and employee relations.

On other hand, Sarkar and Sarkar, 2015 \[7\] writes that motivations for CSR stem from performance-driven and stakeholder value maximization expectations.
Firstly, CSR will translate into higher financial performance in the long run. There exists no trade-off between shareholder wealth maximization and social responsibility. The underlying premise is that – It pays to do CSR. This is similar to the economic argument made by Dhanesh, 2015 [14].

The Second premise is the stakeholder approach which calls for value maximization for all the stakeholders involved. In this model, there exists a trade-off between corporate profits and CSR spending.

Critics argue the **stakeholder approach is inconsistent with efficiency maximization of the firm**. Firstly, in the absence of clear-cut economic rationale, managers may use stakeholder value maximization as camouflage for personal gains [7]. Secondly, critics like Milton Friedman argue the corporation’s only task is to raise profits. Friedman observed that any diversion of shareholder returns to create social good amounts to theft. Friedman argues that CSR leads to allocative inefficiencies and social losses.

However, on the other hand in presence of government failures and sub-optimal government spending, Besley and Ghatak argue **CSR spending by corporates will be Pareto-optimal** and not inefficient. Recent evidence also indicates that consumers prefer firms that engage in ethical right and environmentally sound practices. Further, media and NGOs can tarnish the reputation of companies engaging in unjustifiable business practices. Case in point is the backlash against GAP in 2004 for using abusive labour practices in Indonesia in 1990s [24].

Rai & Bansal, 2015 list the benefits for Indian firms to do CSR which include i) Receive warm glow due to their action ii) CSR spending is a social signal especially where society rewards CSR spending and punishes those who do not iii) Positive impact on the long-run financial performance as CSR may enhance market position, provide for access to capital at low cost and also provide companies with the flexibility to pay slightly lower wages to the employees. All this creates a **positive impact on the financial performance** of the company [28].
3. Current State of CSR in India

CSR in India has existed in different forms and fashions for generations. This section covers the current state of CSR in India, beginning with a background of the social sector in India, current sources of funding and new trends. It then looks at the CSR ecosystem with a more detailed view of the emerging third sector – implementation agencies and how CSR programs are executed on the ground and how implementation agencies are selected. Lastly the section looks at opportunities for technology to transform the ecosystem.

3.1. Social Sector in India

- Social sector in India is estimated to have received a total funding of **INR 2.8 lakh crores** in FY18 with a 5-year CAGR of 15%. The government continues to be the largest contributor comprising of 75% of the total funds growing at a CAGR of 10%. [26]

- Private Funding (which includes Individual Philanthropists, Domestic Corporations and Foreign Sources) constitute 25% of the Social Sector Funds i.e., about INR ~70,000 crores or ~0.4-0.5% of GDP.

- In spite of a slowdown in foreign funding, the private sector has outperformed government in recent years in terms of growth in funding, with a 5-year CAGR of 15%, thereby contributing to 25% of overall social sector funding in India. Private Sector funds include those from Individual Philanthropists (63%), Domestic Corporations (19%) and Foreign Sources (19%). [26]

- As per an estimate from the Ministry of Home Affairs NGOs in India received foreign funds to the tune of INR 20,011 crore in FY18-19. [27]  

![Figure 2: Social Sector Expenditure by Sources of Funds][26]

- In recent times, there has also been an emergence of various financial investment instruments in social sector viz. Impact Funds / social venture funds and social impact bonds. [28] The impact investing market has grown from around USD 0.5 billion in 2010 to almost USD 1.1 billion in 2016.
  - Social Venture Funds (SVF) are fund-pooling vehicles which further make investments in social ventures or businesses depending upon the investment objectives of the SVF. [29]
Social Impact Bonds (SIBs) or Development Impact Bonds (DIBs) are results-based investment instruments aimed at linking of funds released to non-profits to their outputs and outcomes rather than just inputs.\[^{30}\]

- **Crowdfunding** and **social media** are also emerging as popular platforms for fundraising. However, considering crowdfunding is not regulated, there are apprehensions with regards to oversight and compliance.\[^{12}\]

## 3.2. Stakeholders in the CSR Ecosystem

The following stakeholders together constitute the CSR Ecosystem in India:

- **Donor Companies / Organizations**: These institutions on a voluntary or mandated basis choose to donate a certain amount of funds to the social sector in form of grants. While there aren’t any financial returns directly linked to these donations, the donor companies might expect returns in form of social impact from the implementing agencies.

- **Implementing Agencies**: These organizations are entrusted with the responsibility of utilizing the CSR funds for creating social impact. The implementing agency can be the company itself or other such organizations as defined under the Companies Act, 2013.

- **Beneficiaries**: These refer to the end-user/individuals/organizations benefitting from the initiatives undertaken by the implementing agencies. From a study perspective, it’s crucial to understand the awareness levels of beneficiaries for the CSR initiatives undertaken by the corporate sector.

- **Regulatory and Monitoring Authority**: Sarkar & Sarkar, 2015\[^{7}\] lists instruments that are available at government disposal to nudge a firm’s behaviour. They include:
  1. Tax exemptions
  2. Award schemes
  3. Standard-setting and information dissemination in guiding, training and implementing best practices
  4. Issue of voluntary guidelines
  5. Certification
  6. Promoting partnerships.

Section 135 and Section 469 of the Companies Act confers the CSR regulatory powers to the Central Government with the Ministry of Corporate Affairs being the Nodal Ministry. Currently, the Ministry monitors the compliance through self-disclosures of CSR details made by the company.

- **Local Administration**: Considering the objectives of the local governments and implementing agencies in terms of ensuring sustainable development is of common interest, a genuine partnership between the two can result in the increased achievement of social objectives.\[^{31}\] Involving the Panchayats and district administration as one of the key stakeholders in the implementation can result in greater benefits for the communities. The Local Administration should also help in identifying key priority areas where the public and private sector efforts can converge and result in the achievement of SDGs.

- **CSR Activists**: A research conducted by Northwestern University’s Kellogg School of Management found that passionate activists can play a crucial role in ensuring that...
companies remain socially responsible. Constructive CSR activism - involving activists who push companies to act responsibly, and the corporations who respond accordingly - can help maximize the effectiveness of the CSR spends. [32]

### 3.3. Emergence of Third Sector

- Implementing Agencies is often referred to by different names. viz. Non-Profit Institutions (NPIs), Non-Profit Organizations (NPOs), Non-Government Organizations (NGOs), SDOs (Social Delivery Organizations), Third Sector, etc.

- Considering more than 60% of the CSR funds are spent through an implementing agency, they play a very crucial role in the CSR ecosystem and hence it’s important to understand their modus operandi in far more details, and the criteria used by the corporates to identify and shortlist these agencies.

- As per data released by MoSPI in 2012, India was estimated to have over 31.7 lakh Non-Profit Institutions (NPIs), approximately one for every 400 citizens with more than half of these NGOs residing in just four states viz. Maharashtra (15%), Uttar Pradesh (14%), Andhra Pradesh (14%) and Kerala (10%). An estimated 59% were located in rural areas while 41% in urban areas. [33]. The count of NPIs / NGOs in India is estimated to have reached 40 lakhs [34].

- On an average, an NPI consists of 10 governing board members, 22 volunteers and 4 paid employees [33] implying an involvement of an estimated 11.4 crore population in NPIs.

- NPIs/NGOs rely heavily on grants and donations for their funds (~70%) as also highlighted by the MoSPI Report released in 2012.

![Figure 3: Distribution of Source of Funds (in %)](image-url)

- Another research conducted by Centre for Asian Philanthropy and Society revealed dependence of Social Delivery Organization (SDOs) on Corporate Sector for 16% of their funds. [12]
3.4. Implementation of CSR Programs

- As specified in the Companies Act 2013, prescribed CSR expenditure could be spent directly by companies, by Trusts / Societies / Section 8 Company set up by the Company itself or by Central or State Government or entities established under Special act of Parliament / State legislature or through other implementing agencies.

- An analysis of reported data reveals that on an average, over the last four reporting years, approximately 34% of the CSR amount has been spent directly by Companies, implying that a sizeable per cent of CSR funds is spent through Implementing Agencies (IAs).

- Either the spending firm partners with a national-level NGO which in turn identifies a local NGO to carry out projects or the firm straightaway channels the fund to local NGO after developing with it a relationship on ground.

- The HLC-2018 has also observed mere disbursement of CSR funds to Implementing Agencies (IAs) with minimal oversight, as contrary to the objectives of Board-driven CSR regime. It further recommended to MoCA to issue a clarification in these regards.
and that the Board of a company should ensure that CSR funds are duly spent on CSR activities and report on the modalities of utilization of funds.

3.5. Selection of Partners for CSR Implementation

- As per a research conducted by Samhita\(^{[35]}\), surveyed companies reported selection of implementation partners based on vetting done by external agencies (38%) or based on recommendations by colleagues or internal stakeholders (29%) or by the board (25%) or based on internet searches (29%). Large, visible, well-established NGOs were usually given preference. The study also voiced the need of a majority of companies for a standardized ranking/rating system for NGOs.

- The Companies Act, 2013 and Rules puts a lot of responsibility on the Board with regards to decisions for the selection of implementation partners and projects. Often the political pressure may dictate their choices leading to adhoc-ism. Corporates today have a transactional approach to CSR and the Board of Directors are key to CSR activity.

- There is a need to delve deeper into the implementation mechanisms and understand selection approaches followed by corporates to shortlist implementation partners. A study of these "processes" can provide insights and learnings which can perhaps be leveraged and replicated by other firms.

- It's also crucial to understand the competence of CSR teams within the companies since the quality outcomes of the CSR initiatives are dependent on it. These findings can provide insights as to how CSR can be internalized within a firm.

3.6. Role of Technology in Transforming CSR

- The advent of information technology, digitization and automation have changed the way social development programmes are being managed today. Digitizing and automating workflows through cloud-based systems have helped streamline resource utilization using simple dashboards and systematic knowledge management tools.\(^2\)

- Technology can help corporates in identifying and collaborating with the right partners; can help NGOs in online engagement and fund-raising; can help ensure effective reporting, monitoring and evaluation. Tech-driven monitoring tools can help organize structured and unstructured data from numerous sources, and provide useful insights in real-time.

- Technology has the potential to multiply the impact of the CSR initiatives manifold and aid integration of the overall sustainability strategies and engagement opportunities for the business in one place.\(^3\)

\(^2\) Source: How technology can help restructure CSR and influence long-term, sustainable outcomes for companies

\(^3\) Source: NASSCOM, the role of IT in ensuring holistic CSR practices and business sustainability
4. Global Practices on Corporate Philanthropy

While India has been the pioneer in implementing mandatory CSR regulation around expenditure, this section looks at international practices to highlight best practices globally. It begins by understanding the relevance and impact of CSR along with its emergence on a global stage. It then looks at CSR practices and policies across the European Union, the United States, Asia, Africa and South America with specific insights and examples to draw from and concludes with a view of the impact of mandatory reporting.

In his classic 1979 taxonomy of CSR (revised in 1991), Archie Carroll defines philanthropic CSR as “actions that are in response to society’s expectation that businesses be good corporate citizens”. This definitely leaves wide scope for interpretation. It is important to bear in mind that for the purposes of this report, CSR caters to this definition broadly and entails to the philanthropy and sustainability aspects in a similar manner.

4.1. International Context

- The guidelines of ISO 26000 standards define CSR as the ‘responsibility of an organization for the impacts of its decisions and activities on society and the environment, resulting in ethical behavior and transparency which contributes to sustainable development, including the health and well-being of society.’

- Governments across the world have been using different forms of regulation to shape corporate behavior, with calls for increased accountability, disclosures and actions from them.

- CSR emerged as a strong potent force in parallel with rise of globalization. The opportunity of lower cost and lower regulations provided MNCs an opportunity to shift certain practices to third world countries. However, the social cost of business especially by engaging in questionable practices propelled NGOs, social activists to come together and opposed the very legitimacy of corporate to do business i.e., Nike and Apple’s harmful labour practices, Shell-Brent and Spar’ harmful environment practices and Union carbide harmful impact on local community. In this sense, CSR origin stems from moral arguments.

- Rise in environmental consciousness and consumers willing to pay premium for ethical behavior of firms pushed companies to increasingly engage in CSR. Further, with rise of Global Reporting Initiative (GRI) & Socially Responsible Investment (SRI), there is commercial impetus for firms to engage in CSR. Firms are increasingly engaging in providing disclosures on triple bottom line activities. The development of CSR is therefore driven both by normative and commercial considerations [36].

- UN Global Compact calls for responsible corporate citizenship and emphasizes ten principles on human rights, labour and environment so that globalization is sustainable. Commitment to UN Global compact is mandatory for companies to be included in FTSE4GoodIndex - a UK index for socially responsible companies.

- There is a need for the international rules to help shape a universal CSR framework, and to build a balance between collective private regulation and government regulations. [37]
4.2. CSR in the European Union

- The European Union, in its Green Paper on Corporate Social Responsibility, defined CSR as ‘the voluntary integration of companies’ social and environmental concerns in their business operations and in their interaction with their stakeholders.’ [38]

- However, there are no defined CSR performance standards in European countries. For example, despite the fact that some government regulations are being developed and implemented, as was the case with the fossil fuels tax in France, there are no global CSR laws. Similarly, there is no such policy that requires companies to reduce their greenhouse gas emissions or that forces them to implement a waste reduction strategy. [5]

- Although, big and public interest companies are expected to communicate extra-financial information with regards to how they are handling with their environmental and social challenges. [5]

4.3. CSR in the United States of America

- CSR in the United States of America is characterized by voluntary societal engagements by businesses since they are not obliged to undertake any social and environmental responsibility practices. [39]

- The Corporate Social Responsibility (CSR) team in the Bureau of Economic and Business Affairs is given the responsibility of engaging with U.S. businesses for the promotion of responsible and ethical business practices.

- In spite of no CSR mandate, the United States of America is by far the largest and most active philanthropic sector in the world. [40]. In 2019, Americans donated USD 450 billion for philanthropic purposes i.e., ~2% of the US GDP, of which high net worth individuals/families contributed ~69%, foundations contributed 17% and corporates contributed 5% i.e., USD 21 billion. [41]

4.4. CSR in South America

- In Brazil, CSR disclosure is not mandatory and there is no formal report form or measures for CSR disclosures. However, there are few initiatives that make CSR announcements compulsory. [42]

- In Peru, all companies listed on Lima’s Stock Exchange are mandated under law to report on sustainability practices. The law follows the “comply or explain” principle; In other words, Peruvian companies are required to disclose information, but they can also decide not to disclose information and explain the reasons for it. [43]

4.5. CSR in Asia

- Philanthropy has been deeply rooted in the history and culture of Asian economies [11]. India and Nepal have mandated spends on CSR by corporates. Indian companies with a net worth of INR 500 cr ++ or a turnover of INR 1000 cr ++, or a net profit of INR 5 cr ++ must donate at least 2% of their net profit to CSR activities. On the other hand, Nepalese corporates with revenues above US$1.3 million are mandated to spend 1% of their profits to CSR. Unlike India where companies exercise control over their CSR spending, the Nepalese government collects the CSR funds and directs them to charitable organizations. [12]
• **China**’s Company Law merely requires all companies to “undertake social responsibility.” \([12]\) The Government of the Republic of China has issued directives for state-owned companies and export companies to encourage CSR as a way to create a “harmonious society” and improve the international image of the country \([37]\). Government procurement from the social sector is one of the most significant reforms, adopted by China in 2004 when the government began outsourcing social service delivery to social organizations. According to the Doing Good Index 2020, China procures more services from SDOs than any other economy: 63% of Chinese respondents have government contracts compared to the Asian average of 26%. \([12]\)

• **Indonesia** requires corporations operating in the oil, gas and mining sectors to invest 2% of their profits in CSR programs. However, due to the vague language and lack of enforcement mechanisms, these laws are effectively voluntary. In 2018, the government also implemented an amendment to the Government Procurement Regulation to facilitate the procurement of SDO services in research, capacity building, social mobilization and community-based construction. \([12]\)

• **Japan** has turned funds in dormant accounts into more resources for the social sector. The Japan Dormant Deposits Utilization Act, which came into effect in 2018, allows funds in dormant bank accounts to be directed towards meeting social needs. The law is estimated to have allocated approximately US$28 million (~INR 200 cr) to social issues in 2019. \([44]\)

• Corporate funding and support have traditionally played an important role in the social sector in Korea. Of surveyed SDOs, 55% receive corporate funding, higher than the Asian average.

• **Korea** has been the first Asian country to introduce a legal framework for the certification of social enterprises, which grants them access to various kinds of benefits such as preferential procurement, subsidies and loans. has seen a decrease in push from government to corporate sector to donate; rather the government has been focusing more on sustainable management practices. Corporations are moving beyond charitable giving to corporate social responsibility and creating shared value.

• As per ‘Doing Good Index – 2020’ Report published by Centre for Asian Philanthropy and Society (CAPS), India was rated as ‘Doing Okay’ behind Singapore and Taiwan who were rated as ‘Doing Well’, and Hong Kong, Japan, Korea, Pakistan, Philippines and Vietnam which were rated as ‘Doing Better’ highlighting the huge potential to unlock in Indian context. \([12]\)

• The Report also concluded that taxes & fiscal incentives have strong signaling and actual effect on philanthropic spending. The rates of tax deduction vary considerably with 250% in Singapore to 0% in Myanmar. Indian companies can claim 50% tax deduction as 50% for spending in priority areas such as rural development, skill development, etc. as per schedule VII of Companies Act, 2013.

• With strong levers & policies, there is an unprecedented opportunity for Asia to meet and surpass even the charitable giving in the U.S at 2% GDP. With a combined GDP of US$25.4 trillion dollar, an amount of US$587 billion can be raised at 2% which is 11 times the official development assistance. \([12]\)
4.6. CSR in Africa

- In South Africa, until May 2015, the government policy on CSR was based on the 'voluntarist' principle, providing a methodology for the measurement of Broad-Based Black Economic Empowerment (BBBEE) rating.\(^{[45]}\) BBBEE was introduced to ensure economic transformation and redistribution within the South African corporate sector. Under this policy, companies are measured on various criteria on what is known as a BBBEE scorecard; Companies achieving high BBBEE score stand to benefit in various ways\(^4\). Changes were subsequently made to the Act to introduce codes and charters on CSI (Corporate Social Investment), and penalties in certain circumstances. \(^{[45]}\) Non-compliance with the B-BBEE regulations has significant penalties, including up to 10-years' imprisonment for fronting.\(^5\)

- The Mauritius government mandated CSR in 2009 through "The Finance Bill 2009". This bill requires all profitable companies to contribute 2% of their preceding year profits towards CSR activities. The guidelines for spending CSR funds were formulated by the government and employer representatives, and were directed at synchronizing CSR activities for the benefit of society and the needy.\(^{[46]}\)

4.7. Impact of Mandating CSR and CSR Reporting

- A 2020 study by Carrots and Sticks revealed that there are around 600+ sustainability reporting instruments in 80 countries, ~53% of which are mandatory.\(^{[47]}\)

- While CSR originated from developed countries, the practice of mandating CSR was primarily driven by developing countries. The increased focus on economic and environmental sustainability has triggered a trend towards mandating CSR giving and ensuring diversion of funds towards the social sector.

- The evidences from various research indicate mandating CSR and disclosure on CSR expenditure has helped change firm behavior and has generated positive impact on the society.\(^{[46]}\)\(^{[48]}\)

\(^4\) Source: What is the new B-BBEE scorecard and how does it work?
\(^5\) Source: Mondaq
5. Analysis of CSR Expenditure

CSR expenditure has grown tremendously since the implementation of the Company's Act of 2013. With it has increased participation and compliance. This section analyzes CSR expenditure and highlights trends. It looks at a variety of factors such as company type, year of incorporation, regional variation, sectoral differences, thematic preferences, mode of implementation and adherence to SDGs amongst others to provide a holistic view of expenditure and draw insights around spending on CSR.

5.1. CSR Expenditure: Trend Analysis

- In its first five years of implementation, the corporates have contributed to a cumulative of INR 71,000+ crores to Corporate Social Responsibility.
- In terms of CAGR, CSR expenditure has shown a year-on-year growth of 17% between FY14-15 and FY18-19.
- The companies spending INR 10 lakhs or above have seen a steady increase of 22% CAGR from 3,178 in FY14-15 to 7,019 in FY18-19; The Median CSR expenditure for these companies stood at INR 33 lakhs in FY18-19.
- The Actual CSR Expenditure in FY 18-19 stood at 2% (1/50) when compared to the Central Government's actual expenditure of INR 9.35 lakh crores on Central Sector Schemes and Centrally Sponsored Schemes in FY 18-19. [49]

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

Figure 6: Trend Analysis of Overall CSR Expenditure

- Considering a net profit of INR 5 crores or more being one of the criteria for CSR expenditure amongst others, and the mandate to spend at least 2% of the average net profits over previous 3 years on CSR, trend of count of companies spending INR 10 lakhs or more has been studied.
5.2. CSR Expenditure: By Company Sub-Category

CSR Expenditure by Company Subcategory (in INR cr)

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>FY14-15</th>
<th>FY15-16</th>
<th>FY16-17</th>
<th>FY17-18</th>
<th>FY18-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-PSU</td>
<td>10,066</td>
<td>14,517</td>
<td>14,330</td>
<td>13,624</td>
<td>18,653</td>
</tr>
<tr>
<td>PSU</td>
<td>2,800</td>
<td>4,216</td>
<td>3,299</td>
<td>2,546</td>
<td>3,841</td>
</tr>
</tbody>
</table>

CSR Expenditure by Company Subcategory (in %)

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>FY14-15</th>
<th>FY15-16</th>
<th>FY16-17</th>
<th>FY17-18</th>
<th>FY18-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-PSU</td>
<td>72%</td>
<td>72%</td>
<td>72%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>PSU</td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: CSR Data (FY15-19), Ministry of Corporate Affairs
*Others include Subsidiary of Foreign Company, State Govt company, etc.

Figure 7: Trend & Salience Analysis of CSR Expenditure by Company Subcategory

- **Non-government companies** i.e., private sector contributed to **79%** of CSR Expenditure in FY18-19.; **19.5%** was contributed by **Union Government Companies** and another **1.5%** was contributed **State Government companies**.

- The Median CSR expenditure for PSU and non-PSU companies\(^7\) was INR 1.33 crores and INR 0.33 crores in FY18-19 respectively.

- The CSR spend by **private sector** has **doubled** since FY14-15 and has seen the highest growth (19%) over last four years. Comparatively, the CSR spend by central and state **government companies** has grown by **8.2%** over the same period.

\(^7\) Considering a net profit of INR 5 crores or more being one of the criteria for CSR expenditure amongst others, and the mandate to spend atleast 2% of the average net profits over previous 3 years on CSR, trend of count of companies spending INR 10 lakhs or more has been studied.
5.3. CSR Expenditure: By Company Type

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

- **Listed Companies** contributed to 61% of CSR Expenditure in FY18-19 while the share of **unlisted companies** has consistently improved from 33% in FY14-15 to 39% in FY18-19.

5.4. CSR Expenditure: By Year of Incorporation of Company

- Considering Section 135[15] specifies eligibility for undertaking CSR activities based on financials in the preceding year, the HLC-2018 recommended issuing of a clarification for newly incorporated companies that the obligation under Section 135 shall lie only after they have been in existence for three years.
The above chart shows a breakup of the FY18-19 CSR expenditure by year of incorporation of the company. Only those companies with FY18-19 CSR spend of INR 10 lakhs and above have been considered for this analysis.

The median turnover in FY18-19 and hence, contribution to CSR, shows a declining trend with year since incorporation of the company.

Companies incorporated prior to 1970 contributed 24% of FY 18-19 CSR Expenditure with a median turnover of INR 491 crores and a median CSR spend of INR 70 lakhs. The large contributor companies from this group include IOCL, ITC, Tata Steel, Wipro Limited, BPCL, NMDC, HPCL, Oil India, Hindustan Zinc, HUL and L&T with each contributing INR 100 crores and above.

Firms incorporated in 1990-95, contributed to 21% of FY 18-19 CSR Expenditure; The median turnover of companies for this group however was low at INR 250 crores with median CSR expenditure at INR 36 lakhs. The large companies from this period include Oil and Natural Gas Corporation, HDFC Bank, TCS, Mahanadi Coalfields, Axis Bank and HCL Technologies.

The other noteworthy companies with above INR 100 crores CSR spend include Reliance Industries and NTPC (1970-75), Infosys Limited, Maruti Suzuki, Gail and Hero MotoCorp (1980-85), Power Grid Corporation of India Limited (1985-90) and Bajaj Auto (2005-10).
5.5. CSR Expenditure: Distribution Curve by Companies

A distribution curve of CSR expenditure by companies reveals a heavy skew towards larger companies with top 5% contributing to 75% of CSR Expenditure. Top 10% and 24% contribute to 80% and 90% of CSR expenditure respectively.

5.6. CSR Expenditure: By Size of CSR Spends

- An analysis of the distribution of CSR expenditure by companies reveals a heavy skew towards larger companies with top 5% contributing to 75% of CSR Expenditure. Top 10% and 24% contribute to 80% and 90% of CSR expenditure respectively.

Source: CSR Data (FY15-19), Ministry of Corporate Affairs
*Representing companies with FY18-19 CSR spend of INR 10 lakhs & above

Figure 10: CSR Expenditure Distribution Curve by Companies

Figure 11: Salience Analysis by Size of CSR Expenditure of Companies

Source: CSR Data (FY15-19), Ministry of Corporate Affairs
*Representing companies with FY18-19 CSR spend of INR 10 lakhs & above
• While the absolute count of firms contributing CSR has increased significantly since FY14-15, the split of companies by CSR expenditure has, more or less, remained same.

• In FY18-19, about 63% firms contributed INR 50 lakhs and below; about 24% contributed between INR 50 lakhs to INR 2 crores. About 7% contributed INR 2 - 5 crores and another 6% contributed above INR 10 crores.

5.7. CSR Contribution and Expenditure: By Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>FY18-19 CSR Expenditure: Split by Regions (Contribution vs Expenditure in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>24.2%</td>
</tr>
<tr>
<td>South</td>
<td>18.8%</td>
</tr>
<tr>
<td>North</td>
<td>8.8%</td>
</tr>
<tr>
<td>East</td>
<td>6.7%</td>
</tr>
<tr>
<td>Central</td>
<td>2.0%</td>
</tr>
<tr>
<td>Northern Hilly States</td>
<td>1.5%</td>
</tr>
<tr>
<td>North East</td>
<td>1.5%</td>
</tr>
<tr>
<td>Pan-India</td>
<td>36.3%</td>
</tr>
</tbody>
</table>

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

Central: Chhattisgarh, Madhya Pradesh
East: Andaman and Nicobar Islands, Bihar, Jharkhand, Odisha, West Bengal
North: Chandigarh, Delhi, Haryana, Punjab, Uttar Pradesh
North East: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura
Northern Hilly States: Himachal Pradesh, Jammu and Kashmir, Uttarakhand
South: Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Puducherry, Tamil Nadu, Telangana
West: Dadra and Nagar Haveli, Daman and Diu, Goa, Gujarat, Maharashtra, Rajasthan
Pan-India: Refers to spends where a company has undertaken CSR projects across multiple states but has not reported the expenditure on the projects separately, in its disclosures.

Figure 12: Salience Analysis of CSR Contribution and Expenditure by Regions

• An analysis of CSR contribution and expenditure by regions reveals huge disparities; The CSR contribution and expenditure are heavily skewed towards the industrialized regions whereas the combined CSR expenditure in the Northern Hilly States and the North-Eastern States is very low at ~3.5% in FY18-19.
Analysis of the trend of Regional contribution and expenditure over the past 5 years reveal more or less similar salience across the years with West accounting for over half of the All-India CSR Contribution and one-fourth of the All-India Expenditure.

The above analysis highlights the need for more equitable distribution of CSR expenditure across the regions especially North Eastern and the Northern Hilly States.

5.8. CSR Contribution and Expenditure: By Donor and Recipient States

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

*Pan-India: Refers to spends where a company has undertaken CSR projects across multiple states but has not reported the expenditure on the projects separately, in its disclosures.
The CSR contribution has been highly asymmetric across the states / UTs with the top 5 states (Maharashtra, Delhi, Karnataka, Gujarat and Tamil Nadu) accounting for 79% of the overall FY18-19 CSR contribution.

A similar asymmetry is also observed in the beneficiary states with the skew in favour of the large industrialized states; the top contributing states also being the top recipient states.

Figure 15: Salience Analysis of CSR Expenditure by Local Area Spending

- In terms of local area spending, 53% of the CSR contribution is being spent in the state of origin while 36% is spent across multiple states (including state of origin). As also observed in the findings of HLC-2018, there has been an increasing trend to spend CSR amounts in local areas, and that local area preference has been interpreted as mandatory and not directory.

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

Figure 16: Trend & Salience Analysis of CSR Expenditure by Top 5 Contributing and Spending States
• Analysis of the trend of State-wise contribution and expenditure over the past 5 years reveal more or less similar salience across the years with Top 5 states accounting for over 80% of the All-India CSR Contribution and 36% of the All-India Expenditure.

• The HLC-2018 in its report reiterated the need to balance CSR spending between local area/areas around where it operates, and, less developed regions such as aspirational districts. It had also requested MoCA to issue a clarification advising companies to engage in CSR activities by balancing local area preference with national priorities.

5.9. CSR Expenditure: By Aspirational and Backward Districts

• NITI Aayog, in its presentation to HLC-2018, had highlighted the huge requirement of funds in the aspirational and backward districts to undertake development activities, and that CSR funds be channelized into fund-deficit areas to promote inclusive growth.

• Jharkhand, Bihar, Odisha, Chhattisgarh, Uttar Pradesh and Madhya Pradesh together constitute 60% of the Aspirational districts in India but received only 9% of the total CSR Expenditure between FY14-15 to FY18-19.

• For the CSR expenditure where district of spending was reported in company disclosures, it was observed that, while the spend on 112 Aspirational Districts has seen an upward trend, it remains low at 10% of overall CSR Expenditure in FY18-19.

• Department of Public Enterprises in December 2018 issued guidelines to all the Central Public Sector Enterprises (CPSEs) for spending 60% of their CSR funds on a particular theme every year with reference to aspirational districts. The theme for the year 2019-20 was ‘Healthcare, Nutrition and School Education’. [50]

• Subsequent to this announcement, CPSEs have invested INR 1,425 crore as CSR fund in 112 aspirational districts from Apr 2018 to Sep 2019. [51]

• With a view to direct CSR funds towards the welfare of tribal districts, the Ministry of Tribal Affairs had launched ‘Adopt a Tribal District’ programme in April 2018 inviting private players and public sector undertakings to adopt a district or an entire tribal-dominated state, and train forest-dwelling tribals on how to collect minor forest produce (MFP) and augment their sources of income. [52]

• On similar lines, the Ministry of Tribal Affairs partnered with Facebook India to launch ‘Going Online as Leaders’ (GOAL) programme initiative to digitally skill 5,000 tribal youth in the country. [53]
5.10. CSR Expenditure: By Mode of Implementation

Mode of Implementation Opted by Companies for CSR Expenditure

<table>
<thead>
<tr>
<th>Mode of Implementation</th>
<th>FY14-15</th>
<th>FY15-16</th>
<th>FY16-17</th>
<th>FY17-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directly by company</td>
<td>10,066</td>
<td>14,504</td>
<td>14,312</td>
<td>13,327</td>
</tr>
<tr>
<td>By Trusts/Societies/Section 8 Company set up by Government</td>
<td>1,893</td>
<td>3,467</td>
<td>4,367</td>
<td>4,929</td>
</tr>
<tr>
<td>By Trusts/Societies/Section 8 Company set up by Company itself</td>
<td>2,549</td>
<td>5,420</td>
<td>7,568</td>
<td>6,882</td>
</tr>
<tr>
<td>Other Implementing Agency</td>
<td>2,055</td>
<td>4,476</td>
<td>4,990</td>
<td>1,034</td>
</tr>
</tbody>
</table>

Source: High-Level Committee Report, 2018

Figure 17: Salience and Trend Analysis of CSR Expenditure by Mode of Implementation

- The proportion of CSR expenditure spent through other implementing agencies has increased by more than half from 25% in FY14-15 to 52% in FY17-18.
- The amount spent through the Trusts/Societies/Section 8 set by the company itself has reduced considerably during the same period.
- It remains to be verified as to which mode of implementation is more effective, an implementation by self or by an external implementation agency.
5.11. CSR Expenditure: By Areas (as specified in Schedule VII of Companies Act, 2013)

<table>
<thead>
<tr>
<th>Sector</th>
<th>% of Overall CSR Expenditure</th>
<th>% of Overall Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>27.1%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Health Care</td>
<td>17.3%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Rural Development Projects</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>Environmental Sustainability</td>
<td>5.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Poverty, Eradicating Hunger, Malnutrition</td>
<td>6.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Livelihood Enhancement Projects</td>
<td>3.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Vocational Skills</td>
<td>2.6%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Other Central Government Funds</td>
<td>2.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Sanitation</td>
<td>2.2%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Prime Minister’s National Relief Fund</td>
<td>3.7%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Training To Promote Sports</td>
<td>2.2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Safe Drinking Water</td>
<td>2.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Women Empowerment</td>
<td>2.7%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Art And Culture</td>
<td>2.1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Special Education</td>
<td>1.5%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Socio-Economic Inequalities</td>
<td>1.7%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Animal Welfare</td>
<td>2.2%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Swachh Bharat Kosh</td>
<td>0.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Other Sectors</td>
<td>10.0%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

Source: CSR Data (FY15-19), Ministry of Corporate Affairs
*The sum of % of companies might exceed 100% considering same company can invest in projects across multiple sectors

Figure 18: Analysis of CSR Expenditure by CSR Sectors

- Schedule VII of the Companies Act, 2013 specifies the areas or subjects to be undertaken by the company as CSR activities. The chart above provides a split of CSR expenditure by these areas/subjects.

- Education remains the most preferred sector for CSR expenditure with 27% companies spending 31% of overall FY18-19 CSR expenditure i.e., ~INR 5700 crores on Education. This amount was roughly 12% of the actual expenditure by the Ministry of Human Resource Development (now Ministry of Education) on Centrally-sponsored and Central Sector Schemes in FY 2018-19.[49]

- Top 5 areas i.e., Education, Health Care, Rural Development, Environmental Sustainability and Poverty, Eradicating Hunger & Malnutrition together constitute 73% of the overall FY18-19 CSR expenditure.
Analysis of the trend of CSR spends by activities over the years reveals an increased focus on Education and eradicating of Poverty, Hunger and Malnutrition.

The HLC-2018 had recommended the addition of some other important items to Schedule VII such as promoting sports, senior citizens' welfare, the welfare of differently-abled persons, disaster management, and heritage. The Committee had also suggested that if required, the Central Government may identify a few areas from Schedule VII as priority areas and issue-specific directions in this regard.

A study conducted by Samhita [35] found that most companies support on average 4-5 causes. Education continues to be a dominant theme, supported by 81% of the companies. This was followed by livelihood, skills and healthcare, with around 60% supporting these sectors. The study found that less than a quarter invests in agriculture, clean energy and human rights.

The reasons for low investment include lack of knowledge of other sectors, longer gestation time, difficulty in measuring and quantifying the impact and lack of information on credible implementation partners. Companies also felt that a strategic orientation is required for greater buy-in.

5.12. CSR Expenditure: By Sustainable Development Goals (SDGs)

In its report, the HLC-2018 suggested that Schedule VII be mapped and aligned with the United Nations SDGs enumerated in the 2030 Agenda for Sustainable Development.

While not one-to-one mapped, there exists a lot of overlap between the SDGs and the CSR thematic development areas (as listed in the Schedule VII of the Companies Act). The CSR Regulation sets a broad framework and guides better sustainable future while the SDGs draw a more elaborate plan and have set out a wider spectrum of targets to be achieved, ranging from ending poverty, reducing inequality and exploring collaboration between different agencies for cumulative harmonized growth. [54]
Figure 20: Trend Analysis of CSR Expenditure by Sustainable Development Goals (SDGs)

- In terms of Sustainable Development Goals, SDG#4 (Quality Education), SDG#3 (Good Health and Living), SDG #9 (Industry, Innovation and Infrastructure) and SDG#8 (Decent Work and Economic Growth) have historically seen the maximum CSR expenditure.

Figure 21: Salience Analysis of CSR Expenditure by SDGs

- The spending on SDG#4 (Quality Education), SDG#9 (Industry, Innovation and Infrastructure) and SDG#8 (Decent Work and Economic Growth) have seen a higher CAGR of 22%, 22% and 34% respectively against All-India average of 17%.

Source: CSR Data (FY15-19), Ministry of Corporate Affairs
Note: The mapping of SDGs with areas or subjects mentioned in Schedule VII of the Companies Act, 2013 is subjective in nature; For the purpose of the above analysis, CSR area/subject has been mapped one-on-one with the most relevant SDG.
• The corporate sector needs to strategize itself for achieving SDGs via CSR as a catalyst of shared growth. Leveraging not just their capital but also their reach, resources, technology, research, knowledge and innovation, companies can contribute immensely in the journey to achieve SDGs.\textsuperscript{[54]}

5.13. CSR Expenditure: By Government Schemes / Funds

Figure 22: Trend Analysis of CSR Expenditure on Gov Schemes/Funds

- The HLC-2018 had recommended that contribution to Central Government funds as part of CSR spend be discontinued; A similar recommendation was also made by HLC-2015. But, the CSR Expenditure on Government Schemes / Funds in FY18-19 reached an all-time high with INR 1,110 crores spent on Prime Minister's National Relief Fund, Swachh Bharat Kosh, Clean Ganga Fund and Other Central Government Funds.

- This amount is contributed to Government Schemes / Funds has been 5-6% of the overall CSR expenditure over the years, much higher than the amount being spent on few CSR development areas such as vocational skills, women empowerment, gender equality, promotion of sports, art and culture, slum area development, technology incubators, etc.

- The Committee had observed that CSR spending on Central Government funds was against the philosophy of CSR which sought to engage businesses as partners in social development. The prime purpose of CSR to leverage business efficiencies and innovation of the private sector in delivering of public goods and services is defeated with the contribution of CSR amount to Central Government funds.
6. Current Monitoring and Regulatory Mechanism

The High-Level Committees, in both their reports, emphasized on an evidence-based, disclosure-led, trust-driven compliance regime for CSR to address the dual challenges of growth and social development. It reiterated that the main thrust and spirit of the law is not to monitor but to generate a conducive environment for enabling the corporates to conduct themselves in a socially, responsible manner while contributing towards human development goals of the country.

While the HLC-2018 in its report maintained that the essential characteristics of CSR of being a board-driven and monitored activity remain unchanged, and that government continue to play the role of an enabler and facilitator, it reiterated a strong need for strengthening of the reporting mechanisms, with enhanced disclosures for better information dissemination (with respect to selection of projects, locations, implementing agencies) to facilitate better monitoring.

The Committee also recommended that CSR be brought within the purview of statutory financial audit, with details of CSR expenditure included in the financial statement of a company, and incorporated in Schedule III of the Companies Act, 2013.

With a view to incentivize the corporates to undertake their CSR mandate in right earnest, the Ministry has also instituted National CSR Awards to recognize companies that have made a positive impact on the society through their innovative & sustainable CSR initiatives.

6.1. Compliance in Reporting on CSR

![Figure 23: Trend and Salience Analysis of Compliance in Reporting on CSR](image)

*Total number of liable companies include those mandated to fulfill CSR obligation; can be bifurcated into companies reporting on CSR and not reporting on CSR;

** The companies on whom Schedule III of the Companies Act, 2013 is not applicable include insurance or banking company or any company engaged in the generation of electricity or to any other class of company for which a form of financial statement has been specified in or under the Act governing such class of company and are not mandated to file their financial statements as prescribed in Schedule III of the Companies Act, 2013

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8 Please refer to Annexure 5 for more details on ‘National CSR Awards’ introduced by Ministry of Corporate Affairs
9 Companies attracting section 135 of the Companies Act, 2013 have been termed as liable companies.
10 Companies filing returns on Segment III of the AoC-4 (e-form) of the Ministry of Corporate Affairs which basically deals with CSR and its details thereof.
As depicted in the figure above, 46% of the firms who were liable to report on their CSR spends in FY17-18 failed to do so. Also, the proportion of liable companies not reporting on CSR has increased significantly, especially in FY17-18.

6.2. Compliance in Framing of CSR policy

As indicated in the above figure, about one-third of the companies haven’t reported in their FY17-18 disclosures on the framing of CSR policy.

Of the firms reporting on this question, the number and % firms having framed a CSR policy has shown an improvement in FY17-18 vs FY16-17.

6.3. Compliance in Constitution of CSR Committee

Source: High-Level Committee Report, 2018[10]
• As indicated in the above figure, a huge number (95%) of the companies haven’t reported in their FY17-18 disclosures on the constitution of the committee.

• While the count of firms constituting a committee has increased in FY17-18 vs FY16-17, the base is not too substantial for inference of any results.

• Considering the formation of CSR Committee can lead to increased operational cost, the HLC-2018 recommended that companies with prescribed CSR amount below INR 50 lakhs be exempted from forming a separate CSR Committee; In such cases, the Board itself shall carry out the functions of the CSR Committee.

6.4. Actual vs Prescribed Expenditure: Overall

![Figure 26: Overall Actual vs Prescribed CSR Expenditure](image)  

The corporate sector, over the past 5 years, has been able to spend only 72% of the overall cumulative prescribed expenditure. It is estimated that if all eligible companies were to comply with the law, CSR funds could amount to as high as ~INR 22,000 crores per annum.

![Figure 27: Trend Analysis of Actual vs Prescribed Expenditure](image)  

Although the % of cumulative prescribed expenditure actually spent has been low in the last five years, it has improved over the years and reached an all-time high at 88% in FY18-19. The improvement in the % amount spent is reflected in both the government and non-government companies.
6.5. Actual vs Prescribed Expenditure: By Company Sub Categories

In terms of company sub categories, the PSUs have ensured higher % compliance, with having already spent 95% of the prescribed expenditure over the past 5 years.

Comparatively, the non-PSUs have been able to spend only 68% of the Prescribed Expenditure highlighting the need for effective monitoring and compliance-ensuring mechanisms for non-PSUs.

A study by Verma & Singh (2016) concluded that public sector companies are more focused on CSR compared to private ones. This may be because private firms try only to maximize shareholder returns while public sector firms feel responsible and liable for all the stakeholders including the local community [55].

6.6. Actual vs Prescribed Expenditure: By Company Type

In terms of company sub categories, the PSUs have ensured higher % compliance, with having already spent 95% of the prescribed expenditure over the past 5 years.

Comparatively, the non-PSUs have been able to spend only 68% of the Prescribed Expenditure highlighting the need for effective monitoring and compliance-ensuring mechanisms for non-PSUs.

A study by Verma & Singh (2016) concluded that public sector companies are more focused on CSR compared to private ones. This may be because private firms try only to maximize shareholder returns while public sector firms feel responsible and liable for all the stakeholders including the local community [55].
Listed Companies have historically adhered to the guidelines of the Companies Act, 2013 and have spent 83% of the prescribed CSR amount whereas unlisted companies have been able to spend only 62% of the prescribed CSR amount in the last 5 years.

6.7. Actual vs Prescribed Expenditure: By Year of Incorporation of Company

When analyzed by year of incorporation of the company, the newer companies set up after 1995 have shown lower compliance on the prescribed amount to be spent on CSR.
### 6.8. Actual vs Prescribed Expenditure: By Size of Company’s CSR Prescribed Expenditure

% CSR Spend Distribution by Company Size over Last 5 years
(in INR cr & %)

<table>
<thead>
<tr>
<th>Avg. 5 Yr CSR Prescribed Expenditure</th>
<th># of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>11545</td>
</tr>
<tr>
<td>&gt;10 cr</td>
<td>251</td>
</tr>
<tr>
<td>5-10 cr</td>
<td>246</td>
</tr>
<tr>
<td>2-5 cr</td>
<td>607</td>
</tr>
<tr>
<td>1-2 cr</td>
<td>868</td>
</tr>
<tr>
<td>0.5-1 cr</td>
<td>1527</td>
</tr>
<tr>
<td>0.1-0.5 cr</td>
<td>8046</td>
</tr>
</tbody>
</table>

Source: CSR Data (FY15-19), Ministry of Corporate Affairs
*Representing companies with Average 5-Year Prescribed CSR Expenditure of INR 10 lakhs & above

**Figure 31: Analysis of Actual vs Prescribed Expenditure by Size of Company’s CSR Prescribed Expenditure**

- The Median CSR spend of the prescribed 5-Year expenditure across CSR - eligible companies is 54%; About 23% companies have spent equal or higher than the prescribed CSR amount while 20% companies haven’t spent at all.

- The CSR spend % shows variance by company sizes; Bigger companies tend to be showing higher adherence and higher CSR spend % of the prescribed CSR expenditure.
6.9. Actual vs Prescribed Expenditure: By Regions

When analyzed by Regions, companies based out of North show the least adherence to prescribed CSR amount at 66% while East shows the highest compliance at 82%.

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

*North-Eastern Region and the Northern Hilly States have been excluded due to smaller size

Figure 32: Analysis of Actual vs Prescribed Expenditure by Contributing Regions
6.10. Actual vs Prescribed Expenditure: By States

% of CSR Prescribed Amount Spent Over Last 5 years (in INR cr & %)

Amongst the states, Odisha, Andhra Pradesh and Karnataka have performed above average having spent 161%, 88% and 86% of prescribed CSR expenditure.

The lower adherence states include Uttar Pradesh, Rajasthan and Tamil Nadu with companies from these states having spent only 44%, 52% and 62% of prescribed CSR expenditure in the last 5 years.

Source: CSR Data (FY15-19), Ministry of Corporate Affairs

Figure 33: Analysis of Actual vs Prescribed Expenditure by the Contributing States
7. **Performance and Impact of CSR Expenditure**

While there is no question that the private sector in India has contributed significantly to addressing social challenges through CSR and that the last six years have seen tremendous progress in understanding and adherence to government regulation - there is a dearth of a macro-level view of the social impact of such policies. The lack of a standardized monitoring and evaluation framework and the challenge with scaling social impact driven by the number and categories of investment and the variance in the time frame of implementation through results further compound this.

7.1. **Firm-level Impact of Key CSR Contributing Firms**

Looking at India’s top CSR contributors, we see this illustrated in their reporting - where impact cannot be questioned, but the scaled impact is hard to gauge. Below is a quick snapshot of CSR activities and firm-level impact of key CSR contributing firms:

1. **Reliance Foundation (RF):** The Reliance Foundation, the CSR arm of Reliance Industries has had a massive impact on Indian society, impacting 36 million people across India in more than 37,000 villages and several urban locations across India [56]. The foundation focuses on rural development, healthcare, education, sports, disaster response, urban development, and art, culture and heritage through its programs and initiatives, spending INR 1,022 crore in FY 2019-2020. The foundation uses a direct engagement model and leverages technology and innovation to achieve its 3 core values: Scale, Impact and Sustainability.

2. **Ambuja Cement Foundation (ACF):** ACF is functional in 12 states, and 22 locations impacting 1.5 million people. They have a robust M&E system which uses SROI - Social Return on Investment - as their benchmark. They have reported a 13x in Kodinar (Gujarat), 5x in Rabriyawas (Rajasthan) and 8x in Darlaghat (HP) - i.e., for every rupee invested in Gujarat under ACF - they have generated a 13x increase in SROI. Secondly, the company uses a “Multiplier” investment model - where they look for additional investors to drive exponential impact - chasing a 10x multiplier. Within ACF projects - they are the majority contributor, but contribute 37% of the investment and pull in funds from other leading companies like Hero, Bajaj etc.

3. **Infosys Foundation:** Infosys’s CSR arm is carried out through its foundation - The Infosys Foundation - which believes in the importance of social stewardship along with sustained economic performance and robust eco-sustainability management11. The foundation partners with NGO’s for implementing programs and uses a BOT - Build, Operate and Transfer model of project financing to develop self-sustaining communities. Projects are prioritized based on their impact12. In 2018-2019, the priorities of the foundation lay in the Aarohan Social Innovation Awards, restoration of water bodies in Karnataka, supporting the construction of metro rail system in Bangalore, promoting excellence in sports through the GoSports initiative and disaster relief across Kerala and Karnataka [57].

4. **HDFC Bank Parivartan:** HDFC Bank Parivartan, the CSR initiative of the bank focuses its efforts on sustainability with a focus on enabling self-reliance for beneficiaries to become “partners in the growth of the nation”13. Till date through programs and initiatives, HDFC Parivartan has impacted 78 million lives across 18 states. The five

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11 Source: Infosys Website
12 Source: Infosys Foundation Website
13 Source: HDFC Bank Parivartan Website
focus areas of the bank are Rural Development, Promotion of Education, Skill Development and Livelihood Enhancement, Healthcare and Hygiene, Financial Literacy and Inclusion. Its flagship program in Rural Development - The Holistic Rural Development Programme (HRDP) attempts to provide rural communities with the tools and means to grow and prosper. This is done through a wide variety of training and institution-building programmes, supported by relevant infrastructure and spans across 17 states and has reached over 3.6 lakh households in more than 1,100 villages.[56]

Figure 34: CSR Monitoring, Evaluation & Reporting at HDFC Bank

5. **Oil and Natural Gas Corporation (ONGC):** ONGC’s CSR initiatives have resulted in spends of over 500 Cr annually with 100% utilization over the last two years. Following the government direction, 33% of CSR funding has been on the Swachh Bharat projects. Majority of the CSR spending is focused on education and healthcare, but following NITI Aayog’s recommendation successfully implemented projects worth more than INR 31 crores in FY 2018-2019 for the development of aspirational districts[14].

6. **Hindustan Unilever Foundation (HUF):** HUL’s CSR policy follows its parent company, Unilever’s Sustainable Living Plan (USLP) which aims to empower a billion people to take action to improve their health and wellbeing, reduce the environmental footprint of their products and enhance the livelihoods of people across the world. In addition, and specific to India - as India is a water-scarce region and water availability is expected to go down further, HUL has identified water as a key area of intervention by creating capacities in conserving water through significant investments in partnership with relevant stakeholders with the objective of water conservation which

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[56] Source: ONGC India Website
is carried out through HUF - the HUL foundation which operates the “Water for Good” program.

7. **ITC**: ITC’s CSR initiatives focus on the Triple Bottom Line approach, believing businesses to be economic organs of society. Its CSR initiatives are focused on two key segments: Rural communities across India where ITC has agri-business operations, a large majority of whom are small and marginal farmers. And secondly, Communities residing in the vicinity of ITC’s units - mainly rural, but also semi-rural and urban locations. Across both - the corporation works to build grassroots capacity. Creating Highly Collaborative Multi-Stakeholder Partnerships is a key element in ITC’s model. In most initiatives, ITC works in close collaboration with NGOs and target communities. NGOs are Project Implementation Agencies, interacting directly and extensively with target communities who have the final say in major decisions - ensuring that the interventions are suited to their needs and thus have the best chance of sustained success in the long run\[15\]. ITC’s Social Impact Initiatives have created an impact in 188 districts in 25 states.

8. **Mahindra & Mahindra**: The M&M group, set up a CSR council in 2004 and committed 1% of profit after tax for CSR initiatives. The council kept 0.5% and the remaining was given to various group companies for spending on CSR Projects. [35] Post the Companies Act, 2013, the group increased its CSR spending to 2% profit before tax, where CSR council spends 1% and the other 1% is given to individual companies to spend on CSR. The group continues to create social impact through CSR in the areas of education, livelihoods, and skill development.\[16\] The M&M Group has now further streamlined their CSR operations and brought the CSR activities of their different companies under the unified umbrella of ‘Rise for Good’, allowing the group to act with greater efficiency, and managing and tracking the CSR activities better.

While it is evident from the summary above that companies are committed to CSR initiatives and are looking for ways to implement sustainable programs, the differences in activities, findings and impact highlight the lack of a consistent understanding of what ‘impacts for society’ are. As there are no established and accepted methodologies and tools to measure and understand pathways of impacts for society from companies or their CSR/ sustainability activities - this means it is not possible to trace the relationship between strategic decisions about CSR policies and activities, how they translate into outputs (programmes and policies) to which resources are allocated and then become outcomes that create impacts. Thus, the impacts of companies for society remain unclear and hidden from public scrutiny and policy - a finding consistent with research on the same in the EU [59].

### 7.2. CSR in Times of Covid-19

- As COVID-19 swept across the world and India, the focus of governments and corporations, rightly, shifted to address the challenges it has left in its wake. From securing PPE (Personal Protective Equipment) to addressing the new public health crisis and working to improve the lives of migrant workers left stranded in urban metropolis' - the short-term impacts of COVID-19 have been devastating, but will also probably have **devastating consequences on the beneficiaries of longer-term CSR initiatives.**

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\[15\] Source: ITC Website

\[16\] Source: Mahindra and Mahindra CSR Activities
• In a circular released on March 23, 2020, the Ministry of Corporate Affairs clarified that all expenditures incurred on activities related to COVID-19 shall qualify as CSR expenditure. Further, an earlier circular dated June 18, 2014, had also clarified that the items in Schedule VII were broad-based and be interpreted liberally for this purpose.

• A dipstick study conducted by FSG through in-depth interviews with 22 NGO’s and 18 CSR company heads found that funding for traditional CSR activities could be reduced by a staggering 30-60% as funders divert funds to immediate COVID-centred relief efforts. The study also found that while funders were standing by their longer-term CSR commitments, verbal commitments were less likely to be held up and they were unlikely to look to new partners for CSR with the near- and medium-term focus on COVID-19.

• At a more macro-level, while it will be impossible to definitively measure the impact of COVID-19 on India and the world’s development goals - we know that the virus has significantly pushed back progress on a number of SDGs. Looking specifically at education and women’s equality: The early 2020 estimate of the financing gap to reach Sustainable Development Goal 4 – quality education – in low and lower-middle-income countries was a staggering $148 billion annually. It is estimated that the COVID-19 crisis will increase this financing gap by up to one-third.

• Women’s equality has also been set back years by the crisis; a recent McKinsey report found women’s jobs are 1.8 times more vulnerable to this crisis than men’s jobs. Women make up 39 per cent of global employment but account for 54 per cent of overall job losses. One reason for this greater effect on women is that the virus is significantly increasing the burden of unpaid care, which is disproportionately carried by women. This, among other factors, means that women’s employment is dropping faster than average, even accounting for the fact that women and men work in different sectors. The regressive impact of COVID-19 on developmental goals cannot be overstated.

• As more funds are moved to government schemes at the Center and the State level, accelerated by the COVID-19 pandemic there is a need to assess the impact of these funds and the longer-term implications on CSR regulation as a model for spurring innovation in social impact through the corporate sector. An Invest India study found that 18.5% of corporate spending efforts around COVID-19 was dedicated to government funds. As the impact of COVID-19 is expected to continue well after 2020, this trend could have longer-term impact as corporations divert funding from traditional SDOs and rely on the government's efforts.
8. Need for Enhancing Evaluation Mechanisms

Measuring social value created through CSR is notoriously difficult to do. While policymakers, NGOs and corporations are excited to understand the value created through CSR programs, a number of factors prevent a robust understanding of the true value created- from aligning different stakeholders on a common outcome, factoring in time in delivering longer-term objectives and the lack of hard and fast regulation on monitoring and evaluation. As the Stanford Social Innovation Review highlights, ‘Anyone who wants to finance social goods and anyone who wants to provide them, should use metrics to clarify how inputs can contribute to outcomes, as well as to clarify choices and trade-offs’[64].

This section captures the need for impact evaluation studies, the challenges associated with evaluation and highlights observations related to these.

8.1. Need for Impact Evaluation Studies

- Evaluating existing CSR M&E practices in India, it is clear that the largest firms investing in CSR have made tremendous progress in establishing frameworks to monitor and evaluate their programs. However, it is also clear that there is no standardized framework being used - in part this is due to the myriad challenges being tackled.

- An illustrative example is Education, where programs targeting all facets of education will roll under that theme, however, programs may target a host of sub-issues viz. infrastructure in schools, teacher training, curriculum development and so on. Scaling the impact of one of these initiatives across all education initiatives to reach a notional benchmark of regional or national impact would be incredibly difficult to do. In addition - while M&E practices have now been embedded in the CSR arms of the leading companies in the countries, it is not the case for the longer tail of companies.

- Many companies view CSR prescribed expenditure as contributing and donations to NGOs; There has been little focus on monitoring and evaluating the spend and facilitating sustainable outcomes.

8.2. Challenges with Evaluation

- From a research perspective, there have been only a few studies which have examined the impact of CSR programme. Sinha and Chaudari (2018) [65] examined the impact of CSR programme that develops special classes for weaker students. Loosemore and Bridgeman (2018) examined employee volunteering in schools [66]. Both studies, however, fail to include control, and the results are not causal. Assessing impact should serve three purposes i) establish accountability to stakeholders ii) improve efficiency and iii) evaluate social outcomes.

- Samhita, 2016 study found that 36% companies reported that they rely on internal teams, 33% on external parties and 14% on implementation partners to assess impact. 17% did not undertake an impact measurement at all. [35] Absence of standardized framework and tools is seen as a big obstacle for impact evaluation.

- One of the other key challenges of impact evaluation is to isolate the impact of programme from other factors and selection bias. Given the firms engage in programmes and target beneficiaries based on certain needs, selection bias makes causal inference difficult. E.g., Firms that participate in voluntary environmental
programmes may be in-fact worse in-terms of their overall carbon footprint compared to those who do not adhere to voluntary programmes. So, the comparison between participants and non-participants may be inaccurate. Selection bias can also occur if a firm purposely targets a certain group of beneficiaries or beneficiaries voluntarily decides to join. Also, CSR studies should help measure impact at the beneficiary level rather than at the firm level.

- Our extensive Literature Review also highlighted the lack of M&E at a state, regional or national level. While a number of evaluations have been conducted at a firm or consortium level, the lack of standardized frameworks for M&E implemented at scale prevents a larger-scale assessment. Indeed, the EU Commission attempted to analyze large scale CSR impact through a study lasting 3 years and with an associated spend of 2.6M Euros and arrived at a similar conclusion.

8.3. Observations of HLC 2018 with regards to Evaluation

- The High-Level Committee Report 2018 took note of this challenge around insufficient provisions for M&E in CSR, and made recommendations to enhance the evaluation mechanisms of CSR reporting. The High-Level Committee 2018, in its report, noted the need for companies to undertake:
  - Need Assessment studies before deploying CSR amounts
  - Impact Assessment studies to capture impact generated by CSR investments

The Committees noted that these studies should not only serve as feedback for companies to plan and better allocate resources but shall also deepen the impact of CSR.

- Considering such studies are time-consuming and cost-intensive, the Committee felt that the provision to conduct need and impact assessment studies be made applicable only to companies with annual CSR spending of INR 5 Crore, with a frequency of once in three years.

- Based on the recommendations of HLC-2018, the ceiling on administrative overheads was proposed to be increased to 10% of total CSR expenditure for companies undertaking impact assessment studies.

- In addition to the assessment studies conducted by the companies, HLC-2018 also recommended that the Government through an independent third-party may undertake an assessment of CSR Projects to identify best practices and showcase them as role-model projects for the benefit of all.

- The Committee suggested that 5% of CSR mandated companies be identified by MoCA on a random basis for third-party assessments on a pilot basis.

- An additional area of concern is that schedule VII has been expanded to allow CSR funds to be contributed to the PM National Relief Fund, Swachh Bharat Kosh, Clean Ganga Fund and any other fund set up by the Central Government for socio-economic development. The contributions to these funds have been in a small proportion (approx. 5.6%) of the total CSR expenditures for the years 2014-15 to 2017-18. However, with COVID-19, there is likely to be increased CSR expenditure in government funds. M&E of programs originating from the funds gets challenging, as there is no clear delineation of sources of capital and associated impact.
9. Challenges in Implementation

The HLC-2018 had noted that even after five years of the Companies Act, 2013, CSR-eligible companies continued to cite delay in project identification, delay in implementation plans and lack of prior expertise as key reasons for not spending their prescribed CSR amount which is often not tenable. It felt that the justification for not incurring CSR expenditure in a particular year, despite being eligible to do so, must be substantive.

<table>
<thead>
<tr>
<th>Reasons for Not / Under-spending CSR Prescribed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>• Suitable Project Not Found</td>
</tr>
<tr>
<td>• First Year of CSR</td>
</tr>
<tr>
<td>• Multi-Year Projects</td>
</tr>
<tr>
<td>• Majority of The Projects Were of Infrastructure Development in Rural Areas, which Involve Long Implementation Period</td>
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<td>• Suitable Implementing agency Not Found</td>
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<td>• Delay in Implementation of Plan</td>
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<td>• Due to Multiyear Projects</td>
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<td>• Adoption of Long Gestation CSR Programmes / Projects</td>
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<td>• The inability of Company to Formulate A Well-Conceived CSR Policy</td>
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<td>• Lack of Prior Expertise</td>
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Source: High-Level Committee Report, 2018[10]

Table 1: Reasons for Not / Under-spending CSR Prescribed Amount

Listed below are the key challenges in compliance of prescribed CSR expenditure and implementation of CSR initiatives, as gathered from the literature survey and KII:

9.1. Identification of Suitable CSR Projects and Implementing Agencies

- Some of the notable reasons, among others, as reported by the companies for non-compliance of prescribed CSR amount have been the identification of suitable implementing agencies (IAs) and Projects. Companies have been finding it difficult to ascertain the track record and capacity of an implementation agency to undertake CSR activities to their satisfaction.

- It was suggested by the HLC 2018 that there be a registration of Implementing Agencies (IAs) with the MoCA along with a reporting requirement so that there emerges an authentic and reliable list of implementation partners for companies to select from. However, the Committee noted that the responsibility to ascertain the credibility of an Implementing Agency (IA) and conducting of necessary due diligence shall continue to lie with the Board of the Company.
Another challenge that was reported was, established NGOs not having projects or programs in the sectors and locations, corporations are looking for. In the absence of a vehicle to spend as per their policy, progress on CSR spends is stymied. The problem at the grassroots is that they don't have the vehicle to spend as per their policy.

The gaps in CSR lifecycle have been leading to higher transaction costs. 44% of social organisations have reported a lack of information on corporate funding opportunities while 26% of corporates have reported a lack of information on credible implementation organisations [35].

Most companies have also expressed concern on the ability of social delivery organisations to absorb huge capital. This is also observed in funds earmarked for social delivery organizations’ capacity building which should not exceed 15%. This is based on the premonition that funds are meant for the community. HLC, 2018 observed that administrative cost can be raised from the current limit of 5% to 10%.

Further, failing to systematically assess the risks and uncertainties associated with NGOs, led companies to frame excessive regulations, which may not be appropriate for creating an impact on the ground.

9.2. Credibility of CSR Implementing Agencies

There is a spectrum of monitoring mechanisms within companies and implementing agencies. Some firms with their own foundations and direct programs for CSR, monitor and evaluate their programs, while others lean on their NGOs to run the process for them and share results.

NGO’s/SDO’s themselves may use a third party for monitoring outcomes as well. Some companies have their own monitoring mechanisms, some use third parties for monitoring.

But, there still does not exist any reliable direct mechanism today to cross-check CSR activities carried out by registered trusts and registered societies, which fall outside the regulatory purview of the Companies Act, 2013. Further, the emergence of scandals like Oxfam in 2018 (sexual misconduct surrounding the aid charity) & Red Cross Society China (2011) have eroded trust in SDOs [35].

9.3. Need for Standardization across NGOs

Literature highlights varying capabilities of the NGOs in terms of trained and efficient resources thereby limiting their effective contribution to the CSR initiatives of the companies and also impacts scaling up and scope of the CSR initiatives and the associated activities.

There also is a lack of well-organized NGOs, particularly in the remote and rural areas which can effectively implement the CSR activities of the companies.

Companies have voiced the need for a ranking or rating system to easily identify qualified NGO’s [35]. However, unlike companies and business houses - NGOs in India are not governed by strong reporting guidelines that encourage disclosures and information sharing systematically and in a timely fashion. Given the varied nature of the work and the nuances in NGO operations - it is also difficult to establish standard indices for comparison.
9.4. Spatial & Thematic Asymmetries in Spends

- Education, Healthcare and Sanitation remain the largest thematic areas of spends under CSR contributing to more than 65% of the projects undertaken, while activities like the development of slum areas, technology incubators and projects associated with war veterans accounted for less than 0.5% of CSR projects highlighting the highly skewed nature of CSR spends.

- Similarly, CSR funds continue to be concentrated in areas with strong local presence and familiarity with SDO's operating in the area. While the recommendation to incorporate aspirational districts and focus on activities which have not received the bulk of the funding has been taken up by large corporations like ONGC, there is an opportunity to highlight the asymmetries in spending further.

9.5. Limited Institutional Capability

- There is an increasing need to review the competence of CSR teams and level of internalization of CSR within the organization since quality outcomes of the project are dependent on it.

- About 70% of SDOs find it difficult to recruit skilled staff. \(^{[12]}\) A majority of the organizations expressed concern on the lack of talent being a crucial challenge in running Social Development Organizations (SDOs).

9.6. Strengthening the linkage between the various stakeholders of the CSR ecosystem

- Each stakeholder in the CSR ecosystem brings with them, a set of their inherent strengths in form of expertise, experience and capacity. There is a need for greater integration between their CSR efforts if we have to maximize the CSR impact.

- **Strengthening the linkage and collaboration** between the various stakeholders of the CSR ecosystem viz. the donor companies, the implementing agencies / NGOs, the academia and research institutions, the beneficiaries and the State authorities, can help in further deepening of the impact of CSR spend.

- The Ministry in collaboration with Indian Institute of Corporate Affairs (IICA) and Professional Institutes, have been carrying out **sensitization workshops** to ensure effective compliance of CSR provisions by companies. Further, MCA & IICA also established the **National Foundation for Corporate Social Responsibility (NFCSR)** in Dec 2012 to provide a platform for corporates to collaborate with Government, Non-Governmental and Civil Society Organizations, and local communities on CSR projects.

- There is also a need for effective collaboration and encouragement at various levels of administration – local, state-level and national level. All levels of government have to be onboarded and aligned to yield the maximum impact from CSR. There is a need to ensure that **political economy** at any level does not serve as an impediment in realizing well-intended outcomes of CSR.

- There is a need for **research and academic institutions** to assume a larger role in the CSR ecosystem by providing guidance and insights with regards to investment decisions, monitoring and evaluation, and measuring return in investments.
9.7. Inconsistencies in Tax Benefits

- The HLC-2015 and HLC-2018 both had observed discrepancies and inconsistencies with regards to the treatment of CSR spend for tax liabilities and benefits, as provided below:

  o No tax benefits are prescribed under the Income Tax Act, 1961 for expenditure incurred by companies towards CSR as clarified by the Finance Act, 2014. However, several CSR activities like rural development, skill development, agricultural extension projects, contribution to Prime Minister’s National Relief Fund, etc., are mentioned in Schedule VII of the Companies Act, 2013, which qualify for tax exemption under relevant provisions of the Income Tax Act, 1961, subject to fulfilment of any other specified conditions.

  o Similarly, outsourcing of CSR activities to Implementing Agencies (IAs) attracts payment of Goods & Services Tax, whereas if the company enters into a Memorandum of Understanding with the Implementing Agency, the contribution made is treated as a grant, and, therefore, not liable for payment of Goods & Services Tax.

- The above factors might influence the flow of CSR funds to a certain set of activities through a certain implementation mechanism that enjoys tax incentives, highlighting the need for uniformity in tax treatment for CSR expenditures on all the eligible activities.

- In these regards, the HLC-2018 suggested that all activities listed under Schedule VII be provided uniform tax benefit and that CSR expenditure be made deductible from the income earned for the purpose of taxation.

- Also, there is a need to make the mode of implementation tax-neutral. Implementing agencies should be treated as partners and not service providers/vendors for CSR activities, so as to address the variable incidence of indirect taxes on them.

9.8. Need for Innovative Social Development Models

- As companies gain greater familiarity with CSR entering year six of the mandatory regulation, they are gaining a greater understanding of their programs and impact. Going forward, there is a need to leverage the strengths and competencies of individual companies to generate greater social impact.

- Foundations like ACF - Ambuja Cement Foundation are already piloting this approach under the banner of a “Multiplier” effect and soliciting investment from other companies to increase the impact of their CSR spends.

- Similarly leveraging skills and capabilities to undertake consortium CSR projects where for example IT companies contribute systems/technology expertise, FMCG companies their marketing and distribution expertise, pharmaceutical and healthcare companies leverage their healthcare expertise and so on, could result in accelerating social development. Similarly, a consortium of SDO’s with expertise in different area could result in scaled impact, and while theoretically, a very appealing solution would require a heavy lift to align processes and outcomes to achieve this synergy.

- While collaboration between companies and leveraging of individual competencies can help increase the overall impact of CSR, arriving at a common consensus
requires aligning of systems, processes and outcomes. Fostering effective collaboration requires addressing of initial administrative challenges and search for synergistic solutions.

- The companies shall need to look beyond contributing to just financial resources; CSR initiatives will yield a larger impact by leveraging non-financial assets of the companies viz human capital, processes, technology, etc.

9.9. Ensuring Continuity in Initiatives

- One of the biggest challenges faced by SDOs when working with companies is the one-year contract timeline which aligns with reporting requirements.

- Apart from the obvious challenge of achieving scalable and meaningful outcomes in only one year, the short-term time horizon has added financial insecurities to NGOs along with programmatic uncertainties and the need for additional fundraising, if the corporate did not renew their contract annually.

9.10. Addressing Process and Regulatory Issues

- India has seen limited emergence of local foundations taking up an international stage. There is a need for promoting and encouraging local agencies to expand their footprint and assume a larger role at the global stage.

- Sri Lanka requires only one clearance for non-profit founders. In India, however, the average time for setting up an NGO is 5-6 month compared to less than a month in better-performing countries. There is a need for looking at the registration process for NGOs/SDOs and remove redundancies if any. All efforts should be made for improving the ease of doing CSR in India.

9.11. Limited Engagement with International Agencies

- Presently, Rule 4(2) of the Companies (CSR Policy) Rules 2014\[16\] does not allow for engaging of international organizations as implementing agencies unless they are a Section 8 company, a registered trust or a registered society in India.

- Based on the various representations received from international organizations such as ICRISAT\[17\], USAID\[18\], UNICEF\[19\], etc., HLC-2018 had recommended that international organizations be engaged as partners for designing CSR projects, monitoring and evaluation as well as capacity building of CSR-eligible companies and implementing agencies.

- Further, the HLC-2018 also recommended the Ministry to consider specific socially useful CSR projects of international agencies for the purpose of a pilot study. These could be used for demonstration purposes and for scaling up upon successful implementation.

- The Companies CSR Rules 2020\[18\] introduces the involvement of international organizations with respect to CSR activities for (a) designing, monitoring and evaluation of the CSR projects or programs and capacity building of company’s personnel for CSR and for this prior approval of Central Government is not required;

\[17\] International Crops Research Institute for the Semi-Arid Tropics
\[18\] United States Agency for International Development
\[19\] United Nations Children's Fund
and (b) implementation of a CSR project with the prior approval of Central Government.\[^{67}\]

- Engaging with international agencies can promote local capacity building, the institutionalization of best practices, sharing of global knowledge, and also lead innovations in the supply chain, management services, technology platforms, monitoring and evaluation, etc.

9.12. **Need for a case for Sustainable CSR**

- The HLC-2018 in its report observed that achievement of social objectives can only be sustainable when a return on investment is made possible, rather than mere infusion of funds as grants. Only then can there exist ‘a business case’ for pursuing social outcomes.

- In its recommendations, the Committee directed the government to engage with the corporate sector, incentivize them, and exercise oversight so that they can stay the course.

- The recommendations of HLC-2018 are indicative of how to accelerate the impact of CSR funds, however the primary objective of the companies remains to generate profit in order to contribute CSR funds, and these activities are supportive rather than competitive to those objectives. The firms should be able to generate sufficient profits to afford principles.
10. Emerging Social Innovations & Best Practices

The evolution of CSR has led to numerous local social innovations across all sectors, across projects and across implementation processes. Listed below are few noteworthy CSR achievements in this space. Please note, for the purpose of this section, the term CSR has been interpreted broadly to include all initiatives of corporate philanthropy and sustainability, so as to identify the best implementation practices, for others to take inspiration from.

10.1. Corporate Ownership for Greater Scale

India has seen emergence of multiple initiatives across the country where corporates have committed to social causes, and have taken complete ownership, which has contributed in a large way to its effective implementation and tangible impact -

- Tata Steel earlier and now JUSCO (Jamshedpur Utilities and Services Co), a subsidiary of Tata Steel Ltd, has been managing various civic amenities in Jamshedpur till date, which includes road, power, water, sewage and solid waste management, spread over almost 14,500 acres. Today, JUSCO is India's only comprehensive urban infrastructure service provider and the only million-plus city in India today without a municipal corporation. Three attempts have been made in the past to create a civic body in Jamshedpur but the local people have endorsed for industrial township in three referenda. JUSCO's services include Engineering Construction Procurement (EPC), Power Distribution, Integrated Township Management, Operation & Maintenance (O&M) and Real Estate. JUSCO works alongside civic bodies, large and small industries, local government bodies, communities and individuals to deliver value through sustainable solutions.

- In Kalinganagar, a consortium of major private sector steel conglomerates like Tata, Jindal, Essar, Vedanta, Aditya Birla Group have been able to inject life into the State Government’s industrialization ambitions through investment in the Kalinganagar Industrial Complex. The ambitious project aims not only to industrialize the state but to contribute to development of neighboring areas. This private - public partnership has already resulted in 2,000 direct jobs and over 20,000 indirect jobs.

- Preservation and Promotion of Traditional Arts and Culture: The craft sector has been India's largest source of employment after agriculture, employing over seven million families across the country. However, the sector is grappling with numerous challenges ranging from the inability to produce high quality market-driven artefacts, low access to domestic and export markets and handloom weavers, especially the young ones, drifting away from the sector at an alarming pace.

  - Microsoft India, through its ‘ReWeave’ initiative, has been supporting preservation of traditional weaving forms by upskilling, design, marketing, and entrepreneurship, and thereby creating sustainable livelihood options. It has successfully implemented a new e-commerce platform, digital empowerment centers and a new design curriculum across Telangana, Warangal & Siddipet weaving clusters. Microsoft also plans to enable digital training through its Learning Management System ‘Project Sangam’. Similarly, Tata Trusts, have

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20 Livemint, “Battle for the soul of Jamshedpur”, Aug 2018
21 Jamshedpur Utilities and Services Company Limited (JUSCO) Company Website
22 Tata Steel, “Quality of life for communities”, Integrated Report 18-19
24 Times of India, “Tata steel commissions its Kalinganagar plant in Jajpur district”, Nov 18, 2015
25 CSR Journal, “Tata Trusts and Microsoft partner to empower handloom weaving community”, April 2019
also been supporting handloom clusters in Odisha, Assam and Nagaland, through its initiative, ‘Antaran’ by nurturing artisans as designers and entrepreneurs.

- Both firms, Tata Trusts and Microsoft India, joined hands in April 2019 to jointly rejuvenate the handloom clusters in the Eastern and North-Eastern parts of the country. This collaboration is an initiative in the direction of leveraging each company’s strengths to build a sustainable future for the artisans by imparting business & communication skills, design education and digital literacy to handloom weavers.

- **Tata Trusts** have launched development plans for 264 villages in Vijayawada, in collaboration with the Government of Andhra Pradesh for overall community empowerment. The thematic areas of the programme focus on promoting bamboo as a livelihood crop to improve the income of farmers. With a focus on marine fisheries, a comprehensive aquaculture development model will be worked out to enhance the livelihood of small and marginal fishermen. Using the government’s feeding and distribution programmes like Integrated Child Development Services (ICDS), Mid-day meal and Public distribution system (PDS) as delivery channels, the collaboration will also target micronutrient deficiencies like anemia.

### 10.2. Creating a Multiplier Effect through a Field Approach

- Bain and Company, in their annual report on Philanthropy in India specifically call out the benefits of using a field approach to create lasting change and the impact needed to bridge India’s developmental gaps. A field is a community of organisations and individuals working together to solve a common set of problems. The basis for this approach is that even the most effective or largest initiatives cannot achieve impact at scale if they remain isolated from other contributors in the field. The field approach considers all the stakeholders, identifies multiple areas of action, and coordinates them towards a specific goal.

- Key case studies highlight the impact of a field approach:

  1. **Robert Wood Johnson Foundation’s (RWJF) tobacco control campaign**: The campaign which begun in the early 1990’s in the US invested $700M in tobacco control, created policy and behavior change resulting in at least 5.3M people smoking in 2010 and averted more than 60,000 deaths through a field approach based on narrative change - investing in efforts that amplified its message, changed the perception around smoking and influenced social norms, data driven policy advocacy - supporting tobacco policy research and evaluation programs and leveraging those findings in advocacy and through strategic funding - investing in additional research and developing evidence for its public awareness campaigns.

  2. **Roll Back Malaria (RBM) Partnership to End Malaria**: A collaborative effort of the WHO, UNDP, UNICEF and the World Bank in 1998, the RBM has more than 500 partners globally, including malaria-endemic countries, foundations, corporations, academic and research institutions, and nonprofit and civil society organisations. Apart from reducing deaths from Malaria by 60%, RBM has saved 7 million lives. Its Field based approach leveraged field outcomes - setting clear targets for global efforts, facilitated collaborative action, acted as government

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allies - focusing on direction, framework and technical know-how guidance for governments rather than direct implementation and was designed for scale - and was replicated and successfully deployed in regions across Asia and Africa.

3. Additional case studies such as a Bill and Melinda Gates Foundation Urban Sanitation Community of Practice - which funds more than 60 organizations in the space and the Dara 10to19 Adolescents Collaborative also highlight the value of the field-based approach in generating scalable outcomes through field outcomes, strategic funding, data driven approaches, collaborative action and acting as government allies.

4. The Bill & Melinda Gates Foundation, Michael and Susan Dell Foundation, Reliance Foundation, Tata Trusts and USAID, came together to launch 'Project Asman' in 2015 with an aim to reduce infant, neonatal and maternal mortality in India. This first-of-its-kind major alliance announced in consultation with the National Health Mission, aims to work in synergy with governments at the central and state levels. [68]

10.3. International Agencies, taking a Lead

There have been numerous success stories where India has benefited immensely from the expertise and experience of international and global agencies/foundations.

- Dr. Norman Borlaug visited India in 1963 on request of visionaries such as M S Swaminathan. He was then heading a wheat-improvement programme at the International Maize and Wheat Improvement Center (CIMMYT), an organization largely funded by the agencies Rockefeller Foundation. He was requested to provide seeds of some of his high-yielding wheat varieties/populations to India. Subsequently, these seeds were distributed to various institutes and universities across India, which resulted in gains in wheat yield and production in India, ushering in the "Green Revolution". Four years after Dr. Borlaug's first visit in 1963, CIMMYT's partnership with the Indian government helped the country double its wheat harvest to 20 million tons and achieve self-sufficiency in wheat. This partnership of CIMMYT with the Indian government has now span over five decades and continues to undertake numerous impact research programmes and interventions to improve agricultural productivity and yield.27

- The Bill & Melinda Gates Foundation began working in India in 2003 with the launch of ‘Avahan’, an HIV prevention program that is estimated to have prevented 600,000 new infections. Thereafter, it collaborated with other partners to support India government’s efforts in eliminating polio. This coordinated effort, which involved mobilizing 2.3 million volunteer vaccinators to reach 170 million children with repeated doses of oral polio vaccine, led to India being declared polio-free in 2014. The foundation has also been a partner in addressing maternal and newborn tetanus, which was eliminated in India in 2015.28 The foundation’s ongoing initiatives include maternal and child health, health and nutrition services, vaccines and routine immunization, family planning, agricultural development, sanitation, control of infectious diseases, and financial inclusion.29

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27 CIMMYT Website
28 Bill and Melinda Gates Foundation, “Our Foundation in India”
29 Gates Foundation Website
Following an invitation by former Prime Minister Jawaharlal Nehru, the Ford Foundation set up its office in India in 1952. Over the past 60 years, the foundation is known to have made more than 3,500 grants in the region, totaling more than $508 million to nearly 1,250 diverse institutions. From community development in the 1950s to a concern for national agricultural production in the 1960s; from the equity concerns of disadvantaged regions and people, particularly women in the 1970s and 1980s to the recent emphasis on participatory management of natural resource systems and sustainability of agriculture, the foundation has created a strong social impact in India, through its various initiatives and programmes.

Since the Michael & Susan Dell Foundation started its work in India in 2006, it has committed itself to transforming the lives of children living in urban poverty. The foundation has committed nearly INR 15 billion to its core programs in India in the field of education, jobs and livelihoods, and financial services. In 2018, the foundation served more than 12 million children and families through programs funded across India.

The above listed foundations and many others have contributed significantly over the last few decades in contributing to the social cause of the country. These institutions have not only brought its international expertise and experience to India but have also led to emergence of social impact ecosystem within the country.

10.4. Effective Monitoring and Implementation Mechanisms

Leading companies such as the Tata Trust and HDFC have developed innovative practices around monitoring and implementation to ensure they create scalable impact based on results.

Tata Trust is a leading organization in this regard - specific to their CSR practice they have launched Programme Management Units where the organization is directly involved with social impact programs, partnering with government authorities and corporates in the areas around the PMU's. This is an innovative move away from NGO's and towards taking the onus of the entire project lifecycle on the corporate.

- Since its launch, Tata Trusts has inked a partnership with the Department of Science and Technology to fund social enterprises, established a collaboration with the government of Maharashtra to facilitate a social transformation project that would impact 1,000 villages, and entered into an alliance with online education provider Khan Academy to roll out e-learning programmes in government schools across twelve states.

- Secondly, under its CSR aegis Tata Trust has also invested heavily behind data governance. Leveraging the group's expertise in data and by partnering with the Centre for Spatial Analytics and Advanced GIS in developing high-end advanced knowledge in geographical science, they are thus creating Knowledge Assets (KA) in Spatial Analytics (SA) and advanced Geographic Information Systems (GIS) technology in different application areas including creating dashboards to assist the Kharif 2018 to Kharif 2020 in South Odisha and monitoring progress behind rail WIFI implementation.

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30 Ford Foundation Website
31 Dell Foundation Website
HDFC has also implemented innovative monitoring and evaluation tools for their CSR spend creating a score-based system for M&E. Projects for evaluation are identified on the basis of their criticality, which is defined as a combined score of ‘Implementing Partner Sensitivity’ and ‘Project Sensitivity’ for the Bank. While low and moderate criticality projects are evaluated internally by the Impact team, medium and high criticality projects are evaluated through a reputed third-party research agency.

10.5. Capacity Building for CSR in India

Recognizing that CSR implementation will only be as effective as the capability and capacity of implementation partners, corporates such as the Aditya Birla Group have stepped up. The Aditya Birla group partnered with FICCI to launch the Center of Excellence understanding need for existence of a ‘one-stop avenue’ that supports the knowledge, information and capacity building needs of CSR professionals / practitioners, companies, civil society organizations and other stakeholders who could play a critical role in making businesses socially responsible.

Progressive philanthropic entities such as the Azim Premji Foundation and EdelGive Foundation are providing direct support and grants to non-profits to utilize their potential, apart from sharing knowledge and operational expertise. However, with most corporates adhering to a maximum spend of 5% of program expenditure on non-program spend such as administrative and operational expenses, there is a growing need for increased investment in skills and capacity building of implementation partners across the value chain - from grassroots partners to senior leadership.

India has recently seen an upsurge in educational and training institutions and programmes for CSR. The Indian Institute of Corporate Affairs (IICA) has set up an inhouse centre, National Foundation for Corporate Social Responsibility (NFCSR) to promoted building of SMART CSR ecosystem in India, and to provide a favourable environment for the corporate sector to work in tandem with the Government, Non-Government, Civil Society Organisations and Local Community Organisations.

The Institute of Company Secretaries of India (ICSI) offers a certification course on CSR to apprise interested individuals on the concept of CSR policy, activities, audit and governance.

India CSR Network, a CSR media and knowledge organization, in collaboration with Wisdom in Practice Education (WIPE) has jointly launched International Executive Programme on Effective Management of Corporate Social Responsibility (CSR).

Numerous CSR courses are also available on virtual training platforms such as Swayam, Coursera, etc.


The National CSR Data Portal, instituted by the Ministry of Corporate Affairs for data dissemination, provides information reported by companies on CSR, including

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32 ‘About FICCI Aditya Birla CSR Centre for Excellence’
33 Live Mint, “CSR: NGOs seek helping hand from companies to build capacity”, Jan 2018
34 IICA Website
35 ICSI Website
36 India CSR Network Website
implementation details, amount spent, activities undertaken, geographical areas covered, etc. It provides a good summary view of the ongoing CSR spending in the country, the beneficiary sectors and geographies, and the projects being undertaken by the companies.

- The HLC-2018, while commending the efforts of MoCA in the direction of data dissemination, recommended extending of this initiative to further enable sharing of the successes and failures in the domain of implementation, and institutionalizing a culture of **systematic knowledge-sharing** by all partners so that models, frameworks and best practices can be easily disseminated.

- The HLC-2018 also recommended publishing of an Annual CSR Report providing details on CSR spending by companies, the trends and gap areas. This shall help in decision making for all stakeholders while presenting an annual assessment of CSR spending.

### 10.7. Innovative Financing, Impact Investing & Outcome-based Social Business Models

- With the evolution of CSR and burgeoning interest in impact investing, innovative finance models such as SVF’s - **Social Venture Funds**, SIB’s - **Social Impact Bonds** and **Impact Bonds** have arisen.

- **Social Venture Funds** are an alternative investment fund which invests primarily in securities or units of social ventures. The key difference is that the fund is required to satisfy social performance norms laid down by the fund which managers are expected to monitor. Investors may also agree to receive a muted or restricted return on the fund in exchange for delivering against the agreed upon social outcomes[28].

- A **Social Impact Bonds (SIB)** on the other hand are unique public-private partnerships that fund effective social services through performance-based contracts. Impact investors provide the capital to scale the work of high-quality service providers. Government repays those investors if and when the project achieves outcomes that generate public value[37]. In addition, an independent project evaluator is identified and appointed to measure the impact and outcomes generated. SIBs are often termed a “Pay for Success” model.

- A third outcome based social model for financing is Impact Bonds or Development Impact Bonds (DIB) - Impact bonds blend impact investing, results-based financing, and public-private partnerships. In an impact bond, private investors provide up-front capital for social services and are repaid by an outcome funder contingent on the achievement of agreed-upon results. In the case of a social impact bond (SIB), the outcome funder is a government entity. In the case of a development impact bond (DIB), “development” referring to their primary application to low- or middle-income countries, this is usually a third party such as a donor or foundation[73].

### 10.8. CSR e-Marketplace

- The HLC-2018 had recommended setting up of a **technology-enabled platform** to connect the demand- and supply-side stakeholders in CSR together. This system could serve as an e-marketplace to facilitate interaction between donor companies, implementing service providers, beneficiaries and state CSR authorities.

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● Inspiration can be drawn from similar initiatives being run by other Ministries, Departments and Agencies viz. ‘Mission Antyodaya’\(^{38}\), platform being rolled out by the Ministry of Rural Development, ‘BSE Samman’\(^{39}\), the CSR Exchange platform developed by BSE in collaboration with Confederation of Indian Industry (CII) and Indian Institute of Corporate Affairs (IICA).

● Other CSR-related government portals (for e.g., Darpan Portal of NITI Aayog which registers NGOs) could be linked with the intended CSR Exchange Portal of MCA.

● The Department of Information Technology, Electronics & Communication, Government of Telangana set up a platform ‘T-Social Impact Group (T-SIG)’ in April 2018 with an objective of connecting all the CSR stakeholders, facilitating knowledge sharing and building synergies among them, thereby making CSR interventions across the state effective and sustainable. T-SIG connects the industrial bodies of Hyderabad and Telangana together with the different Government Departments and Non-Profit Partners of the state to enable efficient utilization of resources.\(^{40}\)

10.9. Social Stock Exchange

● The Social Stock Exchange, as proposed in the Working Group Report [68] released by SEBI in June 2020, is a welcome move in the direction of bridging the funding gap for NGOs and creating an investment ecosystem for social enterprises.

● The proposed Social Stock Exchange (SSE) is envisaged as a platform that shall offer visibility to investors and donors, and also institutionalize a reporting standard and a standardized framework for measuring social impact.

● SSE would help establish procedures to standardize social finance transactions, build awareness about the needs and challenges of the social sector and enable a growth of strong professional networks of investors and subject matter experts in order to guide social enterprises. Institutional support through these exchanges shall ensure that more investors are encouraged to integrate environmental, social and governance aspects into the evaluation of enterprises, moving beyond financial statements.\(^{41}\)

10.10. Social Impact Companies (SICs)

● The HLC-2018, in its report, had proposed creation of a hybrid vehicle ‘Social Impact Company’ (SIC), with the objective of bringing together the private sector and the civil society so as to harness their strengths to achieve social outcomes, in a sustainable way. The proposed organization structure is also in lines with the ‘Community Interest Companies’ in the United Kingdom and ‘Public Benefit Corporations’ in USA.\(^{42}\)

● The primary objective of SICs would be the pursuit of social objectives. They can be permitted to earn profit and even distribute it to their members, contingent upon achievement of outcomes having measurable and tangible social impact. Also, there could be a ceiling on the quantum of profits which can be distributed.

\(^{38}\) Refer to Annexure 3.1 for more details on Mission Antyodaya

\(^{39}\) Refer to Annexure 3.2 for more details on BSE Samman

\(^{40}\) T-SIG Website

\(^{41}\) The India Forum, ‘Idea of Social Stock Exchanges for India’, June 2020

\(^{42}\) Refer to Annexure 3.3 for more details on Community Interest Companies (CICs), Public Benefit Corporations and Social Capital Exchange
As observed by HLC-2018, SICs can serve as social ventures for a social cause with conditional profits which would attract social entrepreneurs who are willing to give back to the society. SICs inhere in them the potential for spurting of start-ups who could also function as implementing agencies for CSR, receive CSR funds as capital, generate employment and access funds from the proposed Social Capital Exchange announced in Budget 2019.

This shall not only be an innovative way of addressing the needs of the most deprived by leveraging capital and deploying it to areas which require urgent attention but shall also help meet SDGs. SICs may eventually become a powerful vehicle for private investments to achieve social impact.

The committee also recommended MoCA to pilot Social Impact Bonds raised by such SICs or not-for-profit companies in order to raise capital in form of CSR contribution.
11. Select Conceptual CSR Frameworks for Assessment

Numerous studies have been undertaken in the past in the CSR domain in India and across the globe, each having leveraged a variety of frameworks to assess the impact of the CSR expenditure. Provided below is an analysis of these frameworks, and other such frameworks utilized for performance evaluation of various programs. These frameworks can be leveraged for the envisaged CSR Evaluation study as well.


The CIAM framework is based on the premise that companies perceive several sustainability trends, issues and events as relevant – ideally mediated through public policy or other societal goals.

Different types of motivation (e.g., ethical, financial or other) bring companies to commit themselves to tackle such issues; this commitment further translates into a corporate strategy and formulating of targets.

The company then decides on what exactly to do, agree on programmes of activities and policies (“Outputs”), and finally implement concrete activities, which include allocating financial resources and personnel to them). These outputs are further expected to create change within the company (“Outcomes”) and for society (“Impacts”).

The Impact Measurement and Performance Analysis of CSR (IMPACT) study conducted by CORDIS for European Union leveraged the CIAM framework in its analysis. While the study especially focused on the link between Outcomes on a company level and Impacts on level of society (within the areas of environment, quality of jobs, and economy), it also collected information for and analyzed relationships between all the other steps of this process.

The rationale behind focusing on the process than just outcomes and impacts was to be able to create causality by following the whole chain from perception to impacts,
with a special impetus on the implementation of CSR activities, and outcomes and impacts created by them.

11.2. **Edward Freeman Stakeholder Theory**[74]

![Edward Freeman Stakeholder Theory Diagram]

**Figure 36: Edward Freeman Stakeholder Theory**

- Freeman's 1984 stakeholder theory is often cited in CSR studies by academics and practitioners. While less a framework and more a theory, it espouses two key questions:
  - **What is the purpose of the firm?** This encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and marketplace financial metrics.
  - **What responsibility does management have to stakeholders?** This pushes managers to articulate how they want to do business—specifically, what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose.

- Today's economic realities underscore the fundamental reality at the core of stakeholder theory: Economic value is created by people who voluntarily come together and cooperate to improve everyone's circumstance. Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the firm promises. A key takeaway: *Shareholders are an important constituent and profits are a critical feature of this*
activity, but concern for profits is the result rather than the driver in the process of value creation\(^5\)

- Limitations of this theory include arguments that it is an excuse for managerial opportunism, is primarily focused on financial outputs and presupposes that all stakeholders must be treated equally.

### 11.3. Creating Shared Value (CSV) Framework

#### Figure 37: Social Needs and Economic Value Creation Framework\(^{43}\)

- CSV is a management strategy focused on companies creating measurable business value by identifying and addressing social problems that intersect with their business

- CSV was first introduced in the Harvard Business Review article Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility.

- The idea is that CSV goes beyond CSR and drives innovation and the next wave of growth and productivity as it encompasses both business and societal value.

- In essence - the framework pushes businesses to evaluate opportunities with a view that social needs are the largest market opportunity, weaknesses in the community affect company productivity and social deficits and environmental impact create economic costs for the companies. Effectively articulating that solving societal and community needs by businesses help them drive sustainable growth.

- Michael Porter notes on CSV: “Companies have overlooked opportunities to meet fundamental societal needs and misunderstood how societal harms and weaknesses affect value chains. Our field of vision has simply been too narrow.”

\(^{43}\) Source: Harvard Business School
11.4. Value Creation Framework

- One of the challenges of CSR has been verifying whether the initiative has been value additive or decretive. An alternate framework proposed has been to look at the entire VCC (Value Creation Chain) to determine the true impact of CSR initiatives and to help provide course corrective measures if:
  - If, wrong CSR initiatives were chosen for implementation;
  - If, CSR implementation level has not yet reached the break-even point;
  - If, not all value was measured

<table>
<thead>
<tr>
<th>Objective</th>
<th>Goal</th>
<th>Question</th>
<th>Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company</td>
<td>Financial</td>
<td>Increased company stock value</td>
<td>Stock market price if applicable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased sales</td>
<td>Change in sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Loyalty of employees</td>
<td>Employee turnover rate, average</td>
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<tr>
<td></td>
<td></td>
<td>New business activities</td>
<td>Opinion of executives (survey)</td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
<td>Brand Awareness</td>
<td>Top of mind position in the market</td>
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<td></td>
<td></td>
<td>Positive associations with the brand</td>
<td>Shift in positive associations with the brand</td>
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<tr>
<td></td>
<td></td>
<td>Point of differentiation</td>
<td>Opinions of executives and customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to new markets</td>
<td>Opinions of executives, factual sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer loyalty and retention</td>
<td>Repeat purchase, No. of loyal customers</td>
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<td></td>
<td></td>
<td>Favorable purchase decision</td>
<td>Customer opinions (sales if possible)</td>
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<tr>
<td></td>
<td></td>
<td>Justification of higher price</td>
<td>Customer opinions (sales if possible)</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>Employees</td>
<td>Better working conditions</td>
<td>Employee opinion, compliance to standards</td>
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<td></td>
<td></td>
<td>Health savings</td>
<td>No. of accidents and illnesses</td>
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<td></td>
<td></td>
<td>Job satisfaction and self-realization</td>
<td>Employee opinion (survey)</td>
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<tr>
<td>Customers</td>
<td></td>
<td>Improved quality</td>
<td>Customer opinion (by survey), number or product returns or complaints</td>
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<td></td>
<td></td>
<td>Higher perceived value</td>
<td>Consumer opinion by survey</td>
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<td>New added value</td>
<td>Product or service analysis</td>
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<td></td>
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<td>Customer involvement (co-creation)</td>
<td>Executive opinion, customer opinion</td>
</tr>
<tr>
<td>Suppliers &amp; Business Associates</td>
<td>Increased competitive advantage</td>
<td>Sales, average price, market share</td>
<td></td>
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<td></td>
<td>Faster production</td>
<td>Production cycle, supply chain timing</td>
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<td></td>
<td>Increased manual trust</td>
<td>Opinions of suppliers and business partners</td>
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<tr>
<td></td>
<td>New standard in business sector</td>
<td>Case analysis if applicable</td>
<td></td>
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<tr>
<td>Society</td>
<td>New social services and products</td>
<td>Case analysis if applicable</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Charity projects</td>
<td>Received donations and other benefits</td>
<td></td>
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<tr>
<td></td>
<td>Support for education and job creation</td>
<td>Case analysis if applicable, funds for education and new job creation, No. of new jobs</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>Public health and other welfare</td>
<td>Analysis of statistics of special illnesses</td>
<td></td>
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<tr>
<td></td>
<td>Prevention of pollution</td>
<td>Reduction of CO2, emissions</td>
<td></td>
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<tr>
<td></td>
<td>Restoration of contaminated areas</td>
<td>Spendings on environment restoration</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>Budget savings</td>
<td>Alternative costs for government if no such value is created</td>
<td></td>
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<tr>
<td></td>
<td>Reduced unemployment</td>
<td>New jobs in CSR companies, government savings on investment to drive employment</td>
<td></td>
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<tr>
<td></td>
<td>Increased GDP</td>
<td>Additional GDP created by CSR companies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Foreign investment</td>
<td>No. of new companies and Spending’s total investment when done under stipulation of CSR</td>
<td></td>
</tr>
</tbody>
</table>

Figure 38: Value Creation Framework
• Jonikas developed a conceptual framework combining elements of Caroll’s CSR Pyramid and Kremer’s Shared Value Theory to assess CSR impact across the entire value chain using a GQM method (software metric) following which adjustments were made by surveying experts.

• The limitation of this framework is first and foremost, it's conceptual nature - and as it has not been validated on a sample set. Secondly, the large number of requirements and questions in the absence of standardized metrics have not been validated across large companies and SMEs alike.

11.5. OECD’s DAC R/C/E/I/S + E Framework \[76\]

The Organization for Economic Co-Operation and Development (OECD)’s DAC framework encompasses five criteria - Relevance, Effectiveness, Efficiency, Impact and sustainability. These five have underpinned most evaluation systems in international development, and the framework has been used by the World Bank, the UN and regional development agencies over the last 15 years. In 2019, the framework added another criterion - coherence, to capture linkages, technology complexity and systems thinking. In order to ensure inclusive growth, it is also recommended to consider a seventh criteria - Equity, while evaluating outcomes. The definitions of the criteria are listed below:

• **Relevance**: The extent to which the intervention objectives and design respond to beneficiaries, global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change.

• **Coherence**: How well does the intervention fit? The compatibility of the intervention with other interventions in a country, sector or institution. This looks at both Internal and External Cohesion.

• **Effectiveness**: Is the intervention achieving its objectives? The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups.

• **Efficiency**: How well are resources being used? The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way.

• **Impact**: What difference does the intervention make? The extent to which the intervention has generated or is expected to generate significant positive or negative, intended or unintended, higher-level effects.

• **Sustainability**: Will the benefits last? The extent to which the net benefits of the intervention continue, or are likely to continue. In the context of CSR, it’s crucial to understand how many companies would continue to do CSR if the law is withdrawn. It’s also critical that SMEs are well integrated within the CSR ambit to ensure its sustainability. The success of CSR regulation and investments lies in its replicability, scalability, self-sufficiency, institutional & capacity building, learnings and knowledge sharing.

• **Equity**: The extent to which government services are being made available to and accessed by different social groups. Particularly in schemes designed for universal coverage, the fair inclusion or intended or unintended exclusion of beneficiaries
belonging to vulnerable, marginalized, disadvantaged groups and weaker sections of society must be considered\textsuperscript{44}.

As the framework has been in use for over 15 years, critics have argued for a more inclusive framework which takes into account the changes to society that have occurred in the last couple of decades - factoring in technology and cost-benefit analysis amongst others to this approach\textsuperscript{45}.

11.6. Logical Framework Analysis

![Logical Framework Analysis Framework](image)

Figure 39: Logical Framework Analysis Framework

- Using the adage, "If you don't know where you're going, any road will get you there" by Peter Drucker as a guidepost - USAID developed the Logical Framework Analysis (Log Frame) methodology in the 1960’s to help them with planning. The guiding objective was to provide a solution to the challenges that planning was too vague, management objectives were unclear, and evaluation was an adversary process\textsuperscript{77}. Uncannily, the challenges remain the same in addressing development goals in the 21st century - hence securing the framework’s relevancy.

- The log frame comprises of a simple 4*4 matrix across the following criteria:
  - Goals/High Level Development Objective
  - Purpose/Immediate Objective
  - Outputs/Immediate Results
  - Inputs/Activities Undertaken to achieve Results

- Over the years many developmental agencies have used the Log Frame analysis to guide their planning and evaluation process. There are many iterations of the model tweaked according to the project type - but the general approach remains the same: To clarify and articulate high level and tangible objectives prior to the commencement

\textsuperscript{44} Source: DMEO UCSS Evaluation, 2019-20
\textsuperscript{45} Source: Independent Evaluation Group (IEG), World Bank
of projects and to measure success through outputs and activities upon its culmination.

- The Schedule VII of the Companies Act, 2013, and subsequent interpretations by the High-Level Committees in 2015 and 2018, can serve as a good basis to draft the log frame i.e., expected activities, outputs, outcomes and impact from the CSR Expenditure.

- For instance, HLC-2018 observed that the legislative efforts undertaken by the Government of India in the context of CSR need to be viewed against two key outcomes:
  - Corporations as partners in the social development process of the country
  - Strengthening the social responsibility of business

- With regards to the objectives of CSR, the HLC-2018 stated that purpose of CSR is not to mobilize resources for the government to bridge resource gap in meeting Sustainable Development Goals (SDGs) but rather promote responsible and sustainable business philosophy at a broad level and encourage companies to come up with innovative ideas and robust management systems, to address social and environmental concerns of the local area and other needy areas in the country. The intent of the law is to mainstream practice of business involvement in CSR and make it socially, economically and environmentally responsible.

11.7. Carroll’s Pyramid of Corporate Social Responsibility

![Carroll’s CSR Pyramid](image)

- Carroll’s CSR pyramid has been often cited in the CSR literature. In essence, the theory and pyramid postulate that corporates need to fulfil all 4 levels of the pyramid to fulfil their CSR responsibility: Economic Responsibility, Legal Responsibility, Ethical Responsibility and Philanthropic Responsibility.
In his 1991 book, Caroll describes, 'Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time. This set of four responsibilities creates a foundation or infrastructure that helps to delineate in some detail and to frame or characterize the nature of businesses’ responsibilities to the society of which it is a part.

11.8. SATTVA’s Strategic CSR Framework

SATTVA’s strategic CSR Framework

- Sattva developed a strategic CSR framework, aiming to assist companies in rethinking their CSR strategies looking at the intersection of identified benefits to a community, benefits for the firm to engage in CSR, and the company’s expertise in creating value by implementing the strategy.

- From these variables, Sattva identifies four types of CSR anchors that define what the company’s objective in terms of social impact can be:
  - The “compliance” type of CSR, mostly limited to low-risk financial contributions to social programs, e.g., the Prime Minister Relief Fund (eligible to the Act’s compliance)
  - The “social cause” CSR, which consists of project-based philanthropy, disconnected from the business
The stakeholder engagement-based CSR, focusing either on employees, on the local community or on customers

The “business value” CSR approach, strongly focused on the company’s expertise and equitable value to both business and society

11.9. SROI - Social Return on Investment

- SROI analysis is a process of understanding, measuring and reporting on the social, environmental and economic value that is being created by an organization.

- While less of a framework and more a method to give a frame of quantification to social value, it is useful to force rigour in evaluating CSR initiatives and allows for comparison between alternate initiatives, creating some objectivity in an otherwise ambiguous topic.

- The SROI framework helps measure a change in ways that are relevant to the people or organizations that experience or contribute to it. It tells the story of how change is being created by measuring social, environmental and economic outcomes, and uses monetary values to represent them. This enables organizations to calculate cost-benefit ratios. SROI helps manage and communicate the social value a project creates in the form of a measurable number that can be understood by all relevant stakeholders. The SROI measurement also helps to increase the social value or impact the project creates and can be evaluated or forecasted.

- SROI measures the value of the benefits relative to the costs of achieving those benefits. It is a ratio of the net present value of benefits to the net present value of the investment.

11.10. Catalytic CSR Framework

Figure 42: CSR Catalytic Framework
Samhita Social Ventures and Social Finance India advocate adopting Catalytic CSR which articulates a foundational change in how companies implement CSR - from funding inputs to outcomes and achievement, from individual to ecosystem support, from delivering services to building capacity and enabling the market and by amplifying traditional grant models with risk capital. Effectively the impetus lies in moving from compliance-driven CSR to Strategic CSR and eventually Catalytic CSR.

The framework looks to derive greater social impact from CSR funds rather than replacing traditional models. As Corporate CSR represents ~1.36% of public spending on social initiatives, the approach attempts to leverage the core competencies of companies to enact greater change than simply grant writing allows.

The basic premise of the framework is that corporates have to use a new approach to tackle social problems more effectively, using either Catalytic Finance (Blended Finance and looking at new instruments such as Impact Investment Bonds etc.), Catalytic Competencies (Collaborating across companies/verticals to address not only short-term needs but the systemic root causes) or Catalytic Partnerships (extending the scope of partnerships away from solely Implementation Agencies) to do so.

The framework includes in-depth case studies of successful implementations of Catalytic CSR and also notes that this is the way forward for M&E of social impact, ‘mix of quantitative approaches, anecdotes and case studies’ noting, ‘It is important to share success stories to keep the partners motivated’.


The McKinsey mutual benefit framework attempts to provide an approach to understand benefits to both business and society through CSR.

The framework relies on the principle of “Smart Partnering” as one way to create value for both business and society simultaneously through shared value creation.

This view of CSR pushes business to focus on core value creation by addressing strategic issues or challenges and for society shifts from maintaining minimum standards and funding to broader measures such as the overall quality of life and living standards. It relies on business and society leveraging each other to find creative solutions.

The framework measures benefits to business and society across three dimensions:

- **Time Frame**: The framework calls for a distinction between short- and long-term objectives
- **Nature of Benefit**: The framework calls for assessing the difference between tangible and intangible benefits
- **Benefit Split**: The framework calls for assessing the split between the two stakeholders - business and society, and urges that for the model to work, “shared value” must be created

The framework provides a simple approach to understanding the potential for future CSR initiatives, however is largely dependent on clear measurement and evaluation KPI's for the dimensions and does not lend itself easily to large scale extrapolation.
Figure 43: McKinsey Mutual Benefits Framework
12. Select Related Studies Conducted in the Past

The below section provides a consolidated view of select studies conducted with regards to CSR Impact assessment in the past, alongwith an overview of the approach and methodology adopted by the researchers. This section is meant to highlight past approaches and research designs used – each having its own merits and limitations. As India has pioneered mandatory CSR spending regulation and as no large-scale study exists to evaluate impact through the regulation - follow up research could leverage methodologies of a select study or use a combination of approaches to design evaluation mechanisms at scale.

Majority of existing studies and literature focus either on compliance to existing guidelines, positive company benefits through CSR or comparative performance. The below table provides a summary of these studies and their categorization by their approach viz. Compliance based, Corporate Benefit focused or Comparative Assessment:

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Motivation/ Study</th>
<th>Impact Based</th>
<th>Compliance Based</th>
<th>Corporate Benefit focused</th>
<th>Comparative Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IMPACT study</td>
<td>✔️</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>OECD Study</td>
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<td>✔️</td>
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<tr>
<td>3</td>
<td>CSR &amp; Financial Performance</td>
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<td></td>
<td>✔️</td>
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<tr>
<td>4</td>
<td>Project ROI</td>
<td></td>
<td></td>
<td>✔️</td>
<td></td>
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<tr>
<td>5</td>
<td>KPMG India CSR</td>
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<td>✔️</td>
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<tr>
<td>6</td>
<td>Rai &amp; Bansal</td>
<td></td>
<td></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Samhita</td>
<td></td>
<td>✔️</td>
<td></td>
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<tr>
<td>8</td>
<td>Chen, Hung, Wang</td>
<td></td>
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<td>✔️</td>
<td></td>
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<tr>
<td>9</td>
<td>RCT Study</td>
<td>✔️</td>
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<td>10</td>
<td>Singh, Holvoet and Pandey</td>
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<td></td>
<td>✔️</td>
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<tr>
<td>11</td>
<td>Doing Good Index – Center for Asian Philanthropy</td>
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<td></td>
<td>✔️</td>
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<td>12</td>
<td>CSR Yearbook (CRISIL)</td>
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<td>Stefanska &amp; Wanat</td>
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<td>CSR in Brazil</td>
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<td>17</td>
<td>Boccia, Manzo &amp; Covino</td>
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<td>✔️</td>
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</table>

Table 2: Summary of Select Studies by Approach

The details on the objectives, methodology, findings and limitations of these studies have been provided in the following subsections.
12.1. Impact Measurement and Performance Analysis of CSR (IMPACT) by the European Union [59]

- **Objective:**
  IMPACT Project was launched in 2010 as the first systematic attempt to assess and measure the contribution of CSR to the social, economic and environmental goals of the European Union.

- **Methodology:**
  The IMPACT Project consisted of a consortium included 17 leading universities, business schools, research institutes, think tanks and membership network associations.
  
  This study claims to be the first-of-its-kind large scale evidence-based assessment and analysis of CSR impact within companies, across industry sectors and regions, and at national and EU levels.
  
  In terms of its scope and duration, it has been the European Commission’s largest ever research and knowledge development initiative on CSR, supported by € 2.6 million.

- **Conclusion/Limitations:**
  The IMPACT study developed a conceptual framework which visualizes the processes lying behind CSR activities while contributing to a rich body of evidence-backed knowledge and new insights around CSR’s impact on society.

12.2. Measuring the immeasurable? Constructing an index of CSR practices and CSR performance in 20 countries [84]

- **Objective:**
  With an aim to measure and quantify CSR practices and performance across 20 OECD nations, the study, based on a formative measurement model, computes two indices – one measuring CSR practices and other measuring CSR performance.

- **Methodology:**
  The indices were developed based on the nine indicators belonging to the below-mentioned four broad categories:
  
  - Ratings based on socially responsible investment criteria (Dow Jones Sustainability Index, FTSE4Good and “The Global 100 Most Sustainable Corporations” list)
  
  - Membership in CSR communities (UN Global Compact and the World Business Council for Sustainable Development)
  
  - Sustainability reporting practices (KPMG Sustainability Reporting Survey and the Global Reporting Initiative) and
  
  - Certification schemes (ISO14001)
Three calculation methods were used for aggregation of indicators – transforming all country scores on all indicators into a rank ordering, transforming the country ratios into standardized scores (z-scores) and standardization of scores using natural logarithm. All three calculation methods, as well as the simple summation of the ratio of over- and under-representation, produced consistent results overall but the index based on natural logarithm was used as the reference.

For the index to reflect CSR performance, the analysis excluded the two process-oriented initiatives with soft requirement (i.e., the UN Global Compact and the GRI) which were the least related to performance.

Figure 44: Index of CSR Practices and CSR Performance for 20 OECD Nations

- **Conclusion/Limitations:**

  The study concluded that CSR practice and performance are determined by more factors other than just ethics; some political-economic systems seem to be more conducive to CSR than others.

12.3. Corporate Social Responsibility and Financial Performance Relationship: A Review of Measurement Approaches [85]

The study summarizes different approaches to measure CSR under following groups:

- **Reputation Indices:** This approach refers to indices compiled by specialized rating agencies. E.g., Major Indices viz. MSC KLD 400 Social Index, Fortune Magazine Reputation Index, Dow Jones Sustainability Index and Vigeo Index; National indices viz Index of CFIE-French Corporate Information Centre for French companies, Respect index for Polish companies and CSR Index for Croatian companies.

- **Content Analyses:** This approach refers to the content analysis of the corporate communication; It includes determining the constructs of interest, seeking information about these constructs and codifying qualitative information to derive quantitative scales that can be used in subsequent statistical analyses.

- **Questionnaire-Based Surveys:** This approach involves collecting primary data about CSR by sending questionnaires to knowledgeable respondents or interviewing them; This approach is typically used when a particular company is not rated by a rating agency and sufficient information with regards to the company is not available in the public domain.

- **One-dimensional Measures:** One-dimensional constructs focus only on a single dimension of CSR, for example, environmental management or philanthropy; the application of one-dimensional constructs can be theoretically problematic considering the CSR concept is clearly multi-dimensional.
12.4. Project RoI: Defining the competitive and financial advantages of corporate responsibility and sustainability [86]

- **Objective:**

Verizon and the Campbell Soup Company undertook ‘Project ROI’ in association with IO Sustainability and Babson College, with an objective to continue to improve their ESG performance and to tangibly measure the benefits to business of environmental, social, and governance programs.

Project ROI’s objective was to assess the business case for Corporate Responsibility (CR) and estimate the potential ROI from CR programs.

- **Methodology:**

Project RoI’s approach relied on analyzing existing research from credible analysts and institutions which included 300+ studies from academic and peer-reviewed sources. This research was supplemented with interviews of executives and CR practitioners, with a large focus on the experience of large, publicly traded companies.

- **Conclusion/Limitations:**

The study concluded a strong positive impact of CSR on market value, overall brand reputation and reduction in company risk. As per the findings of the report, CSR programs have the potential to:

- Increase market value by up to 4-6%
- Increase revenue by up to 20%
- Reduce systemic risk by up to 4%
- Reduce the cost of debt by 40% or more
- Increase price premium by up to 20%
- Reduce staff turnover rate by up to 50%

12.5. India CSR Reporting Survey (KPMG)

- **Objective:**

Professional consulting and audit firm KPMG has published an India focused CSR Reporting Survey for the last 5 years, since the mandatory CSR regulation in the country.

The survey looks to understand compliance with the regulation and highlight trends across sectors, PSU/non-PSU companies, regions etc.

- **Methodology:**

The survey looks at publicly available data in the form of annual reports, disclosures and CSR policies for the top 100 firms in the country based on market capitalization. Additionally, to establish sub-parameters this information was broken down by ownership, sector and size variables.

For forward-looking trends, the firm also relies on interviews with subject matter experts across large corporations and SME’s.

- **Conclusion/Limitations:**
The survey calls out the lack of impact measurement in the country, with the executive note highlighting, ‘CSR expenditure and having various trappings of CSR, do not translate to impact on ground… There are signs of progress, but it is critical that there are necessary measures to report more fully on CSR performance’.

12.6. Factors’ Impacting CSR expenditure and Profitability (Rai & Bansal)

- **Objective:**
  
  Rai and Bansal in the ‘15 Review of Market Integration conducted a study evaluating the endogenous relationship between firms’ CSR expenditure and profitability prior to the Companies Act of 2013 to test the hypothesis of a two-way relationship between CSR and a firm’s profitability.

- **Methodology:**
  
  The study first looked at qualitative data evaluating annual reports of the top 200 firms by market size to understand sectoral preferences.

  This was followed by quantitative analysis where data was extracted using the PROWESS database, the hypothesis was tested using a 3SLS (three stage least squares) regression and the Durbin-Wu-Hausman test for endogeneity to understand drivers and impact with the three stage least squares model solving the equation.

- **Conclusion/Limitations:**
  
  The study concluded that more profitable firms spend more on CSR as they have more resources and simultaneously higher CSR expenditure leads to a better reputation for which firms are financially rewarded.

12.7. Transforming India: The CSR Opportunity (A Study by Samhita supported by the Rockefeller Foundation) [35]

- **Objective:**
  
  The ‘Transforming India: The CSR Opportunity’ Study was conducted by Rockefeller Foundation and Samhita Social Ventures to capture challenges and opportunities of the CSR regulation in India from the perspective of various stakeholders.
• **Methodology:**

The study involved in-depth interviews with 35 companies, 13 social organizations (NGO’s and social enterprises) and 10 large grant-making organizations and sector intermediaries. In addition, a survey was conducted with companies and NGO’s soliciting a response from 56 companies and 144 NGO’s.

![Figure 45: Different CSR Approaches adopted by Companies](image)

Through their in-depth interviews, the study has rich material which encompasses the stakeholders of the CSR ecosystem, lifecycle of CSR, project selection and implementation, monitoring and implementation.

The reports also cover changes in behaviour since the introduction of the regulation and provide “Calls to Action” across different stakeholders incorporating suggestions for even better performance going forward.

• **Conclusion/Limitations:**

The SATTVA study noted specifically relating to impact, that both companies and social organizations felt impact measurement to be a challenging task due to inherent complexities in measuring social value, the lack of common understanding and definition of impact - wherein counting coverage and output numbers was taken as a proxy for true impact, and the lack of standardized measurement frameworks and tools to guide social organizations and companies. Secondly, they noted that evaluation of programme impact was seen as an end in itself rather than a means to generating programme efficiency and effectiveness.

A specific and illustrative example is highlighted in elementary education, ‘where most companies were measuring improvements in infrastructure… very few were capturing actual learning outcomes amongst children’.
12.8. The effect of mandatory CSR disclosure on firm profitability and social externalities: Evidence from China (Chen, Hung and Wang) [48]

- **Objective:**
  
  Chen, Hung and Wang’s 2017 study evaluates the effect of China’s CSR disclosure policy on firm’s profitability along with the impact on social externalities in the form of environmental pollution using a difference-in-difference approach (DiD) to arrive at the conclusion that mandatory CSR disclosure alters firm behaviour and generates positive externalities at the expense of shareholders.

  This study compared the change in a firm’s performance amongst mandatory CSR reporting firms versus non-CSR reporting firms.

- **Methodology:**
  
  The methodology of the study uses a DiD (Difference in Difference) approach where firms are categorized into “treatment” and “benchmark” firms based on whether they disclosed CSR or not and then evaluated their profitability on ROA and ROE measures. In order to mitigate concerns that the treatment sample is not randomly selected, they used a PSM approach (a quasi-experimental statistical tool) along with logit regressions to randomize the sample. They also use the DiD approach to evaluate changes in pollution levels in cities with and without the mandate and use a median value for comparison.

- **Conclusion/Limitations:**
  
  The findings of the study inferred that mandatory CSR disclosures changes firm behaviour and generates positive externalities to the society at the expense of shareholders.

  They concluded that mandatory CSR disclosure increases political and social pressure regarding a firm’s activities and that CSR spending therein is largely driven by political/social factors rather than economic considerations.

  The study also observed that agency conflicts between politicians/managers of state-owned enterprises and minority shareholders lead to less efficient CSR spending, thereby attenuating the potential positive social impact of the mandate.

12.9. RCT’s and Developmental Economics (Banerjee, Duflo and Kremer) [87]

- **Objective:**
  
  Banerjee, Duflo and Kremer’s experimental approach to alleviating global poverty spans more than a decade and won them a deserved Nobel Prize in Economics in 2020. The backbone of the approach lies in using RCT’s - Randomized Controlled Trials - a technique used more frequently in science and laboratories - to assess outcomes of social programs and to test the effectiveness of various policies and interventions.

- **Methodology:**
  
  Using RCT’s, a sample is split into “treatment” and “control” groups which receive different incentives and interventions. This differs from traditional interventions in development policies where comparative measures are used from a different dataset.
The benefits of using RCT’s include a focused identification of causal effects, assessing external validity, observing unobservables, easier data collection, the ability to iteratively experiment and unlocking innovation that can be scaled. In essence, using RCT’s helps identify successful interventions for scaling policies quickly and conversely helps weed out unsuccessful interventions without large investments in time and capital.

Criticisms of RCT’s focus on the limitations of identification - such as imperfect randomization, attrition etc. [87].

- **Conclusion:**

With the growing body of evidence and support – RCT’s are a tested mechanism for measuring impact and development objectives. However, when thinking about the implementation of RCT’s at scale, the trio notes, “To get to the right scaled-up version therefore involves trying them out to scale and measuring the impact at scale. Indeed, multiple iterations may be needed until something that is appropriate for policy can work. Figuring out how best to do the scaling in each case or how to do so in additional countries takes time, specialized human capital and additional funding.”

### 12.10. Bridging Sustainability and CSR: Culture of Monitoring and Evaluation of CSR Initiatives in India (Singh, Holvoet and Pandey) [88]

- **Objective:**

Singh, Holvoet and Pandey’s 2018 study on CSR initiatives in India looks at how companies have conceptualized sustainability in their annual sustainability reports and how these ideas are reflected in their CSR policies and secondly looks at M&E practices in CSR interventions.

- **Methodology:**

The study interestingly uses text network analysis and narratives-based content analysis to analyze the data which it draws from primary and secondary data sources. It concludes that the current approach towards sustainability initiatives presents serious challenges to sustainability and specifically ‘social sustainability’ and a lack of ‘willingness and readiness’ among Indian companies to monitor the outcomes of CSR interventions.

The methodology used for the study includes CSR policies of 44 GRI compliant companies analyzed using TNA - text network analysis- using a text network visualization software (InfraNodus) where words become nodes in a network and connections between words become edges. To understand the implementation strategy of CSR initiatives, the team relied on “semi-structured” interviews with 15 CSR managers based on convenient sampling and adequate representation (size and sectoral). These interviews were then coded and content analysis and narrative methods were deployed on them.

- **Conclusion/Limitations:**

With regards to the lack of an M&E structure, the teams noted a lack of focus on ‘impact’ and a focus on ‘outputs’ instead, “…Companies do not distinguish between ‘Monitoring’ and ‘Evaluation’ … Others consider involvement of a third party in the auditing of CSR finances to be equivalent to third party evaluation… Many CSR
interventions go through mid-term and end-term evaluations which are limited to verifying the physical progress and outputs of the intervention… Companies are more concerned with outputs, as they are generally eager to grasp what has happened to their investment as quickly as possible”.

12.11. ‘Doing Good’ Index for Countries (Center for Asian Philanthropy and Society) [12]

- **Objective:**

  The Center for Asian Philanthropy and Society’s ‘Doing Good Index’ is a yearly index published with an Asian focus on studying the environment within which private spend meets social needs. The study began in 2018, and now in its third year has expanded to include 18 countries in the region (including India). Mr. Jamshyd N. Godrej is part of its Board of Governors.

- **Methodology:**

  The index surveyed 2,189 social delivery organizations (SDO’s) and interviewed 145 country experts across the 18 countries, considering factors under four sub-indexes: Regulations, Tax and Fiscal Policy, Ecosystem and Procurement. The results are then categorized into four distinct clusters, “Doing Well”, “Doing Better”, “Doing Okay” and “Not Doing Enough” where the clusters can be thought of as the distance left to travel towards creating a conducive environment for doing good. As the study is published annually, year-on-year comparison is used to assess changes and developments. Lastly - apart from a static report that is published, the centre has a dedicated “Microsite” with interactive visuals highlighting key results and takeaways.

- **Conclusion/Limitations**

  While the focus of the study is to assess the macro-environment for social investment, the framework of comparing a country’s performance with a mix of data and specific anecdotes help elucidate differences and identify best practices. Specific to CSR and mandatory CSR contributions, the study notes ‘Mandatory CSR spending can unleash enormous resources for the social sector on one hand, but create a heavy administrative burden for corporate donors and their recipients on the other. There is also a risk that funds will flow to well established organizations rather than where they are needed most’.

12.12. CSR Yearbook 2020 (CRISIL) [89]

- **Objective:**

  CRISIL’s CSR arm, the CRISIL foundation’s 2020 yearbook looks at the impact of COVID on CSR spending and is aptly titled, ‘Doing Good in Bad Times’.

- **Methodology:**

  The foundation surveyed the top 100 companies in India based on revenue and looked at public domain information - through websites, disclosures to stock exchanges and news articles from authenticated websites to assess their contributions to COVID as part of their CSR efforts. The survey looks at sectoral differences in contribution, regionality and channel of spend (foundation vs government funds).

- **Conclusion/Limitations:**
The key findings seem intuitive, with the most affected state (by COVID) - Maharashtra - receiving maximum contributions and insights around COVID driven spending impacting overall CSR budgets.

The Yearbook presents interesting insights around COVID impact, however, its reliance on public domain information handicaps a detailed understanding of challenges and opportunities faced by companies confronted with managing pandemic spending along with regular CSR contributions that may have been committed. In addition - the yearbook focuses extensively on reported expenditure and financial metrics and misses an opportunity to highlight impact at the firm, sector or macro level.

12.13. The National CSR Network 2020 Survey (National CSR Network) [90]

- **Objective:**

The National CSR Network 2020 conducted a survey in conjunction with RvVeKommunicate to consolidate efforts and CSR activities for combatting Covid-19 situation, and also provide high-level recommendations for collaboration opportunities between Government, Corporates and NGOs for Pre and Post COVID 19.

- **Methodology:**

The presentation provides a very high-level assessment of firms’ initiatives to help communities and society deal with COVID 19. While the survey highlights that the manufacturing and services industries were surveyed, it does not share detailed methodology around the survey design, number of respondents and the split between the sectors. Likewise, its findings are so generalized that actionable insights are difficult to gauge.

- **Conclusion/Limitations:**

The recommendations for a path forward and its roadmap for partnership with the government hinge on partnering with the government to facilitate discussions across government actors, corporates and NGO's and offers support in planning SOP’s and planning roll out of relief measures.

12.14. CSR and SDGs in India (NGO Box) [91]

- **Objective:**

CSRBox's “CSR and SDGs in India” report for FY18-19 is a survey of 519 companies accounting for nearly two-thirds of the CSR spending in India. Its large sample gives it the position of the biggest study on such a large data set.

- **Methodology:**

This report covered companies listed on BSE/NSE and subsidiaries of BSE-listed Companies, with prescribed CSR expenditure of INR 0.5 Cr. in FY 2018-19

The study focuses on actual CSR reporting data in mandatory disclosures to analyze spends across private-public sectors, number of projects implemented, the regional and sectoral differences in spend and the state-wise breakdown of expenditure. Lastly, it looks at the proportion of projects aligning to SGD goals.
Conclusion/Limitations:

While the study is robust in its sample size, its focus on expenditure and mandatory reporting shifts the focus to compliance to regulation across expenditure, disclosure, regions and initiatives and ignores impact at an anecdotal, company, sectoral or national level.

CSRBox also maintains a portfolio of 1000+ companies mandated to spend on CSR, accounting for more than INR 10,000 crores spend on CSR projects every year.

12.15. Local Governments as Stakeholders of Socially Responsible Commercial Enterprises (Stefanska & Wanat) [92]

Objective:

In a study conducted to analyze the involvement of local governments as stakeholders of socially responsible commercial enterprises, factor analysis was used to identify basic dimensions of the perception or retail unit’s activities.

Methodology:

Descriptive statistics and regression analysis were used to identify the coefficients of correlation between CSR awareness and CSR communication on the perception of CSR activities by the local government.

Conclusion/Limitations:

The study concluded that, the companies should take into account the local authorities’ level of knowledge and the awareness of CSR, while they practice CSR in their operations.

Secondly, companies should ensure appropriate communication about their CSR activities; Lack of such communication may undermine the effects of their CSR initiatives.

12.16. An Analysis of Corporate Social Responsibility in Brazil [42]

Objective:

This study is aimed at analyzing CSR in Brazil and if the Brazilian firms are integrating CSR into their strategy.

Methodology:

With the aim of promoting CSR in Brazil, the Brazilian Institute of Social and Economic Analysis (IBASE) had proposed a model of “Social Balance Sheet”. The study for its analysis leverages IBASE database which contains CSR data of Brazilian firms for about ten years.

The “Social Balance Sheet” model includes information on six categories: (1) company’s revenue, (2) amount spent in internal social action, (3) amount spent in external social action, (4) amount spent on environmental actions, (5) indicators related to the labor force, and (6) relevant information associated with corporate citizenship.

Conclusion/Limitations:
The study concluded that a growing number of Brazilian companies have adopted CSR and many firms already have internal stakeholders formally involved with CSR policy definition.

12.17. Consumer Behavior and Corporate Social Responsibility: An Evaluation by A Choice Experiment (Boccia, Manzo & Covino) [93]

- **Objective:**

  This study conducted by Flavio Boccia, Rosa Malgeri Manzo and Daniela Covino in Italy focused on understanding the relationship between corporate social responsibility and consumer behaviour.

  The aim of the study was to investigate the extent of influence of socially responsible behaviour of companies on consumer purchasing decisions and if the customers would be willing to pay higher prices for good practice products.

- **Methodology:**

  A choice experiment was conducted in Italy for this purpose on ready-made foods, where socially responsible initiatives of companies were compared with four levels of price and the presence or absence of a known brand.

- **Conclusion/Limitations:**

  The study concluded a positive relationship between socially responsible initiatives of companies and attitudes of consumers towards them and their products.

  However, traditional purchasing criteria especially price continued to prevail, and only a few people adopted corporate social responsibility as a choice criterion for purchases.
13. Scope for Further Research

13.1. Proposed Scope of Next Phase of Study

- With the Company’s Act 2013, the Indian government took a historic step in bridging the gap between profit and purpose. While a few countries in the world have enacted regulations around CSR reporting, the Indian law of mandatory spending was pioneering.

- The five years since the enactment of the regulation have led to an increased awareness of social responsibility amongst corporates along with structural changes, greater expenditure and compliance with development both in local communities and underdeveloped areas and have spurred innovation in thinking and implementation.

- Phase 1 of the regulation has been a marked success. However, in order to move beyond purely financial indicators of expenditure and to assess the true value of impact created, there is an urgent need to strengthen and standardize monitoring and evaluation practices.

- This document has attempted to provide a holistic view of CSR in India - assessing a vast number of sources of literature to provide research methodology and macro frameworks along with practical case studies of best practices and innovation. However, as is the case with assessing any social impact, quantifying macro level impact within the current approach is infeasible as it would require a move from secondary research to primary on-ground data collection and analysis.

- This study recommends commissioning an independent additional study using an agreed upon framework, field-based evaluation and econometric analysis to assess and extrapolate the social impact generated by the CSR regulation in India. While past studies attempting this, globally, have been unsuccessful - driven by factors such as a lack of standardized and audited M&E, and high variation in goals and processes, we believe there is an opportunity for the country to pioneer macro level CSR impact evaluation, as India also been the pioneer in mandating CSR spending.

- A study of this scale and value would require close collaboration with academic institutions and think tanks to assess and evaluate an appropriate macro framework and identify viable econometric models for research and assessment, buy in from corporate and PSU partners- both those leading CSR spending and smaller companies adapting to the regulation along with partnership with NGO’s and implementation partners to assess on ground impact and ensure the results are credible.

13.2. Methodology and Research Designs for Next Phase of Study

- It is imperative that the proposed CSR Social Impact Assessment Study be based on a Conceptual Framework⁴⁶ that enables assessment, comparison, aggregation and extrapolation of CSR impacts at various levels – at micro (company), meso (sectoral, states and regions) and macro levels (country).⁵⁹

- Based on the chosen conceptual framework, constructs shall need to be determined and indicators and hypothesis shall need to be drafted so as to

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⁴⁶ Please refer to Section 11 for a list of CSR Conceptual Frameworks collated across multiple secondary sources
assess the performance of CSR expenditure on defined policy objectives, and thereby measure CSR impact on community and society at large.

- On the lines of ‘Impact Measurement and Performance Analysis of CSR’ (IMPACT) Study conducted for European Union [59], it is proposed that a large-scale, national-level, inter-sectorial empirical research be carried out using multiple complementary methods/approaches:\footnote{The approach followed by the related CSR studies in the past have been provided in Section 12 of the document}

  - **Exploratory Research and Meta-Analysis**: Analyze available secondary literature to understand the scope of work and challenges with existing sources
  - **Econometric Analysis**: Analyze performance on the defined indicators and test the defined hypothesis based on the statistical analysis of available data sets from the Ministry of Corporate Affairs and other secondary data sources, and data collected through primary surveys of the study. Some types of econometric analysis that can be used are:
    - **Conjoint Analysis**: To group cases of similar nature into clusters
    - **Factor Analysis**: To group similar variables into dimensions
    - **Durban-Wu-Hausman and 3SLS Regression Analysis**: Use the Durban- Wu- Hausman test and associated 3 stage least square regression analysis to determine endogenous relationships between CSR investment and other variables (E.g., CSR expenditure vs SROI/social impact)
    - **Randomized Controlled Trial (RCT)**: Analyze the difference between participants by segmenting them into “Experiment or Treatment” groups and “Control” groups for the intervention. The only difference should be the output variable, and any variance from that indicates challenges with program design.
    - **Difference in Differences Approach**: Where the RCT approach cannot be implemented due to feasibility or ethicality, use a DID approach to identify differences in outcomes between treatment groups (villages with intervention) and control groups (villages without intervention) to study differences in outputs. The DID is used for natural experiments vs the RCT.
  - **Company Case Studies**: Provide in-depth analysis of challenges, best practices, social innovations and impact generated by the companies through their CSR initiatives and expenditure
  - **Analysis of Different Company Networks**: Understand how impacts are mediated through networks and associations
  - **Delphi Study among Sector Experts**: Capture the insights of experts on CSR impacts, as well as identify future priorities and issues, by conducting surveys among them
o **Discrete choice experiments**: Offer stakeholders to state their choice over different hypothetical alternatives, and uncover how they value selected attributes of legislation, CSR implementation, monitoring and evaluation, etc.

o **Other Methods**: Website scraping, Key Word and Word Cloud Analysis, Narrative Text analysis and other qualitative research methods can also be leveraged for specific hypothesis testing or analysis.

The results from all the above methods shall need to be synthesized and triangulated with each other.

**13.3. Data Collection through Primary and Secondary Sources**

- The CSR measurement approaches can be summarized broadly under 4 different approaches: **Reputation Indices** compiled by specialized rating agencies; **Content Analyses** of the corporate communication; **Questionnaire-Based Surveys / Interviews** of knowledgeable respondents and **One-dimensional Measures / Constructs** focus only on a single dimension of CSR, for example, environmental management or philanthropy.

- The data for the above approaches can be gathered through a combination of secondary data sources and primary surveys, as provided below -

<table>
<thead>
<tr>
<th>Secondary Data Analysis / Literature Survey</th>
<th>Primary Survey (Surveys, Interviews, FGDs, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• CSR Disclosures Data for FY14-15 to FY18-19</td>
<td>• <strong>Key Informant Interviews</strong></td>
</tr>
<tr>
<td>• High-Level Committee Reports (2015 and 2018)</td>
<td>• CSR Leads of the Donor Organization</td>
</tr>
<tr>
<td>• Data collected through CSR Awards nominations</td>
<td>• CSR Project Manager of the Implementing Agencies (Self / NGOs / Trust)</td>
</tr>
<tr>
<td>• Other Published Reports on CSR in India and globally</td>
<td>• CSR Project Manager of International Agencies</td>
</tr>
<tr>
<td>• Secondary Data on social metrics for the beneficiary and non-beneficiary areas</td>
<td>• CSR Experts / Activists</td>
</tr>
<tr>
<td>• Other available Administrative Data</td>
<td>• Officials of Ministry and Local Government Bodies</td>
</tr>
<tr>
<td>• Company Websites, Annual Reports and Sustainability Report</td>
<td><strong>Household Surveys</strong></td>
</tr>
<tr>
<td></td>
<td>• CSR Project Beneficiaries</td>
</tr>
<tr>
<td></td>
<td><strong>Focus Group Discussions (FGD)</strong></td>
</tr>
</tbody>
</table>

**Table 3: Primary and Secondary Sources for Data Collection**
13.4. Guiding Principles for the Next Phase of the Study

The proposed next phase of the study for CSR Evaluation shall need to take into consideration the following -

- The study should be able to **evaluate the CSR regulation**, and also be able to **assess the impact created by the CSR spends** as mandated by the regulation. This may entail creating a national strategic framework with indicators and corresponding targets on what CSR as an instrument should contribute to at the macro level. It could be framed in context of the Sustainable Development Goals and National Voluntary Guidelines on Socio-Economic and Environmental Responsibilities of Business.

- The study should be able to highlight **deep socio-economic and cultural issues** associated with CSR being faced by corporates, and how can they be addressed so as to maximize the value of CSR.

- The study should be **forward-looking**, thereby being able to **suggest some best practices, recommendations and interventions** to the policymakers to further maximize the impact being created by CSR and ensure a bigger bang for the social buck.

- The findings of the study should be able to facilitate any mid-term course correction, if required and should be beneficial in creating a **self-sustainable self-motivating CSR eco-system**.

- The study should be able to provide a **comparative analysis** of the efficiency and effectiveness of **CSR spends vis-à-vis government funding** for social initiatives, schemes and programs.

- The study may also provide an update on the status of the **implementation of other HLC-2018 recommendations** such as promoting social impact companies and engagement of international partners for designing, monitoring and reviewing CSR projects.

- The study should take a **holistic approach** in evaluating the impact of CSR regulation, **encompassing not only companies contributing to CSR, but the entire CSR ecosystem** including implementation agencies and SDO’s (Social Delivery Organizations) to assess the opportunities and challenges for effective implementation going forward.
Social Impact Assessment of Corporate Social Responsibility in India

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Annexure

1. **Significant Milestones in Evolution of Responsible Business**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Corporate Voluntary Guidelines released to encourage corporates to voluntarily achieve high standards of Corporate Governance</td>
</tr>
<tr>
<td>2011</td>
<td>Endorsement of United Nations Guiding Principles on Business &amp; Human Rights by India</td>
</tr>
<tr>
<td>2011</td>
<td>National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released to mainstream the concept of business responsibility</td>
</tr>
<tr>
<td>2012</td>
<td>Securities and Exchange Board of India (SEBI) mandates top 100 listed companies by market capitalization to file <em>Business Responsibility Reports (BRR)</em> based on NVGs.</td>
</tr>
<tr>
<td>2013</td>
<td>Enactment of the Companies Act, 2013</td>
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<tr>
<td>2014</td>
<td>Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) comes in to force.</td>
</tr>
<tr>
<td>2015</td>
<td>High Level Committee on CSR (HLC-2015) under the chairmanship of Shri. Anil Baijal makes recommendations on the CSR framework and stakeholder concerns.</td>
</tr>
<tr>
<td>2015</td>
<td>SEBI extends BRR reporting to top 500 companies by market capitalization.</td>
</tr>
<tr>
<td>2016</td>
<td>Companies Law Committee reviews the recommendations of HLC-2015 for adoption.</td>
</tr>
<tr>
<td>2018</td>
<td>The Second High-Level Committee on CSR constituted under the Chairmanship of Shri. Injeti Srinivas, Secretary, Corporate Affairs to review the CSR framework</td>
</tr>
<tr>
<td>2018</td>
<td>Committee on Business Responsibility reporting constituted under the chairmanship of Shri. Gyaneshwar Kumar Singh, Joint Secretary, Corporate Affairs</td>
</tr>
<tr>
<td>2018</td>
<td>Zero Draft of National Action Plan on Business and Human Rights released by Ministry of Corporate Affairs</td>
</tr>
<tr>
<td>2019</td>
<td>National Guidelines on Responsible Business Conduct released.</td>
</tr>
<tr>
<td>2019</td>
<td>SEBI extends BRR reporting to top 1000 companies by market capitalization.</td>
</tr>
</tbody>
</table>
2. **Section 135 of the Companies Act, 2013**

(1) Every company having net worth of INR five hundred crore or more, or turnover of INR one thousand crore or more or a net profit of INR five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall -

   a. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

   b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

   c. monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall -

   a. (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

   b. (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

*Explanation - For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.*
3. Further Details on Best Practices

3.1. BSE Sammaan

- BSE Sammaan was designed as a platform for listing NGOs and their proposed CSR projects in a user-friendly manner with comprehensive search capabilities, making it simple for Corporates to find projects for their CSR interventions.

- The platform is envisaged to be developed further to include features such as 'project activation', geo-tagging, employee volunteering, customized reporting and beneficiary surveys. This would enable Corporates to easily search for and manage their CSR projects, float Request for Proposals (RFPs), and, connect directly with NGOs for implementing their interventions.

- Looking ahead, BSE Sammaan and IICSR have signed an MoU to establish a series of industry-specific frameworks to rate the corporates on the maturity of their Sustainability and CSR practices. The CSR and Sustainability maturity model are based on the 17 Sustainable Development Goals (SDGs) along with business challenges faced by different industries. This is the first step taken to measure, monitor and rate corporates and NGOs in India. This undertaking, coupled with the wealth of data the platform has gathered, will enable it to make impactful recommendations around CSR in India.48

3.2. Mission Antyodaya

- The Ministry of Rural Development and the Ministry of Panchayat Raj (MoPR) have undertaken several poverty alleviation and comprehensive rural development related initiatives such as Mission Antyodaya, Deen Dayal Antyodaya Yojana, National Rural Livelihood Mission, Shyama Prasad Mukherji Rurban Mission etc.

- Under Mission Antyodaya, a nation-wide village survey was carried out to assess the development status of panchayats, along 39 indicators on the basis of which Gram Panchayat Development Plans (GPDP) were ranked.

- Further, the Gram Swaraj Plan sought to achieve targets of thrust areas of rural development in aspirational districts. All data and results of survey are available in the public domain.

- In its presentation to HLC-2018, the Ministry suggested that convergences could be envisaged between CSR fund flows and learnings from these surveys to mitigate the development gaps identified.

- In addition to a robust and intuitive website, Mission Antyodaya also uses a mobile application through the Google Play store, includes helpful resources and video and audio tutorials. This multi-media mix of communication along with dual language

3.3. Social Impact Companies

- Community Interest Companies (CIC): A CIC is a special type of limited company which exists to benefit the community rather than private shareholders. Introduced in the UK in 2005, it has already seen more than 10,000 CIC's set up from large scale initiatives and spin outs from organizations like the NHS to start ups. Setting up a CIC

48 NRI News 24x7, “BSE Sammaan and IICSR sign MoU for CSR’ and Sustainability Maturity Model”, Feb 2019
requires a 'community interest statement', explaining what the business plans to do, an 'asset lock'- a legal promise stating that the company's assets will only be used for its social objectives, and setting limits to the money it can pay to shareholders, a constitution and to get the company approved by the community interest company regulator.49

- **Public Benefit Corporations**: Public Benefit Corporations or "PBCs" are a type of for-profit corporate entity currently authorized by 35 states in the US and the District of Columbia, similar to a C-corp, S-corp, or LLC. PBCs must include in their charter one or more specific public benefits as their statement of purpose, as opposed to the typical boilerplate "any lawful purpose" usually contained in most for-profit charters. This embeds a PBC's mission into its founding documents and provides for a North Star by which a company can navigate critical business decisions.50

- **Social Capital Exchange**: The Social Capital Exchange is a value-driven, social enterprise that connects investors and implementers in the social economy through their advanced, user-friendly online platform, pioneering service offerings and highly experienced team. The exchange matches organizations with resources aiming to simplify interactions and drive greater efficiency. They connect investors, beneficiaries, implementors and service providers with an end-to-end platform.51

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49 The Government of UK Website, 'Setting up a social enterprise'
50 Hutch Law, "What's the Difference Between a Public Benefit Corporation and a B Corp Certification?", Nov 2019
51 SoCapX - Social Capital Exchange
4. Select International Agencies

4.1. ICRISAT

- ICRISAT is an international agricultural research and development organization notified as an 'International Organization' under the provisions of United Nations (Privileges and Immunities) Act, 1947.

- Its developmental activities relate to reducing poverty, hunger and malnutrition, environmental degradation, rural development, promoting gender equality and livelihood enhancement for societal benefit and qualify as CSR activities under Schedule VII of the Companies Act, 2013.

- In its presentation to HLC-2018, ICRISAT sought to make a case for inclusion of such institutions as implementing agencies for CSR as they could bring desired expertise to assist the domestic corporate sector to achieve the CSR mandate.

- ICRISAT’s scientific approach to enabling partnerships and better policies, along with evidence from studies with long time horizons across geographies make them a capable partner. In addition, through their expos and connections with numerous agencies - they will be able to provide expertise across a broad range of issues and with varying scale.

4.2. UNICEF

- UNICEF has worked in India since 1949 with offices in 17 states covering 90 per cent of India's child population, the largest field presence of any UN agency. It provides evidence-based technical expertise that informs policy action and implementation, whilst building capacity of partners at all levels and is well positioned to reach the country's most vulnerable children. It is already assisting Mahanadi Coal in Orissa in implementation of their CSR funds.

- In its presentation to HLC-2018, UNICEF made a case for receiving CSR funds and providing technical expertise to CSR projects for public and private sector companies in India. UNICEF's vast experience in India, it's broad coverage and legacy in the country as well as its ability to leverage learnings and best practices from its work in other countries make it a thought leader and action partner of best practice.

4.3. USAID

- The United States Agency for International Development (USAID) is an independent federal agency of the United States government that provides civilian aid and development assistance to foreign countries. USAID leads international development and humanitarian efforts to save lives, reduce poverty, strengthen democratic governance and help people progress beyond assistance.

- USAID India has invested heavily in poverty reduction, health, and education for more than 20 years, yielding innovations and sustainable partnerships, and gaining Government of India (GOI) support to adopt best practices and scale them up to the general population.

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52 Source: Investopedia
53 USAID India
54 USAID India, “Country Development Cooperation Strategy”
USAID is committed to leveraging India’s growing human and financial resources through partnerships that catalyse innovation and entrepreneurship to solve critical local and global development challenges. In recent years, USAID has established 34 public-private partnerships accounting for $380 million in additional financial resources.

5. **National CSR Awards**

- The National CSR Awards recognize companies that have made a positive impact on society through their innovative and sustainable CSR initiatives. Launched by the Ministry of Corporate Affairs, this is the apex recognition of CSR initiatives in the country.

- In the last edition of National CSR Awards conducted in 2019, approximately 3000 applications were received. Thereafter, secondary verification was conducted for over 400+ companies and 150+ companies were visited by appointed experts.

- The evaluation of projects followed a robust procedure beginning with interaction with CSR leaders in companies. Following a detailed format submission, nominated companies are screened and minimum compliance requirements are followed. This is followed by physical verification of projects which enhances the credibility of the initiative and is followed by visits to beneficiaries.

- While limited to a sample set of organizations who choose to participate, the CSR awards capture on-ground impact and through the detailed vetting process provide a comprehensive view of successful CSR initiatives.
### 6. List of Key Informant Interviews (KIs) conducted

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<th>S No.</th>
<th>Name</th>
<th>Designation</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>1</td>
<td>Prof. Anil K Gupta</td>
<td>Visiting Faculty</td>
<td>IIM Ahmedabad</td>
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<td></td>
<td></td>
<td>Coordinator</td>
<td>SRISTI</td>
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<td></td>
<td></td>
<td>Founder</td>
<td>Honey Bee Network</td>
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<td>2</td>
<td>Mr. Ashok Singh</td>
<td>Director</td>
<td>Sahbhagi Shikshan Kendra</td>
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<tr>
<td>3</td>
<td>Dr Garima Dadhich</td>
<td>Associate Professor &amp; Head, NFCSR</td>
<td>Indian Institute of Corporate Affairs (Also involved in MCA CSR Awards)</td>
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<tr>
<td>4</td>
<td>Mr. Lalit Kumar</td>
<td>Honorary Senior Vice President</td>
<td>Sulabh International</td>
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<td></td>
<td></td>
<td>Advisor</td>
<td>Planning Commission</td>
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<td>5</td>
<td>Prof Manipadma Datta</td>
<td>Professor</td>
<td>TERI School for Advanced Studies</td>
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<td>6</td>
<td>Prof. Manmohan Yadav</td>
<td>Associate Professor</td>
<td>IIFM-Bhopal (Also involved in MCA CSR Awards)</td>
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<td>7</td>
<td>Mr. Mohit Gandhi</td>
<td>Convenor</td>
<td>National CSR Network</td>
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<td></td>
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<td>Principal Advisor</td>
<td>Welingkar Education</td>
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<td>8</td>
<td>Mr. Navin Bhatia</td>
<td>Advisory Board Member</td>
<td>National CSR Network</td>
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<td></td>
<td></td>
<td>Co-Founder</td>
<td>Navkar Skills</td>
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<tr>
<td>9</td>
<td>Dr. Nayan Mitra</td>
<td>Founder - Director</td>
<td>Sustainable Advancements (OPC) Private Limited</td>
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### Social Impact Assessment of Corporate Social Responsibility in India

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<tr>
<td>10</td>
<td>Mrs. Neelima Khaitan</td>
<td>Visiting Fellow</td>
<td>Centre for Social and Economic Progress (CSEP), India</td>
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<tr>
<td>11</td>
<td>Mr. Ranjan Mohapatra</td>
<td>Chairman</td>
<td>Vision Foundation for Development Management</td>
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<tr>
<td>12</td>
<td>Mr. Satyendra Pandey</td>
<td>Assistant Professor</td>
<td>Institute of Rural Management Anand (IRMA)</td>
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<td>13</td>
<td>Mr. Shankar Venkateshwaran</td>
<td>Advisor – Corporate Sustainability and Social Development</td>
<td>Indian Institute of Corporate Affairs, National Foundation for Corporate Social Responsibility (NFCSR)</td>
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<td>14</td>
<td>Prof. Shyam Singh</td>
<td>Associate Professor</td>
<td>Institute of Rural Management Anand (IRMA)</td>
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<td></td>
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<td>(Also involved in MCA CSR Awards)</td>
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<td>15</td>
<td>Sudhir K. Sinha</td>
<td>Professor</td>
<td>IRMA Anand</td>
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<td>Founder Director</td>
<td>CSR Inc</td>
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<td>16</td>
<td>Vikram S Mehta</td>
<td>Chairman</td>
<td>Centre for Social and Economic Progress (CSEP), India</td>
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<td>Vivek Pandey</td>
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ABOUT THIS RESEARCH

This report highlights key findings from the Phase 1 of the study on ‘Social Impact Assessment of Corporate Social Responsibility in India’. These findings are based on the secondary literature review and Key Informant Interviews (KIs) with leading academics, policy makers, partners and corporate practitioners to understand the CSR ecosystem.

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