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India's CSR Landscape and American Corporations 2014-19

Based on data available on MCA portal in Mar 2020

Corporate Social Responsibility



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

- a. Net worth of INR 500 Crore or more, OR
- b. Annual turnover of INR 1000 Crore or more, OR
- c. Net profit of INR 5 Crore or more.

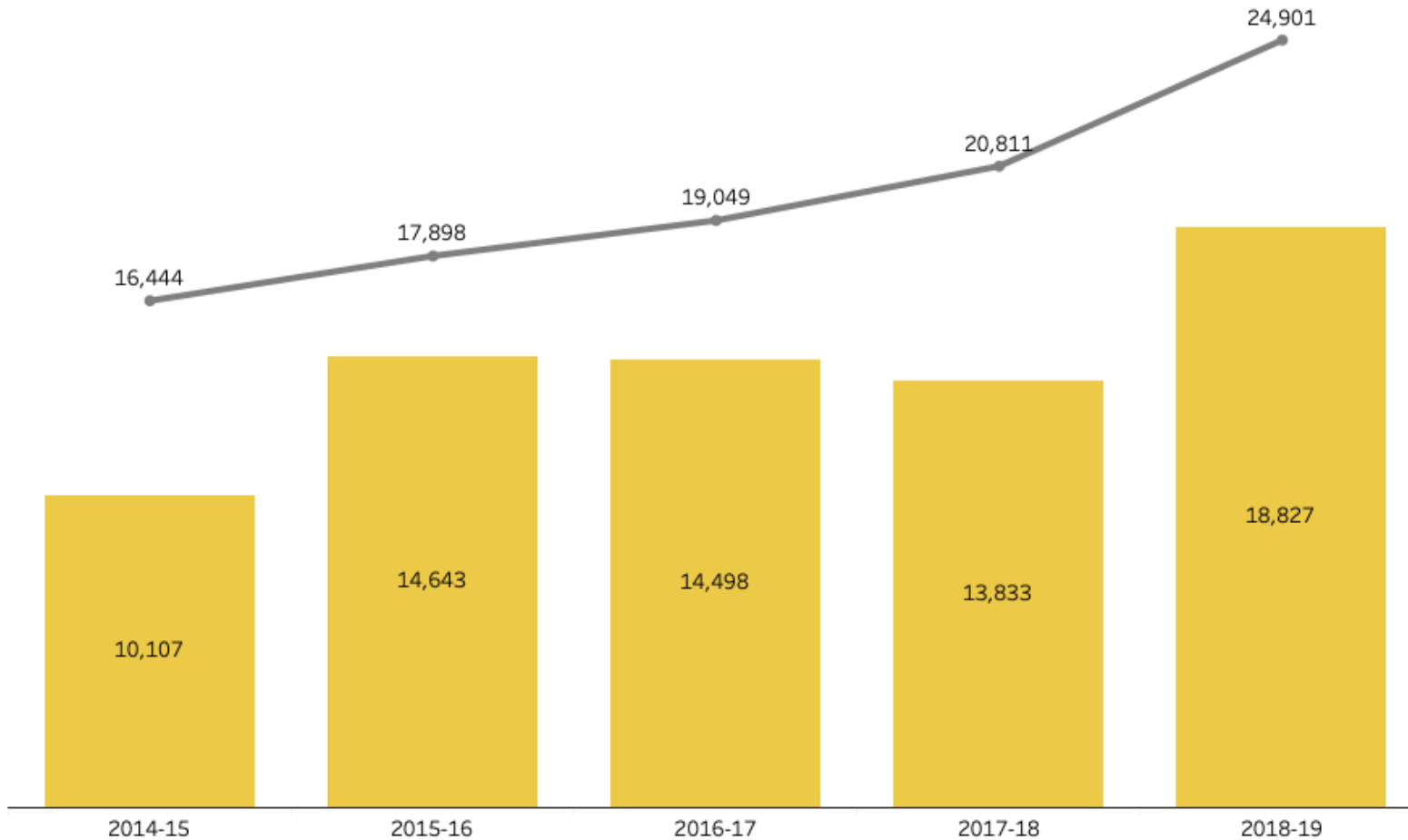
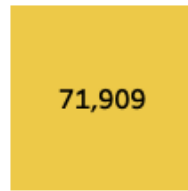
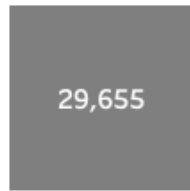
Companies thus coming under the CSR mandate, have to spend at least 2% of their average net profits of the preceding three years on social impact programmes in every financial year.

In the first 5 years of implementation of this law, **nearly INR 72000 crore has been cumulatively spent over a period of 5 years by over 29000 companies.**

India's CSR (2014-19)

Number of Companies

CSR Spend (INR Crores)



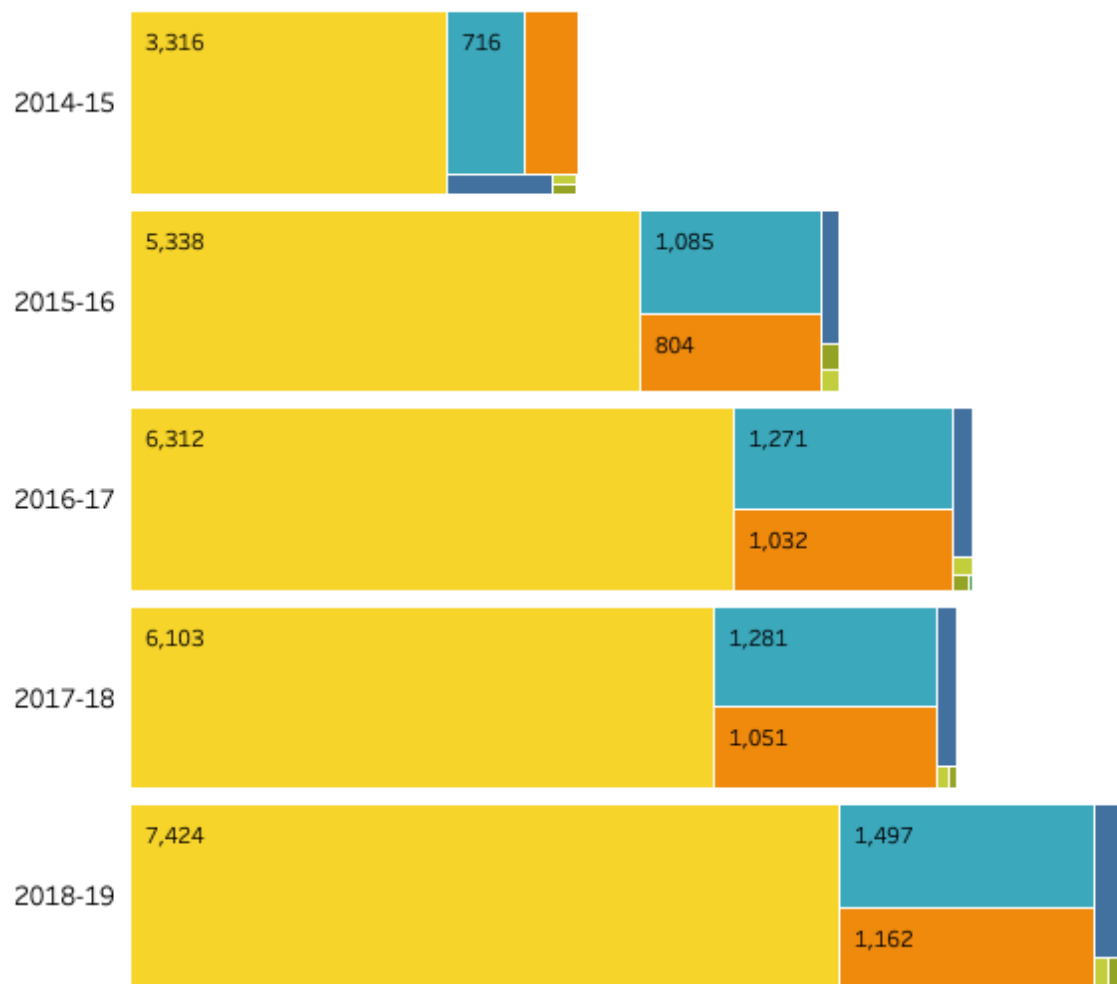
Since the inception of law in 2014,

- **CSR spend** has increased by **85%**
- **Number of companies** participating in CSR has increased by **50%**

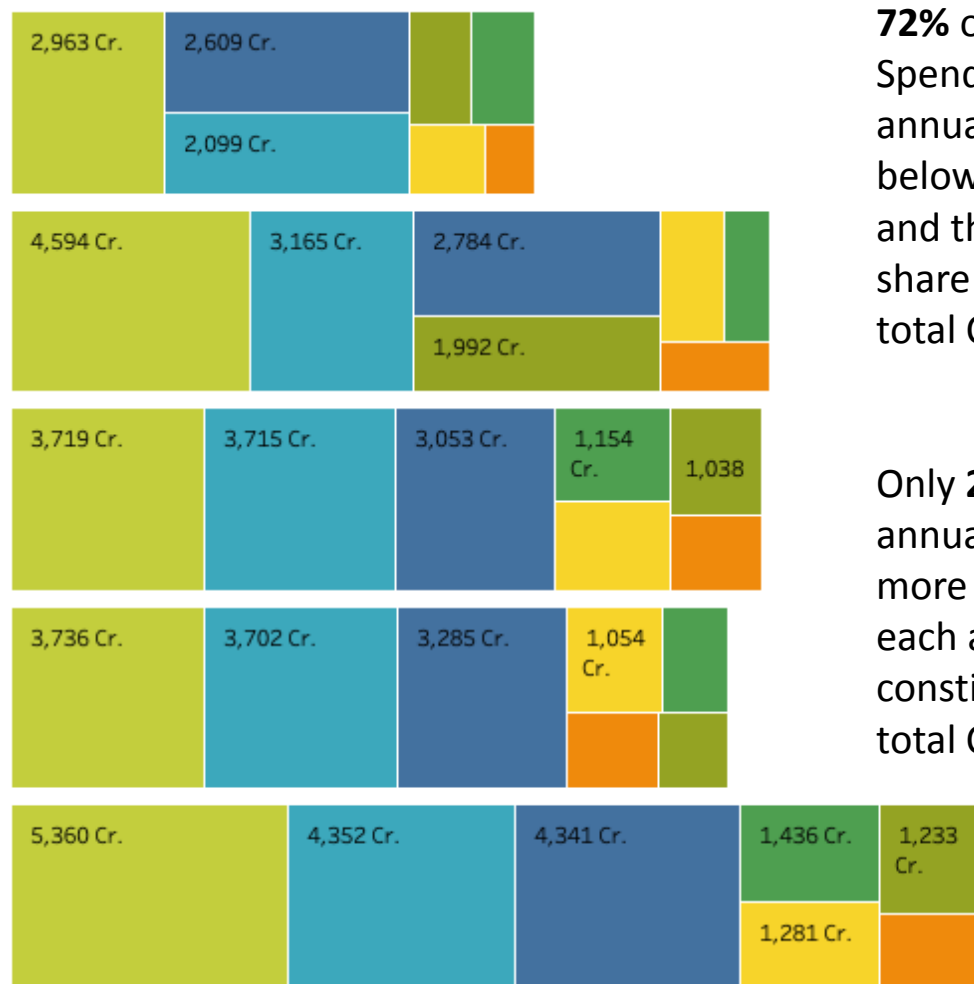
Companies based on their Share of CSR Spend (2014-19) (Excluding Companies with Zero Spend)



Share of Companies



Share of CSR Spend



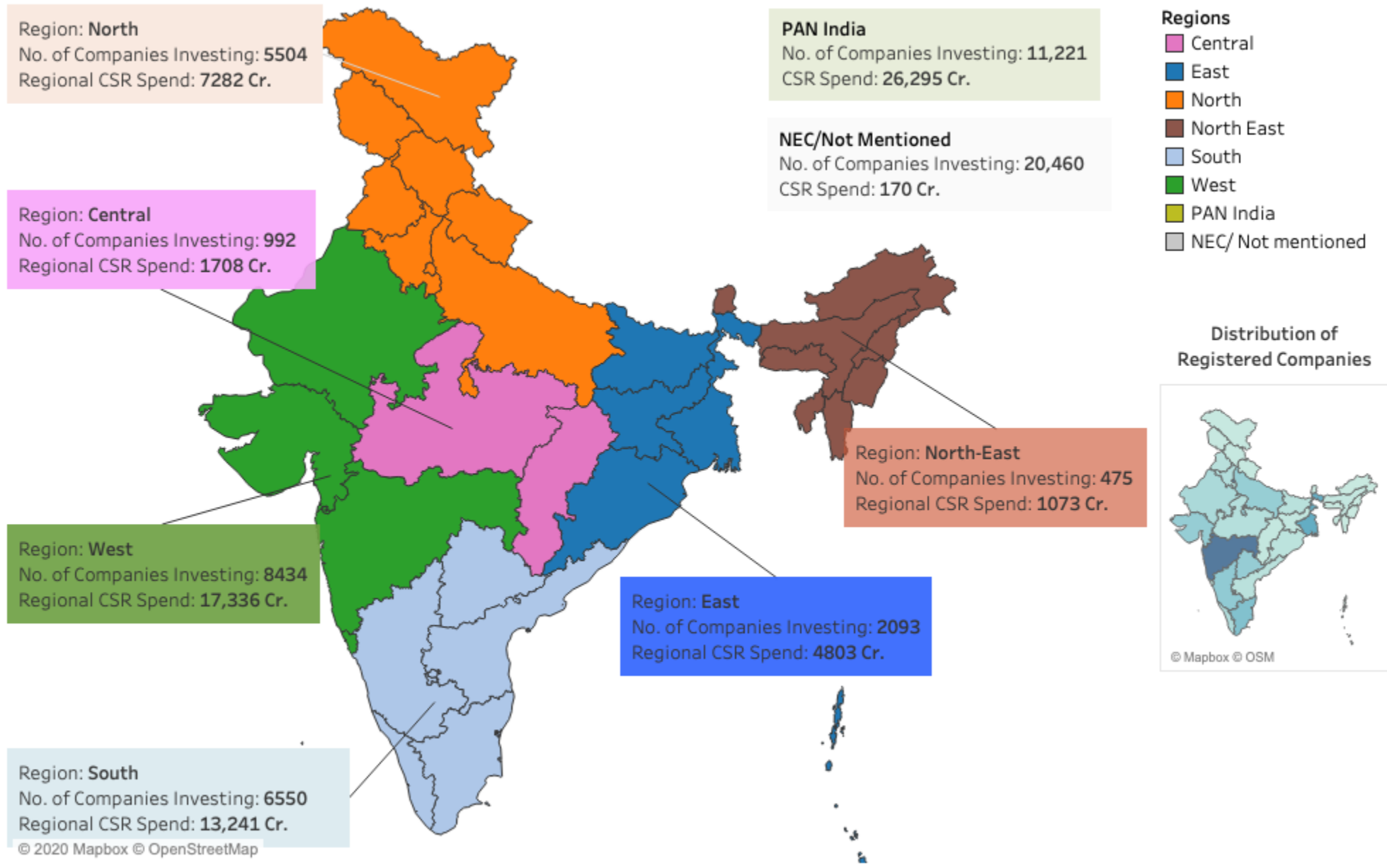
72% of the Non-Zero Spend companies have annual CSR budgets below 50 Lakhs each and their cumulative share is **7-8%** of the total CSR spend.

Only **2 companies** have annual CSR budget of more than 500 Crore each and together they constitute **8%** of the total CSR Spend.

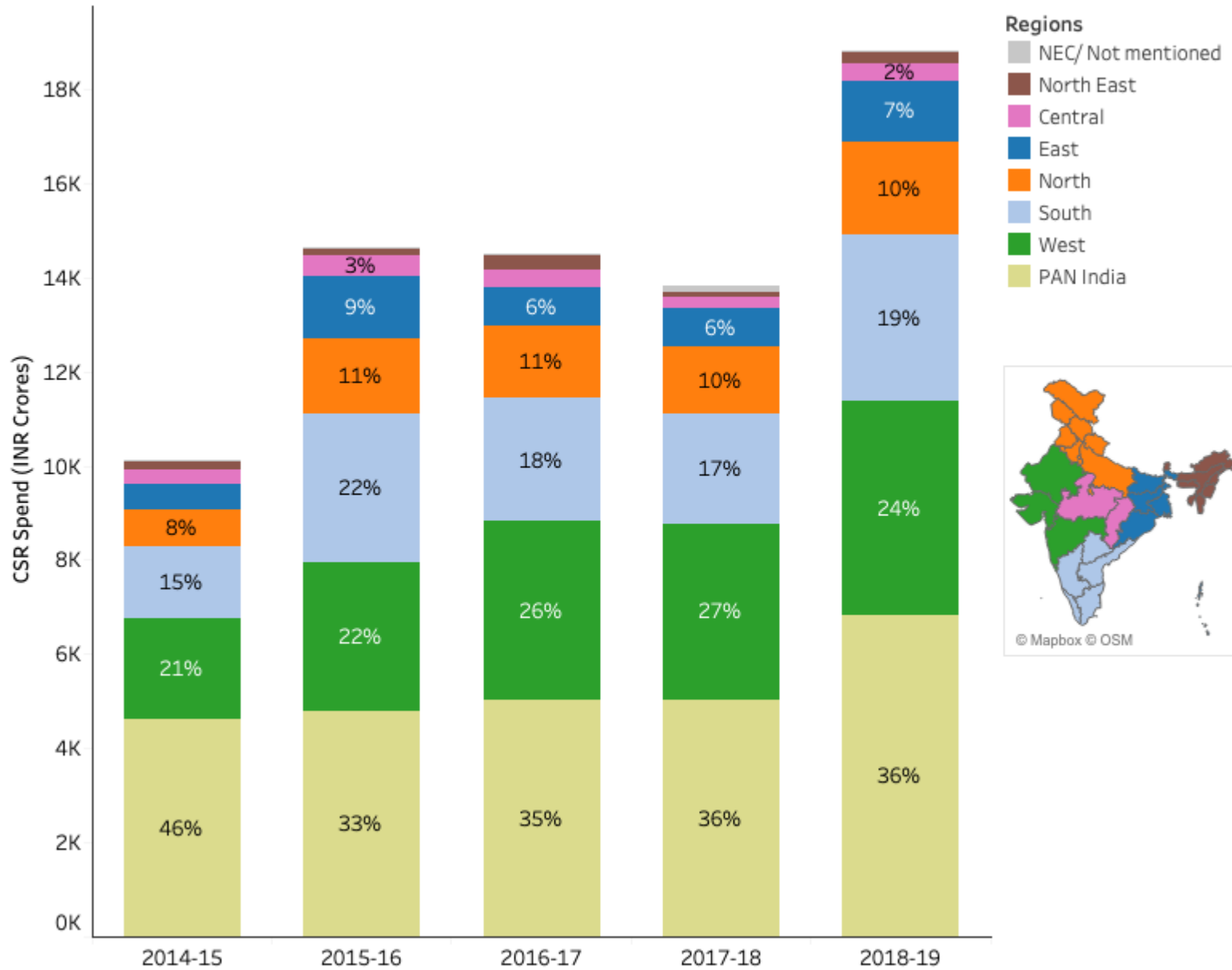
Spend - Category

- > 500 Crores
- 100 - 500 Crores
- 50 - 100 Crores
- 10 - 50 Crores
- 1 - 10 Crores
- 50 Lakhs - 1 Crore
- < 50 Lakhs

Region-wise CSR Spend (2014-19)



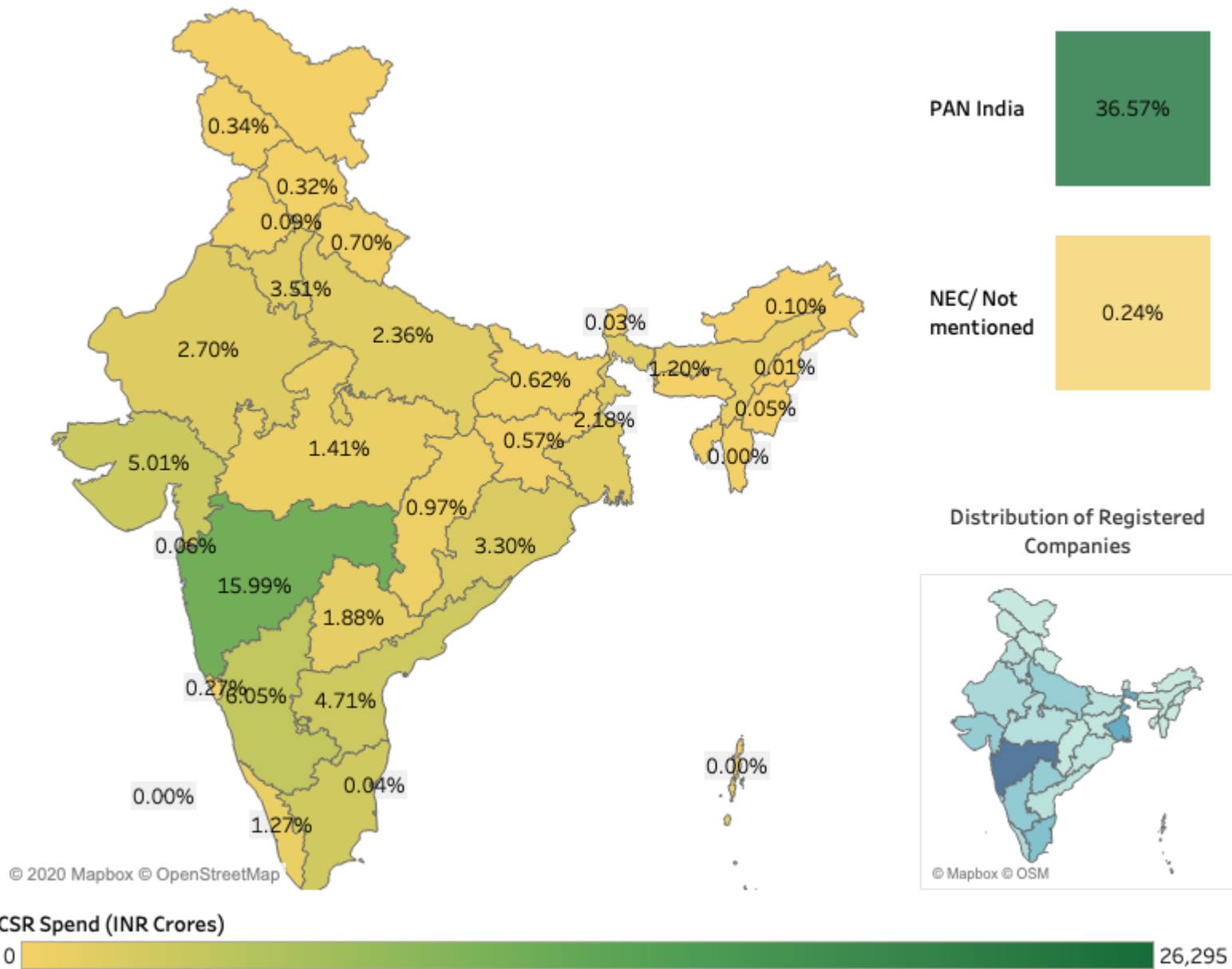
Year-on-Year Regional CSR Spend (2014-19)



Share of regional CSR spend has been almost consistent for last 5 years.

- ~**1/3rd** spend for projects across **India** (pan-India scope)
- ~**1/4th** spend in the **Western region**
- ~**1/5th** in the **Southern region**

State-wise Percentage Share of CSR Funds Received (2014-19)



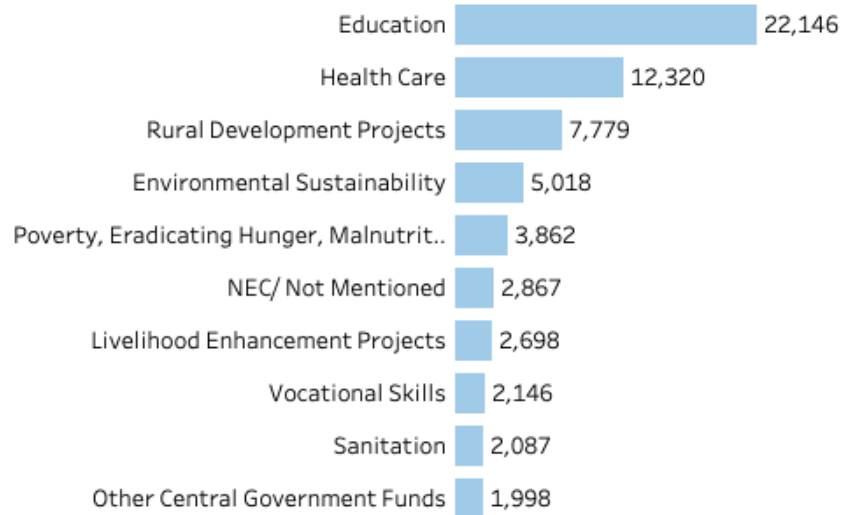
16% of CSR is invested in Maharashtra, where corporate presence is highest among Indian states.

The CSR Law recommends that companies invest in CSR projects in and around their area of operation (HQ, branch offices, manufacturing and project sites).

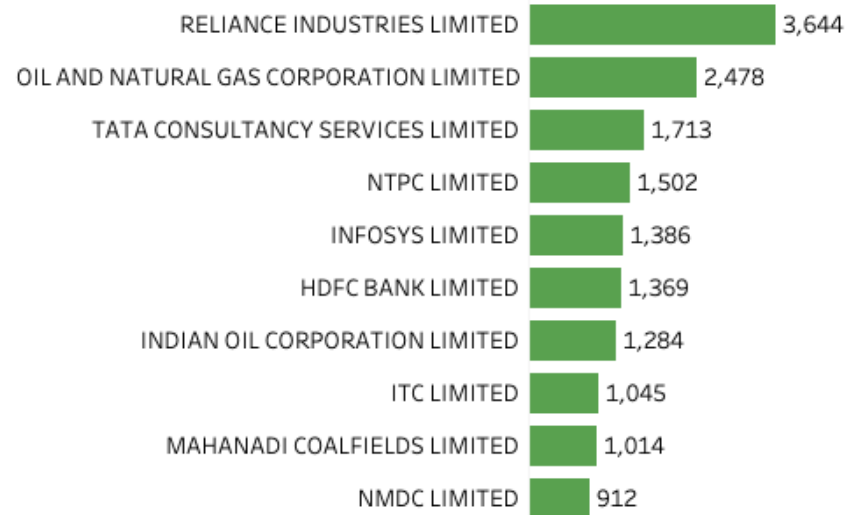
CSR Spend (2014-19)



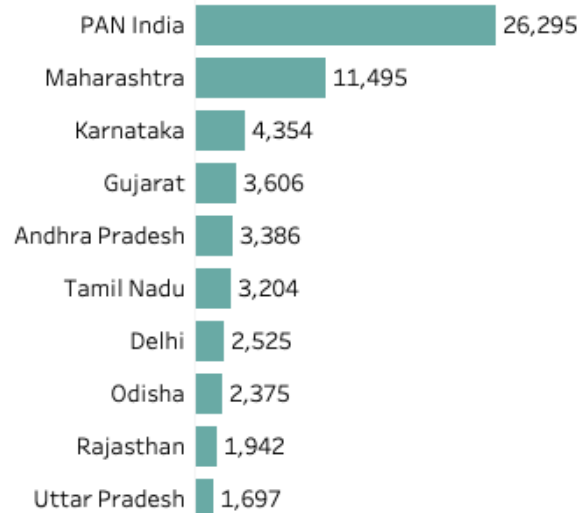
Top Sectors



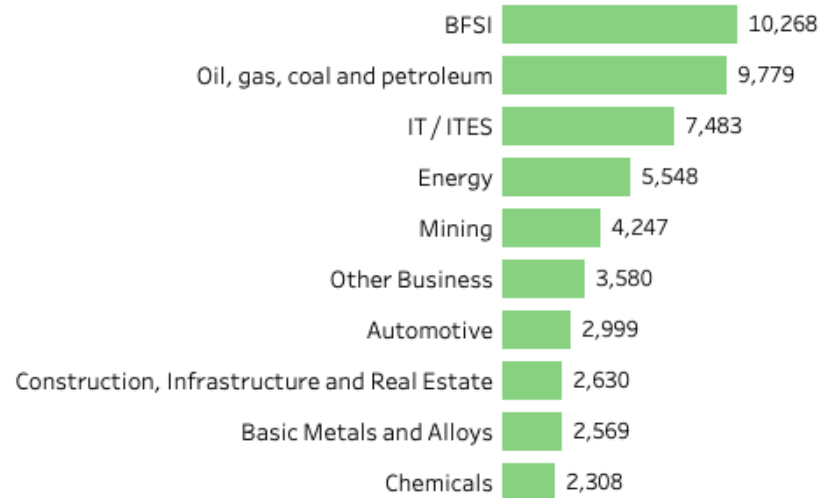
Top Spenders



Top Recipients - Geographies



Top Industries



Some constants over the years :

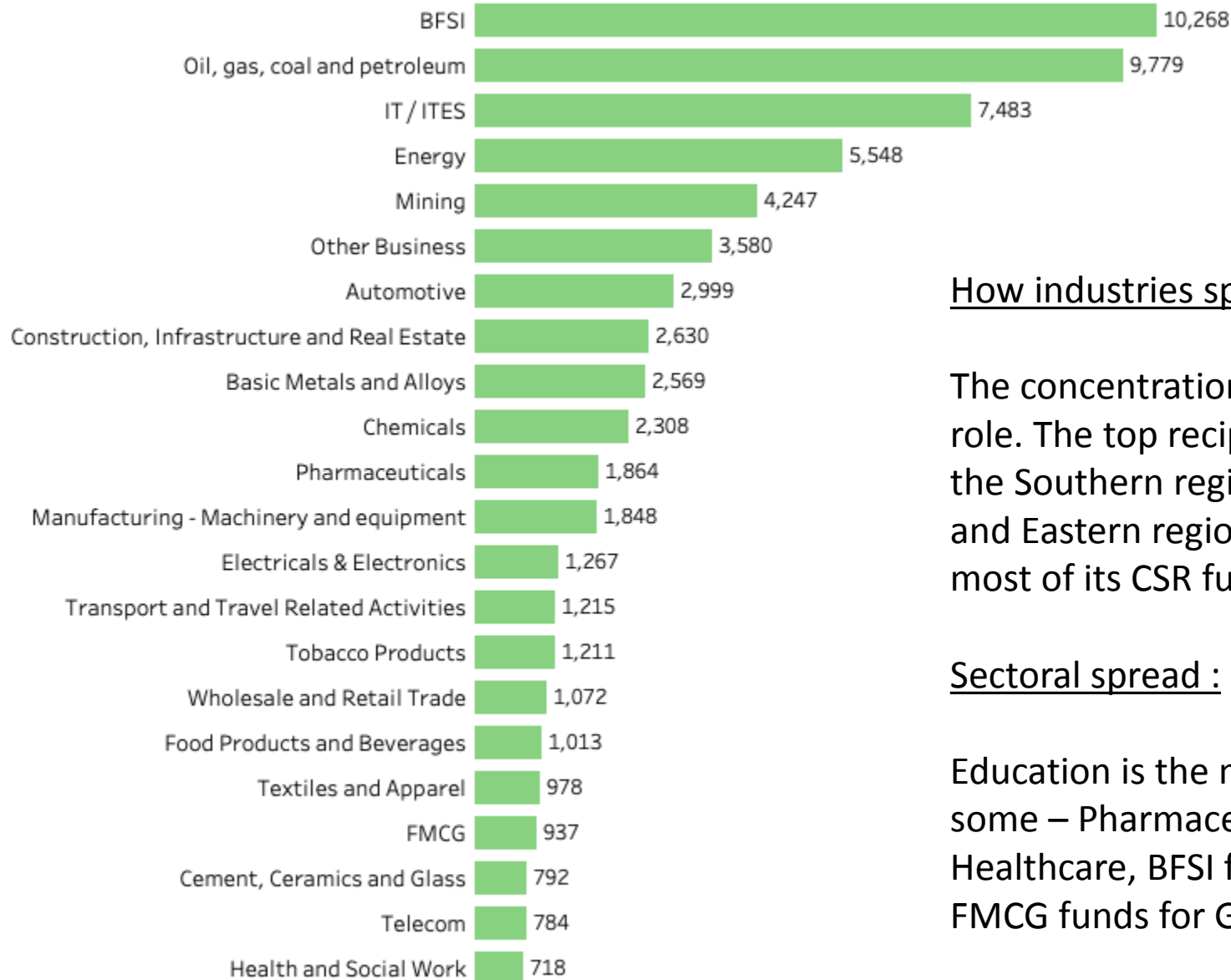
Top recipient sector : **Education**

Top geography for CSR projects : **Pan-India**

Top spender industry : **Banking and Financial Services**

Top spender company: **Reliance Industries**

Share of Top Industries Contributing to CSR (2014-19)



How industries spend their CSR :

The concentration of a particular industry in a region plays a role. The top recipient of CSR fund from IT/ITES industry is the Southern region, from mining industry it is the Central and Eastern region, and the Chemicals industry spends most of its CSR fund in the West.

Sectoral spread :

Education is the most popular sector overall. But not so for some – Pharmaceutical industry champions the cause of Healthcare, BFSI funds Rural Development Projects and FMCG funds for Gender Equality.

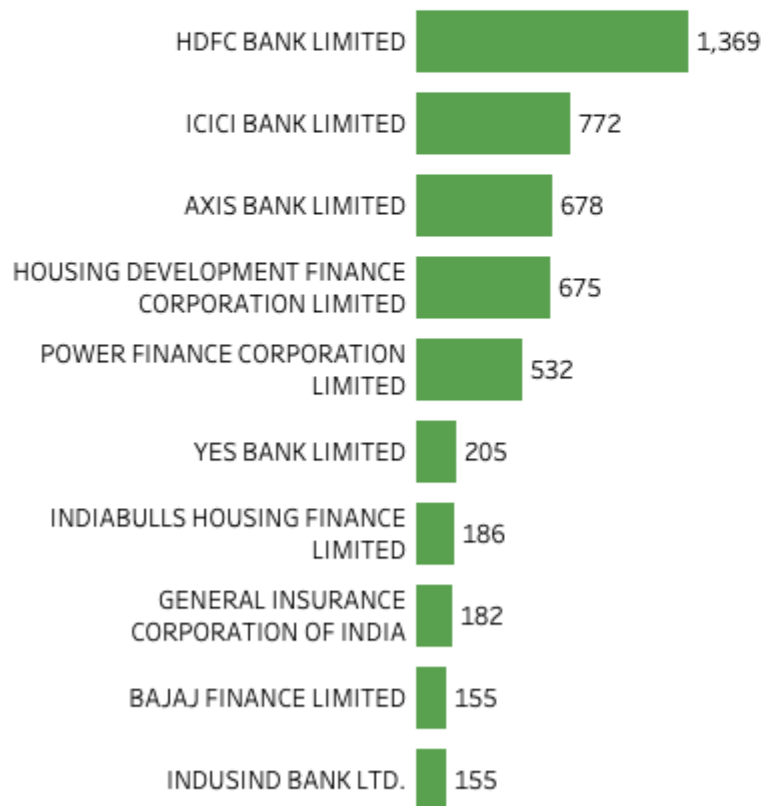
CSR Investments by - BFSI (2014-19)



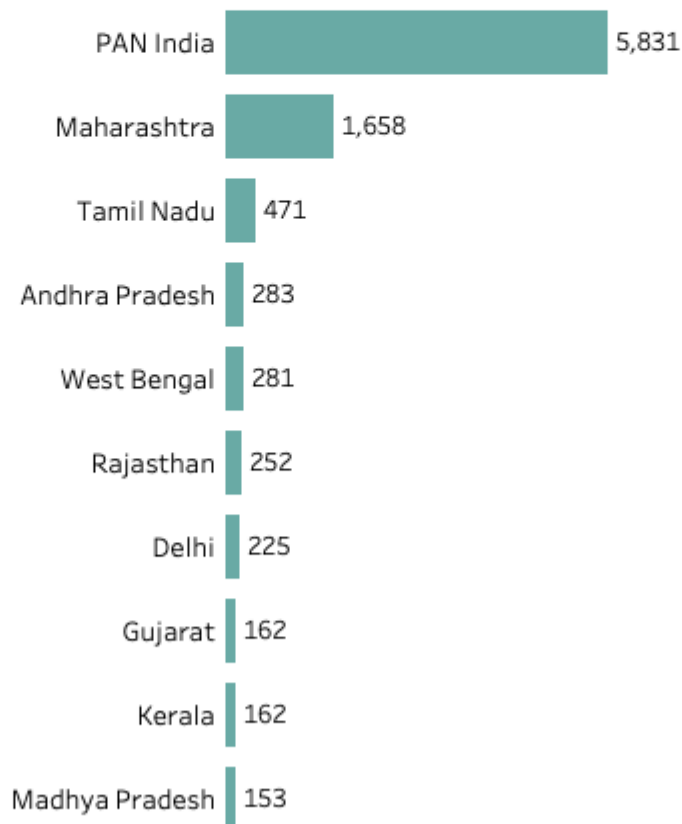
CSR Spend (INR Crores)

10,268

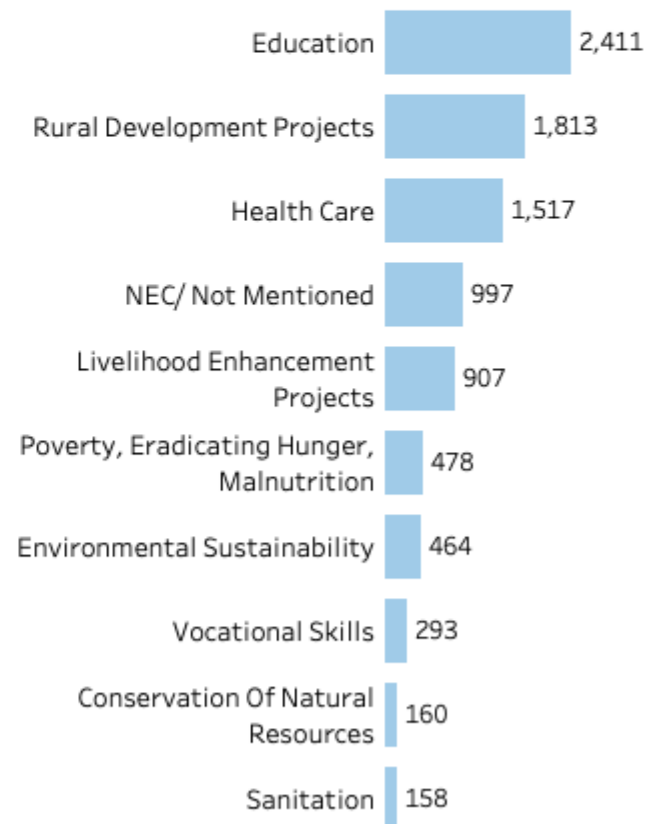
Top Spenders



Top Recipients - Geographies

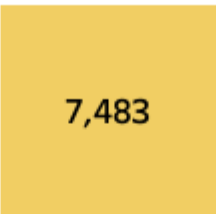


Top Sectors

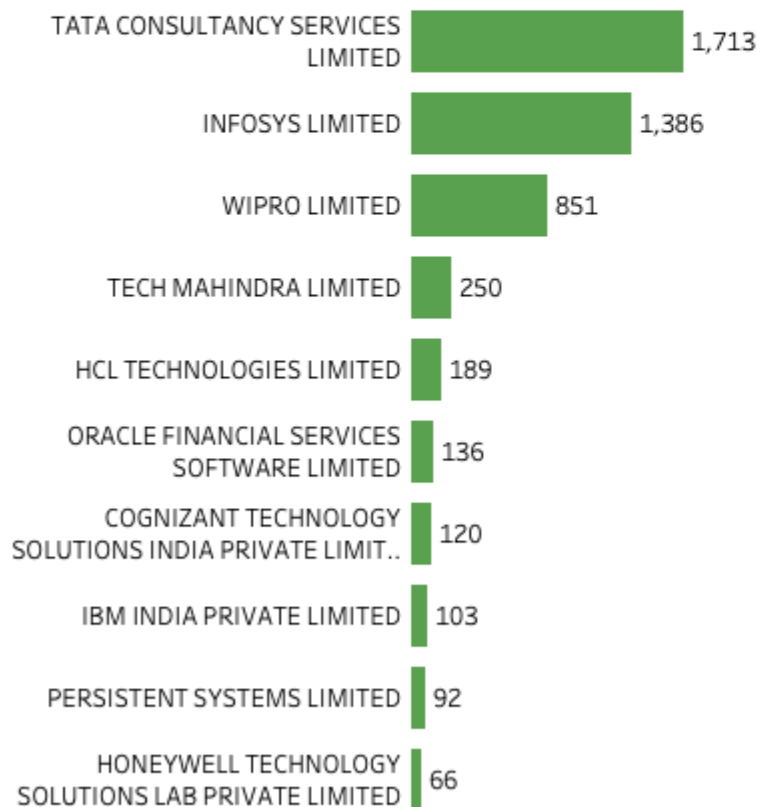


CSR Investments by - IT / ITES (2014-19)

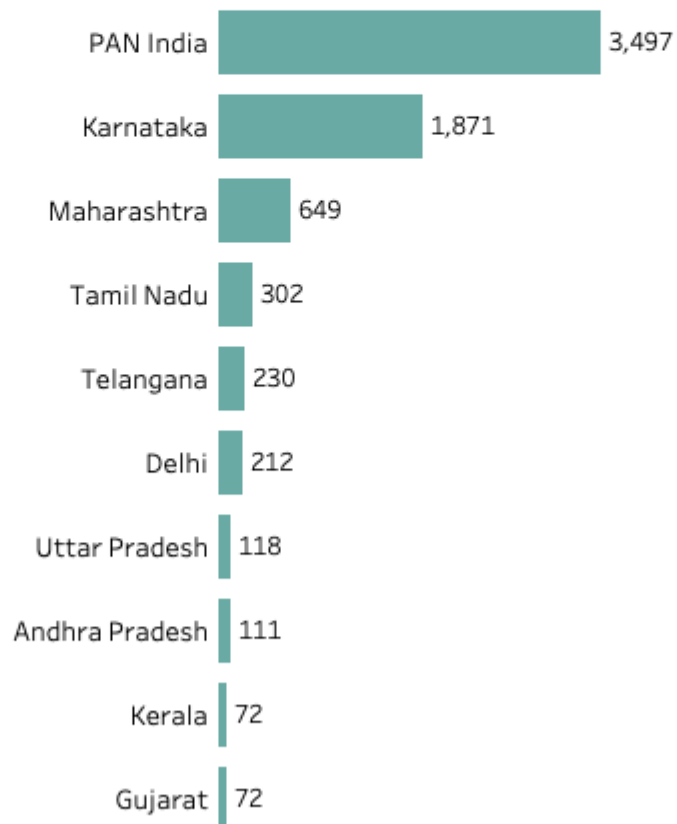
CSR Spend (INR Crores)



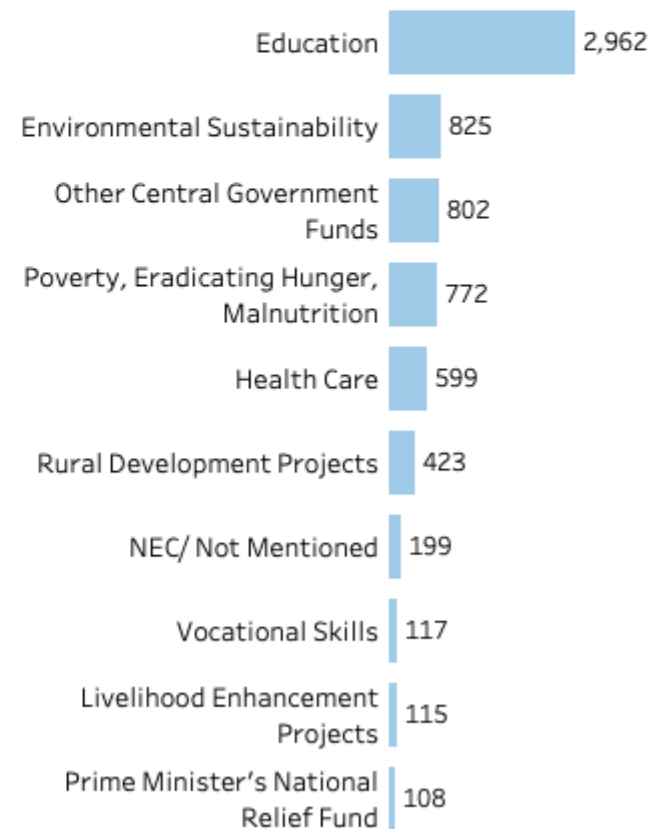
Top Spenders



Top Recipients - Geographies



Top Sectors



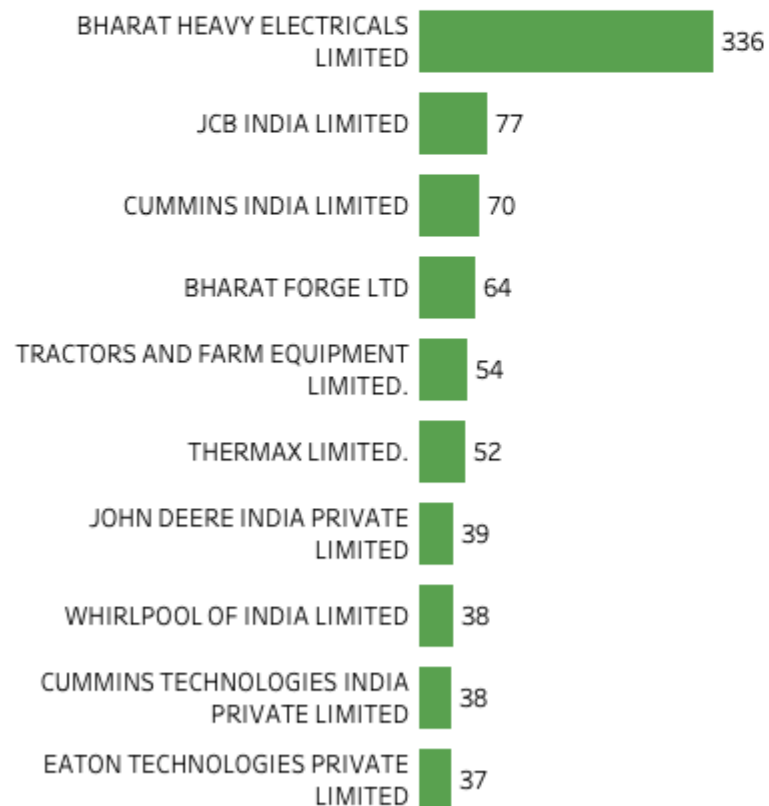
CSR Investments by - Manufacturing - Machinery and equipment (2014-19)



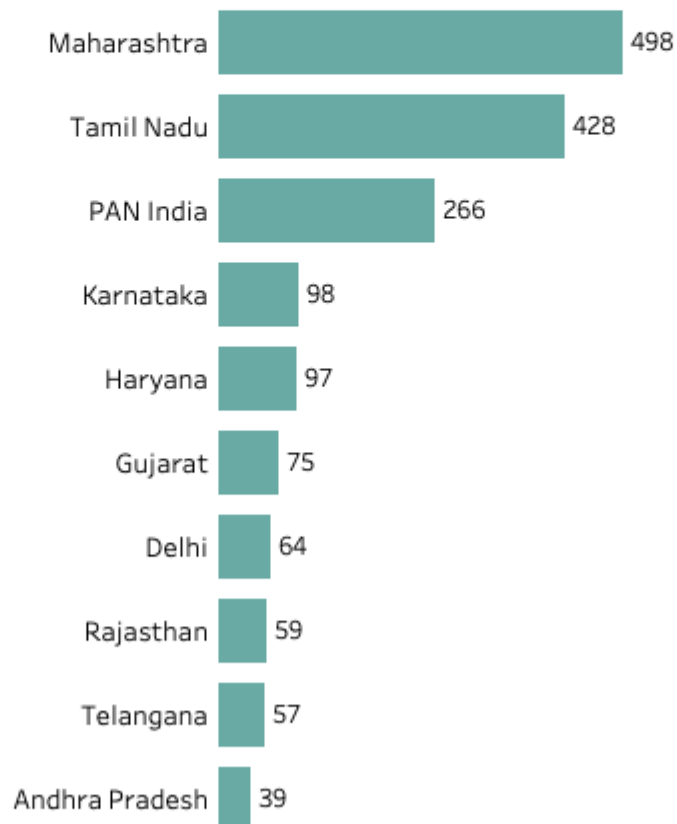
CSR Spend (INR Crores)

1,848

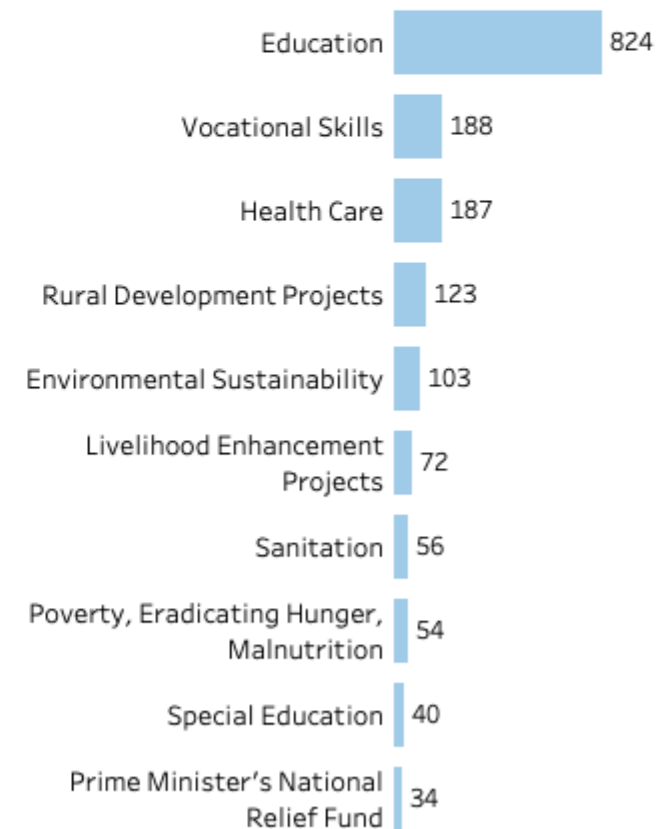
Top Spenders



Top Recipients - Geographies



Top Sectors



CSR by American Companies

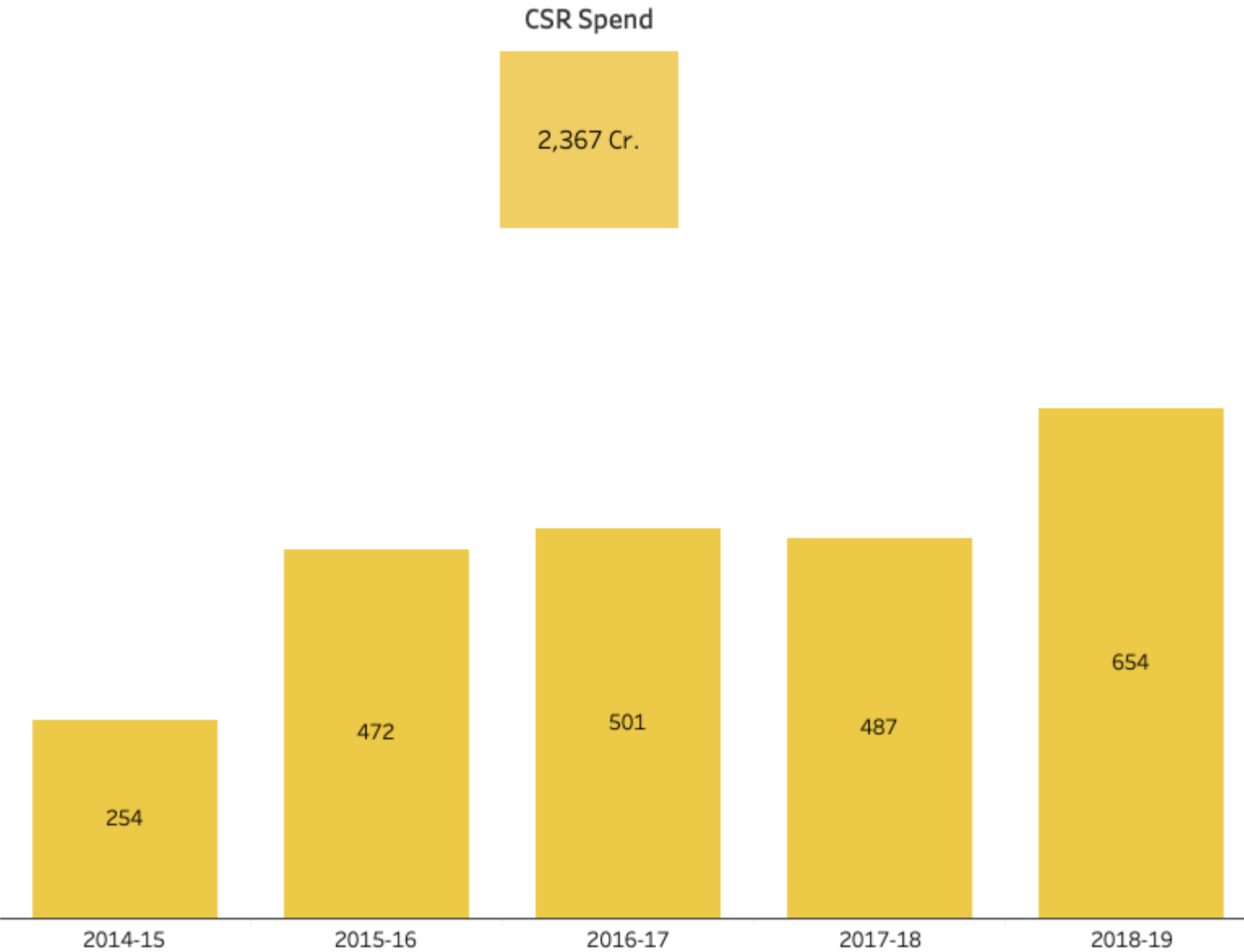
2014-19

Based on data available on MCA portal in Mar 2020

Notes

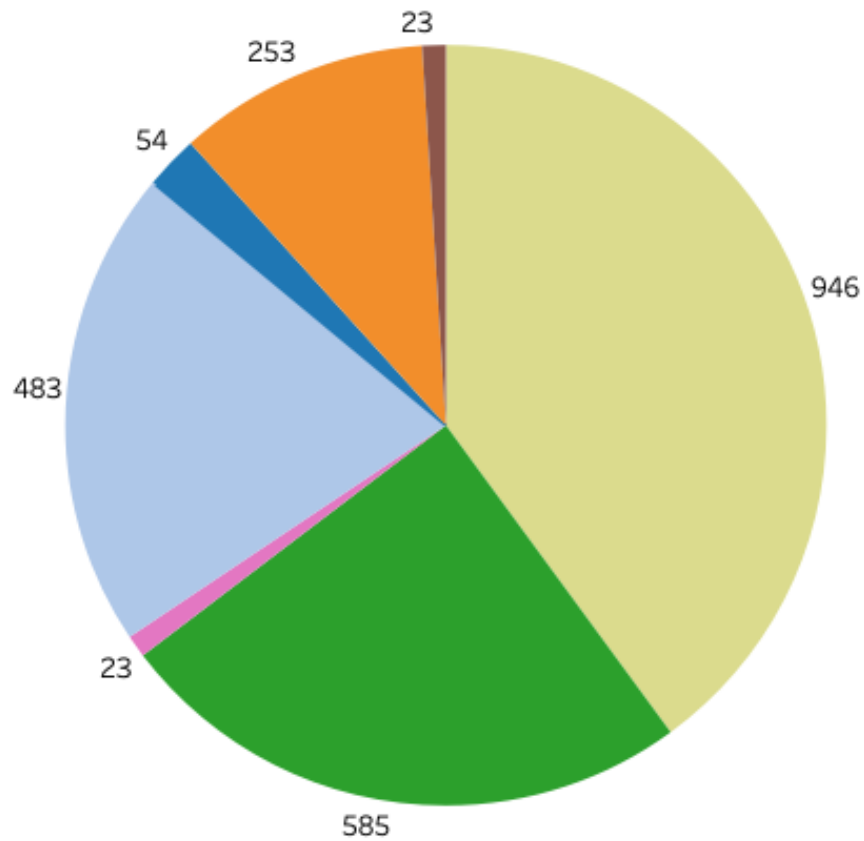
- American companies (companies with American origin/parent) with cumulative CSR spend of more than 20 INR Crores during the period 2014-19 have been included in this analysis.
- Each unique CIN (Corporate Identification Number) reports its CSR figures independently to MCA (Ministry of Corporate Affairs) and therefore is treated as a distinct entry in this report. MCA CSR portal does not provide an aggregated view of subsidiaries/group CSR figures and the same framework has been followed in this report.
- Data is as made available by the Ministry of Corporate Affairs as of Mar 2020.

CSR Spend by American* Companies (2014-19)

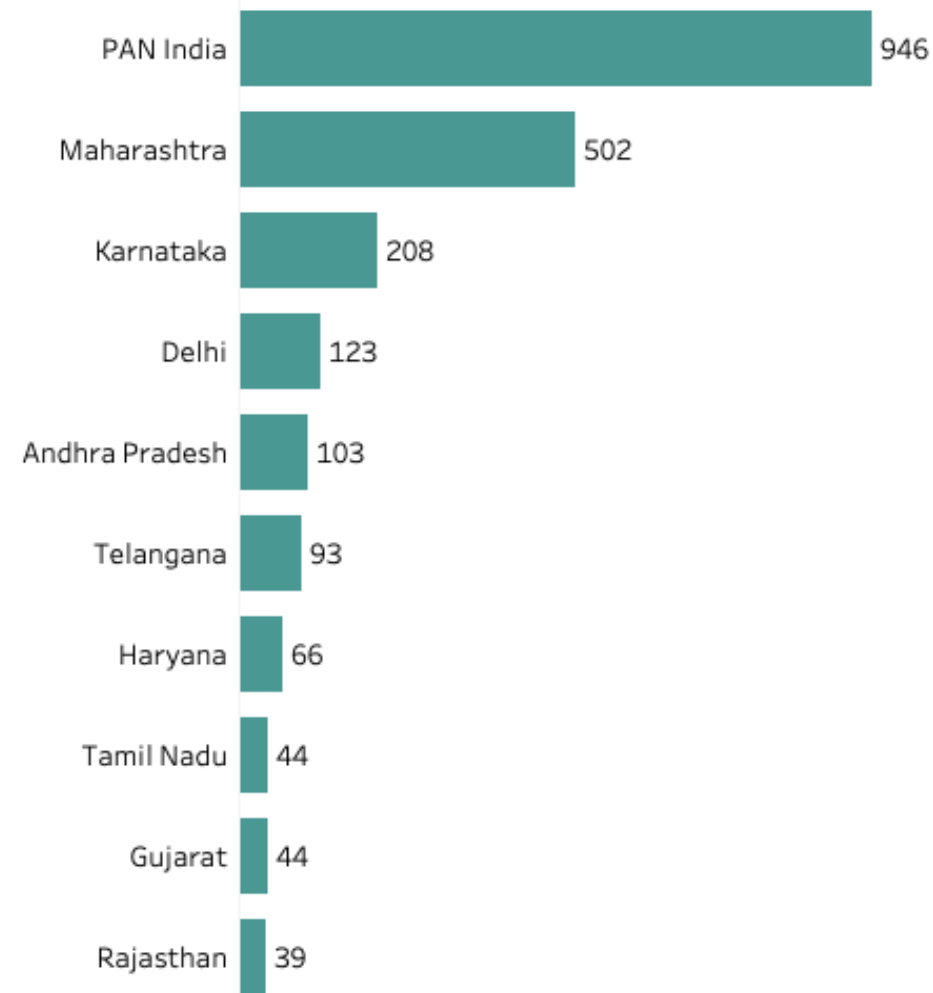


- **CSR spend has increased by more than 150% from 2014 to 2019**
- **2367 INR Crore (~325 Million USD) has been cumulatively spent over a period of 5 years**

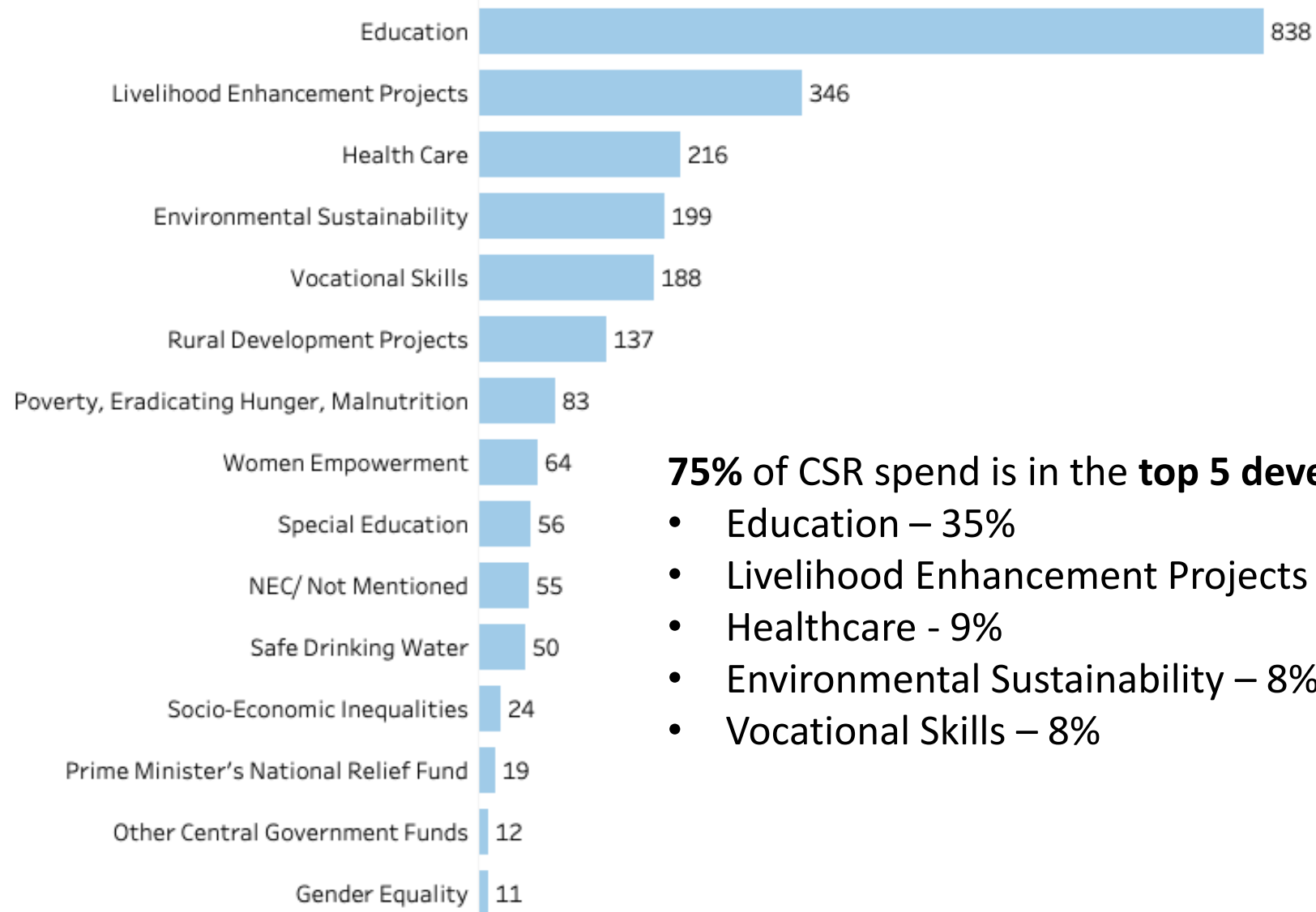
CSR Spend by American* Companies (2014-19) - Top Geographies



Region Where CSR Money was Spent



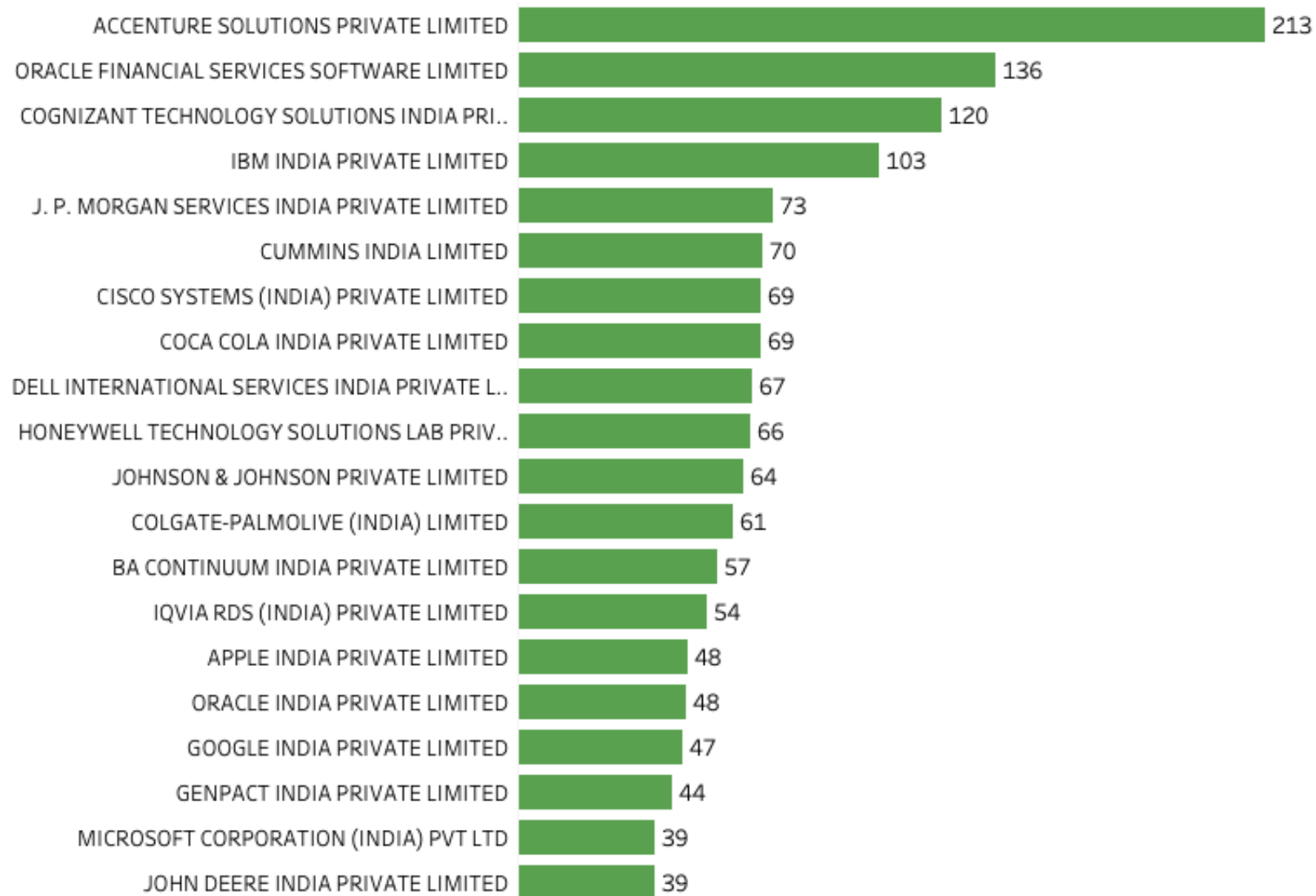
CSR Spend by American* Companies (2014-19) - Top Sectors



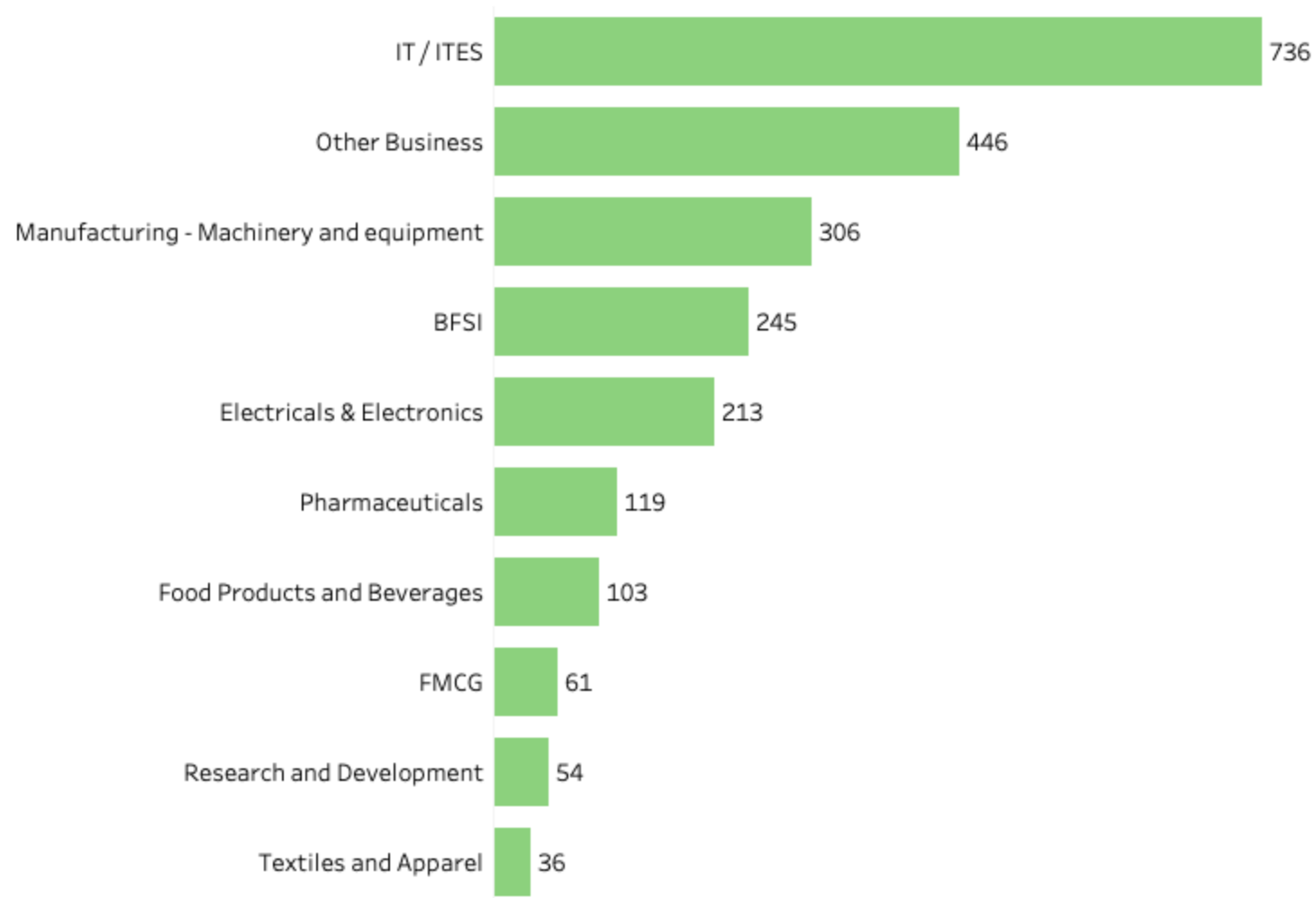
75% of CSR spend is in the top 5 development sectors :

- Education – 35%
- Livelihood Enhancement Projects – 15%
- Healthcare - 9%
- Environmental Sustainability – 8%
- Vocational Skills – 8%

CSR Spend by American* Companies (2014-19) - Top Spenders

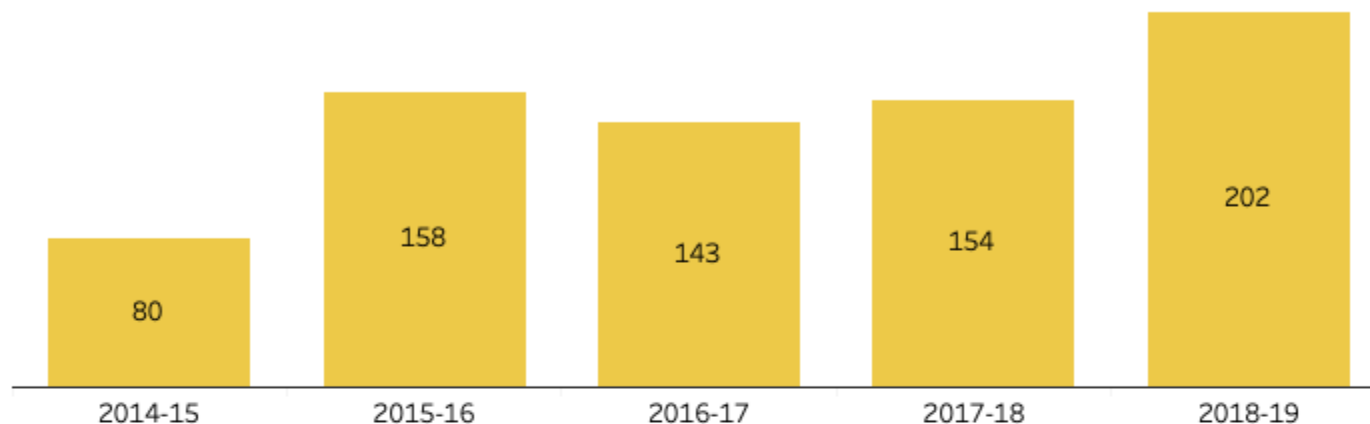


CSR Spend by American* Companies (2014-19) - Top Industries

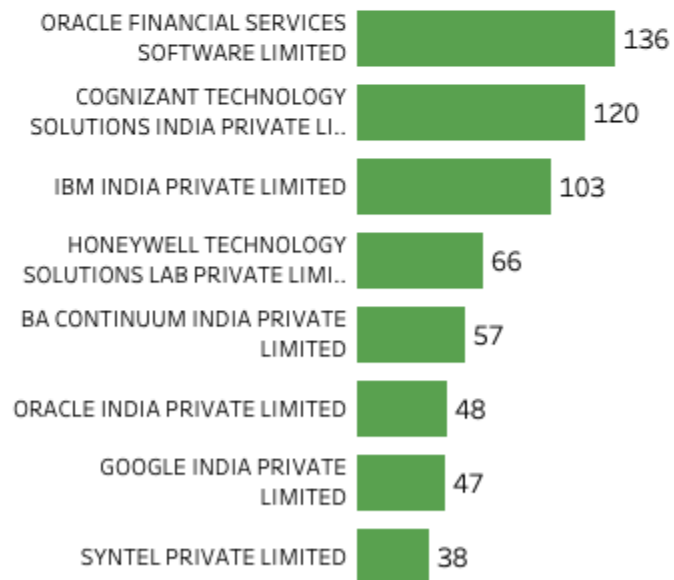


CSR Investments by - IT / ITES (2014-19)

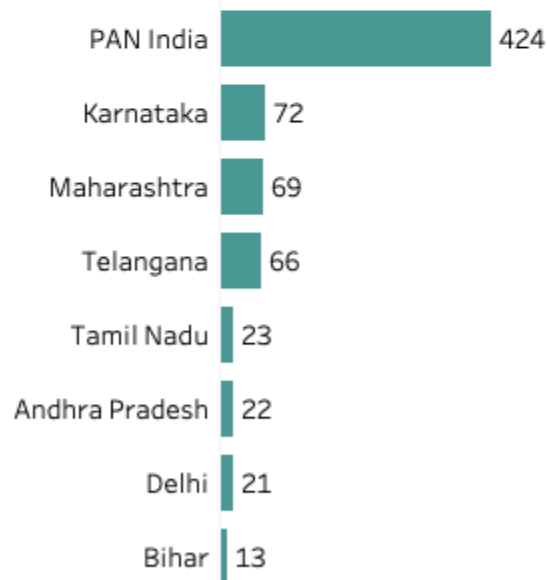
Total CSR Spend



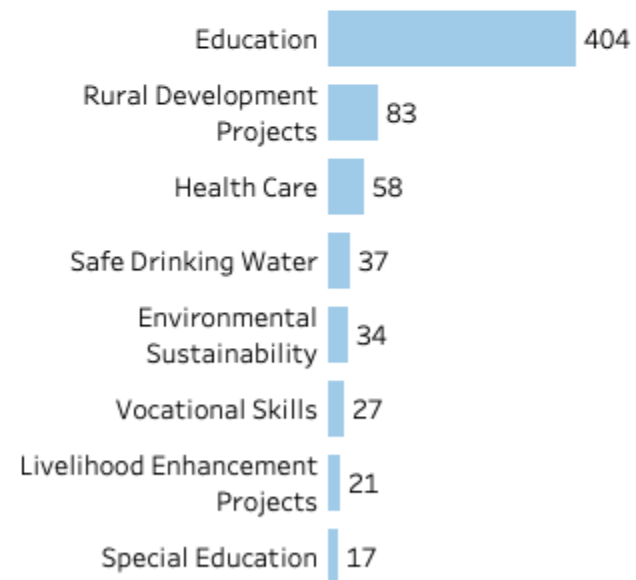
Top Spenders



Top Geographies

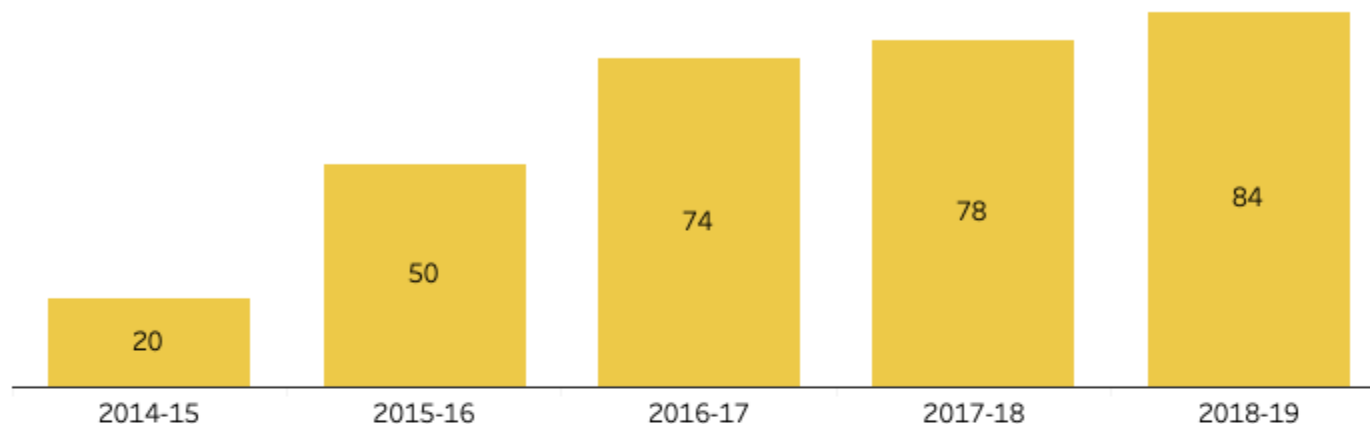


Top Sectors

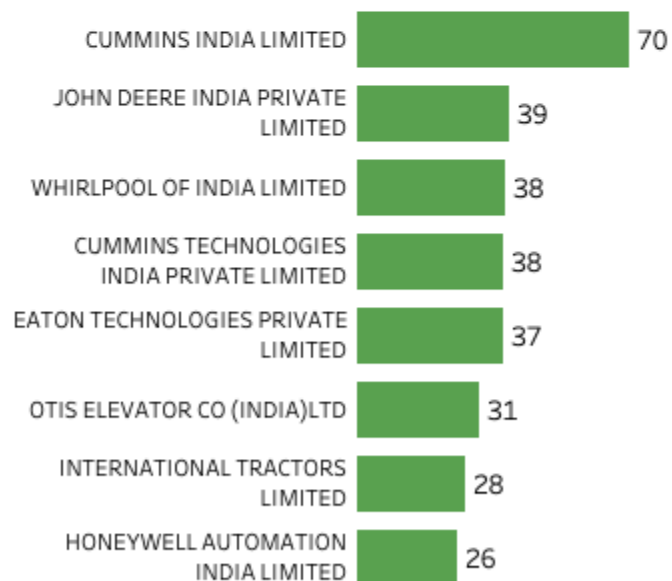


CSR Investments by - Manufacturing - Machinery and equipment (2014-19)

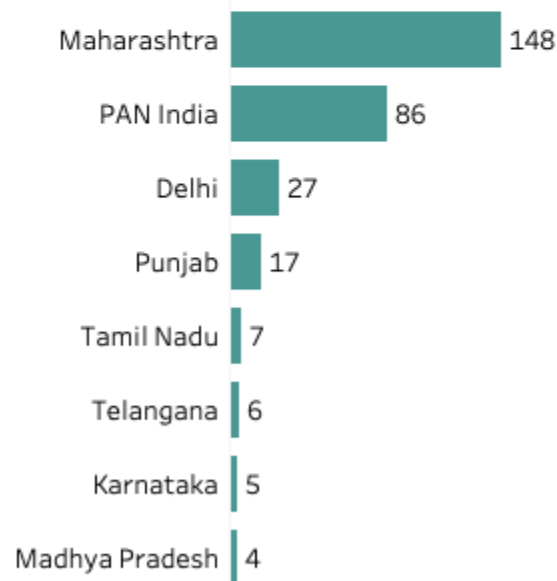
Total CSR Spend



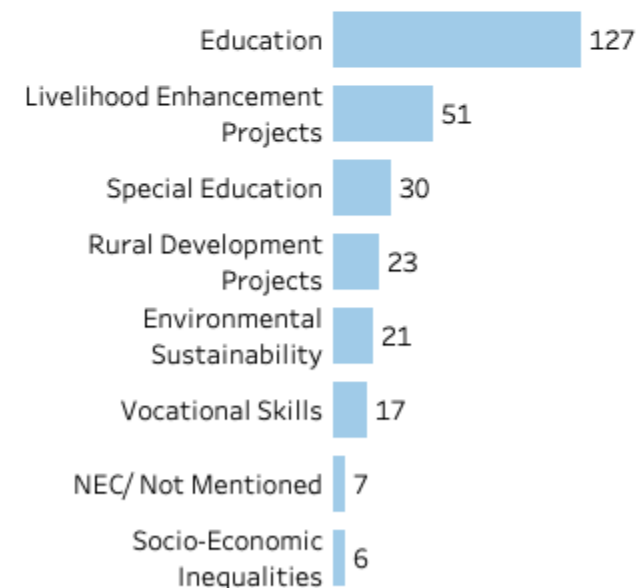
Top Spenders



Top Geographies

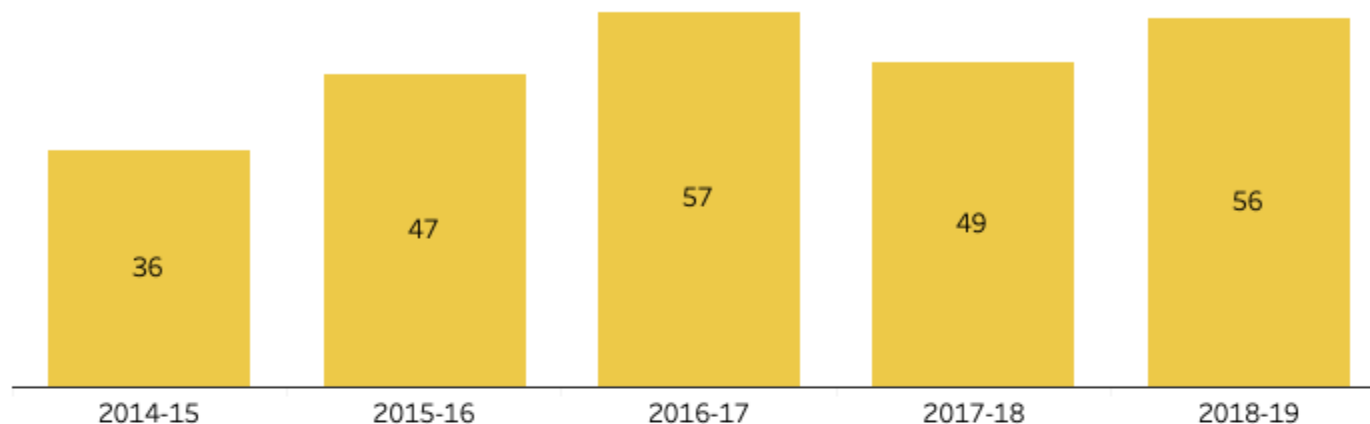
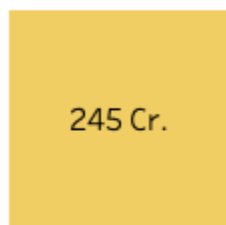


Top Sectors

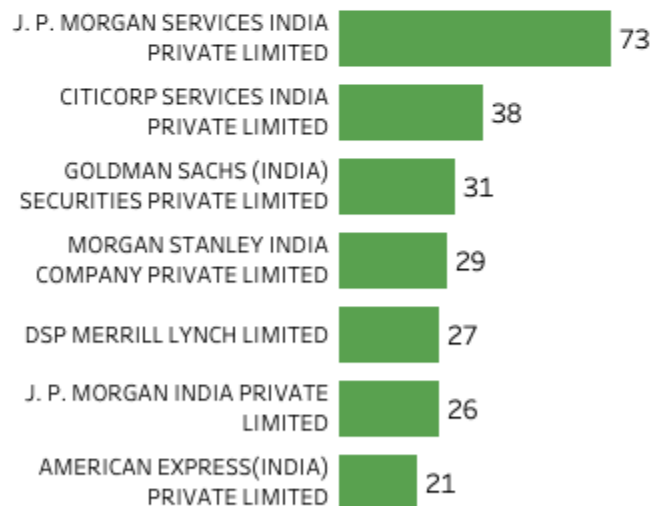


CSR Investments by - BFSI (2014-19)

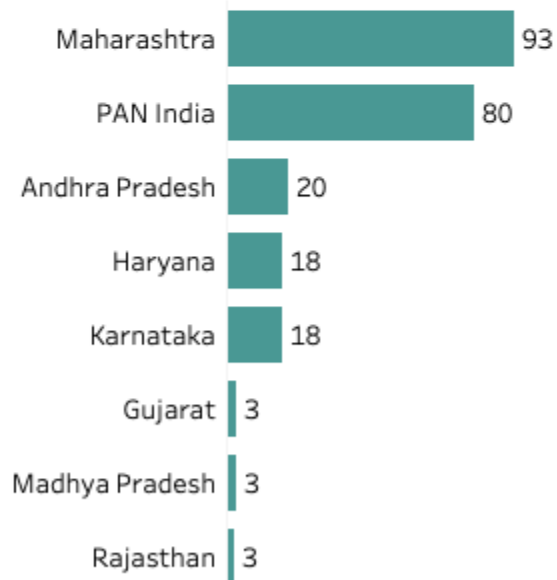
Total CSR Spend



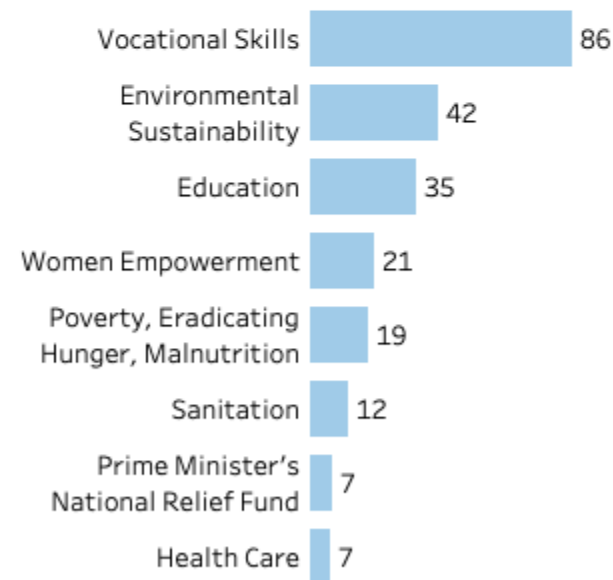
Top Spenders



Top Geographies

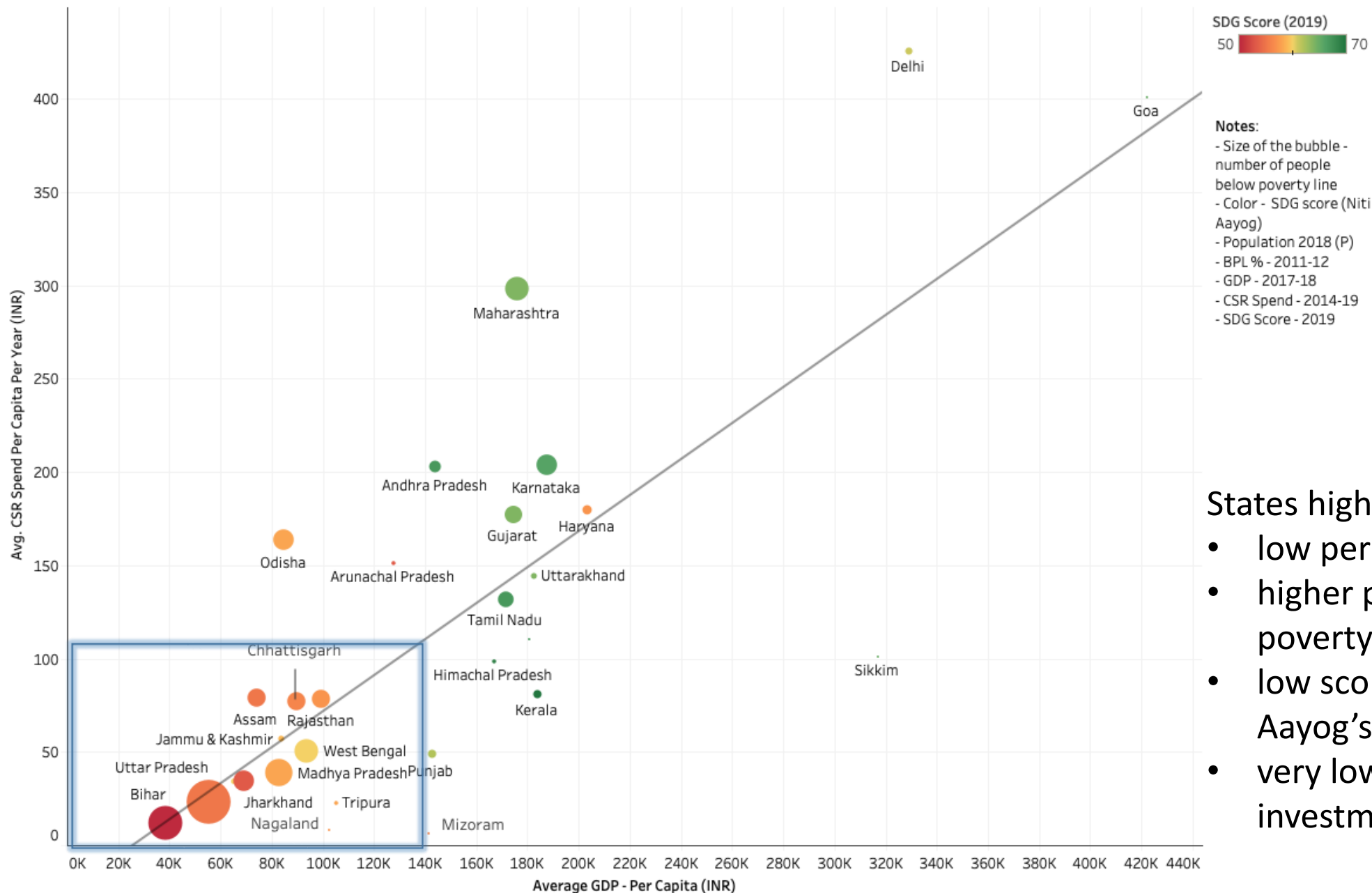


Top Sectors



Making CSR more impactful

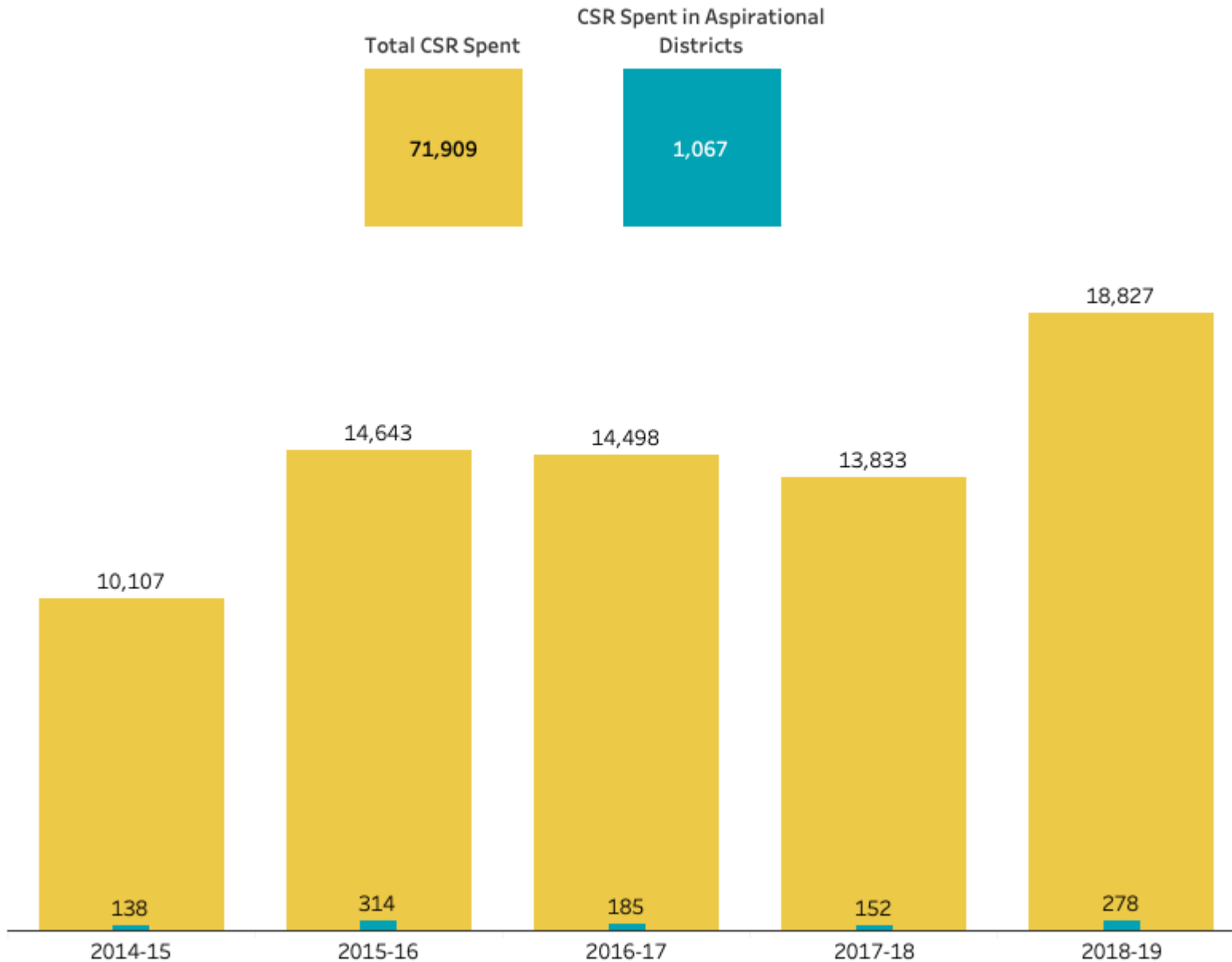
Where is India Inc.'s CSR Money Going?



States highlighted have :

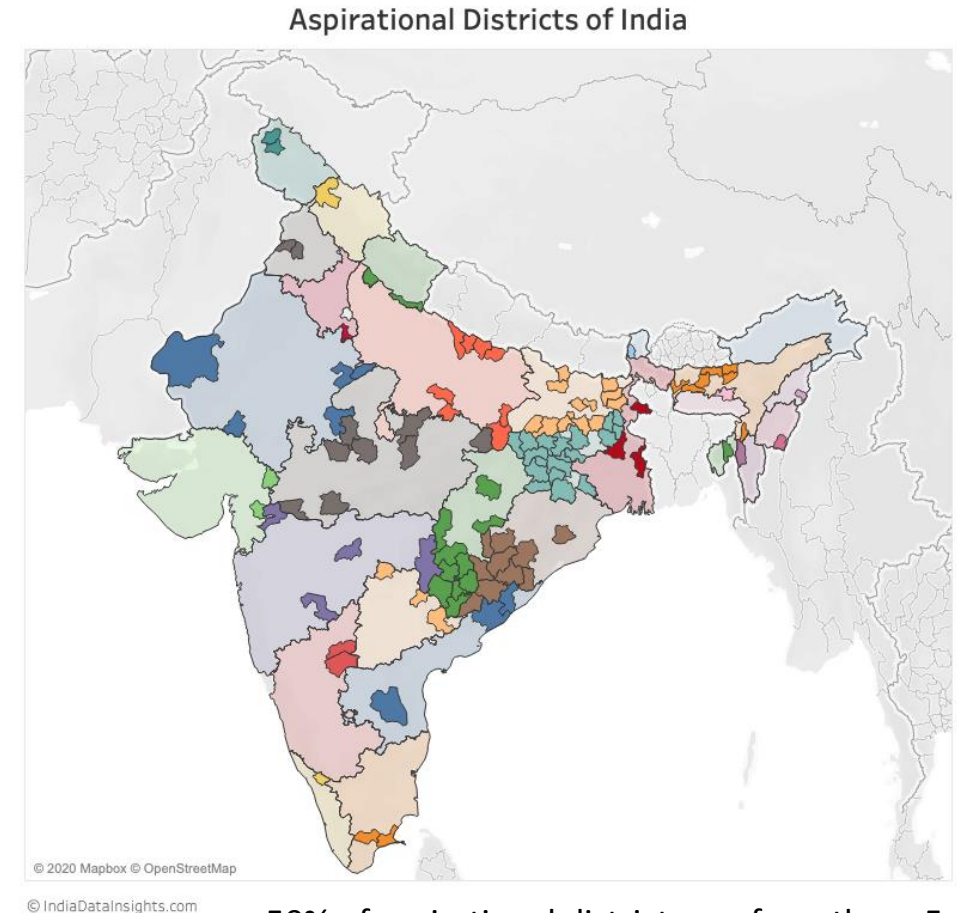
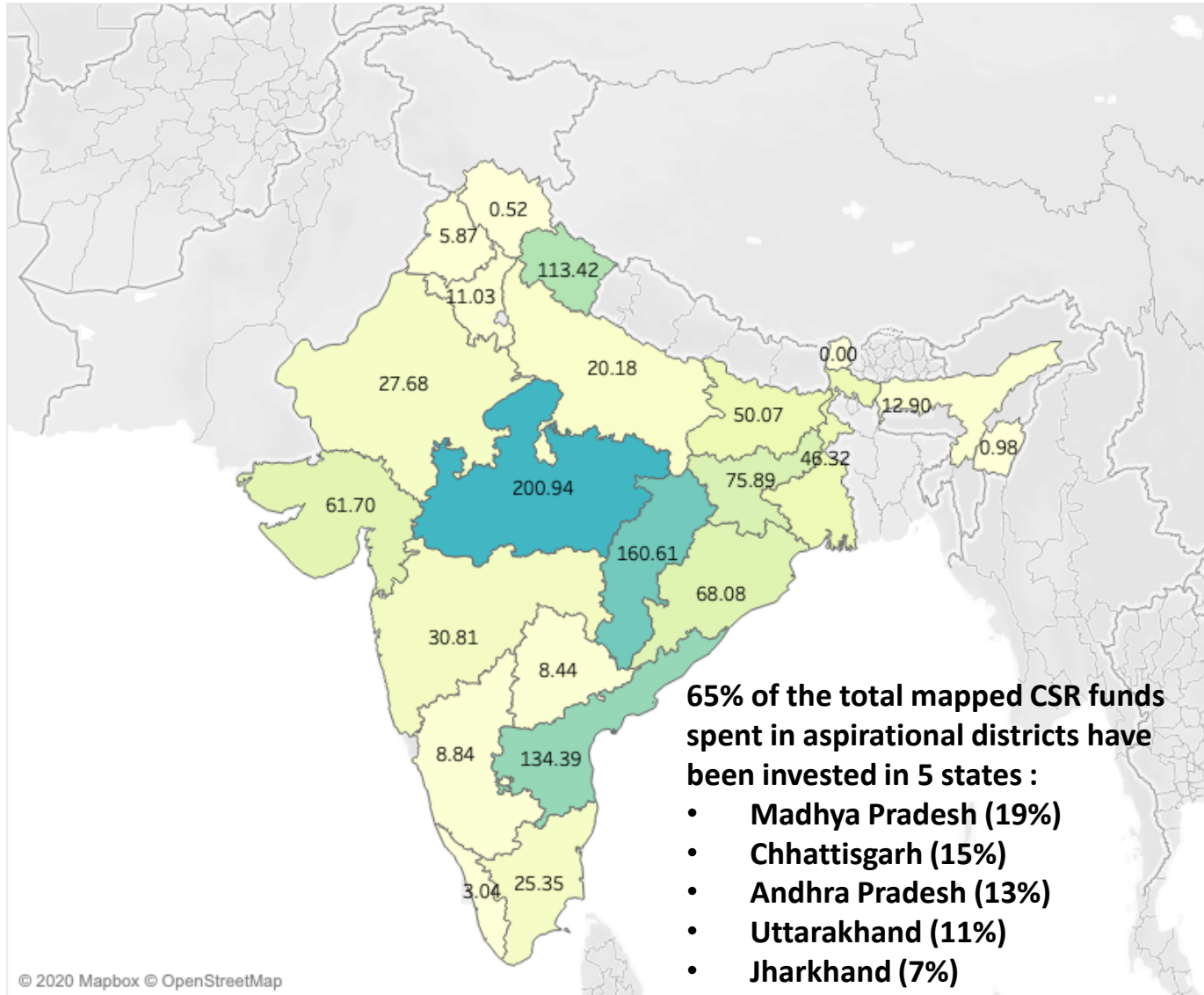
- low per capita GDP
- higher population below poverty line
- low scores on the Niti Aayog's SDG index
- very low per capita CSR investments per year.

CSR Spend in Aspirational Districts (INR Crores) (2014-19)



~1.5% of the total CSR spend has been in the aspirational districts. These are 115 districts identified by the Govt as the most under-developed districts in the country. The Govt encourages companies, specially PSUs, to invest in CSR projects in aspirational districts.

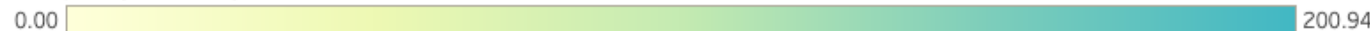
State-wise CSR Spend in Aspirational Districts (2014-19)



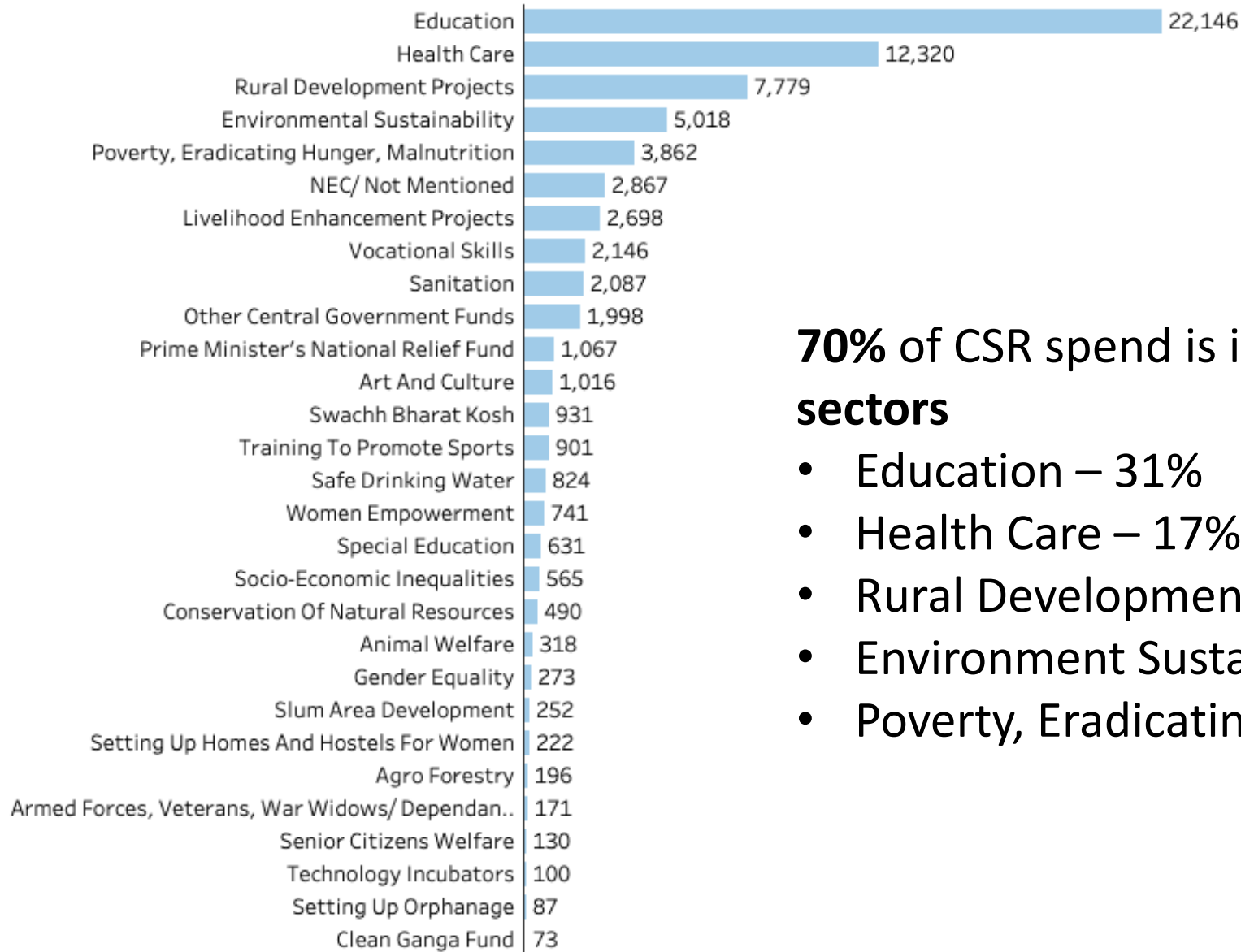
50% of aspirational districts are from these 5 states

- Jharkhand (19 districts)
- Bihar (13 districts)
- Chhattisgarh (10 districts)
- Odisha (10 districts)
- Madhya Pradesh (8 districts)

CSR Spend (INR Crores)



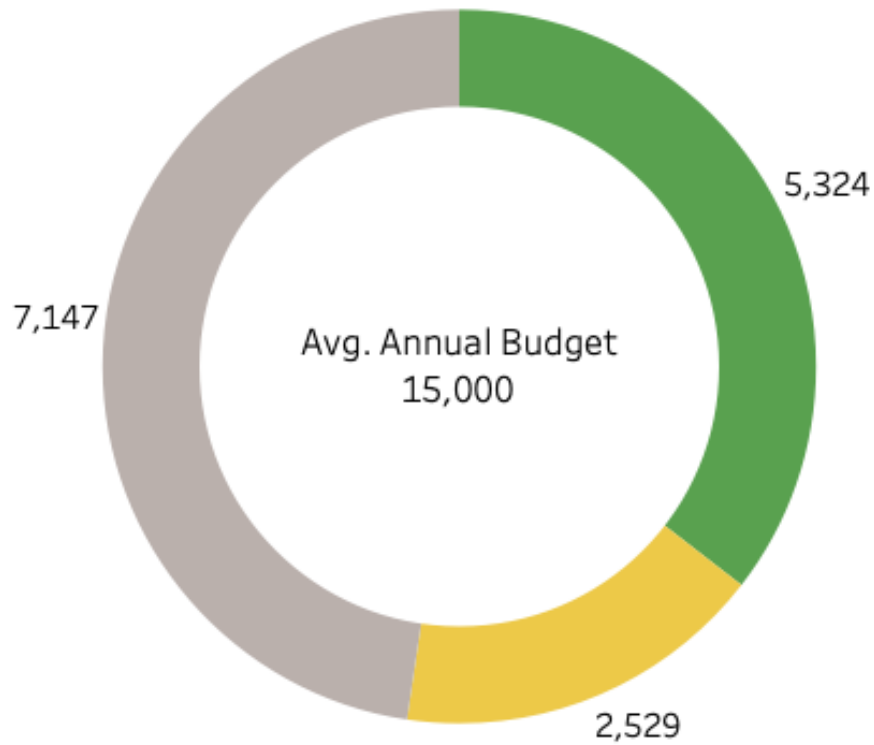
CSR Spend Across Various Development Sectors (2014-19)



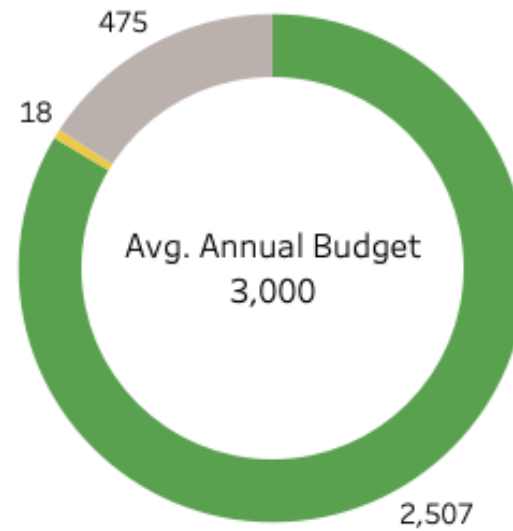
70% of CSR spend is in the top 5 development sectors

- Education – 31%
- Health Care – 17%
- Rural Development Projects - 11%
- Environment Sustainability – 7%
- Poverty, Eradicating Hunger, Malnutrition – 5%

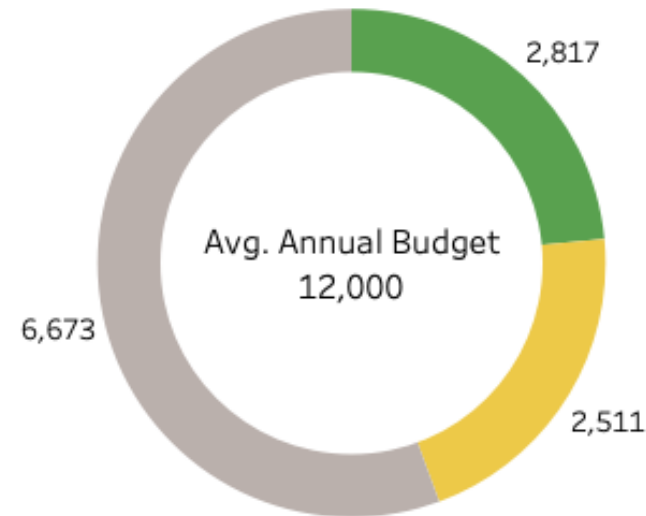
CSR - COVID Response and Outlook for '20-21 (INR Crores)



PSU



PVT



Based on the analysis of announcements till June 2020 made by the Top 300 companies that contribute 2/3rd of annual budget – INR 10,000 Crore.

- Donated to PM-Cares fund
- Committed to other COVID relief
- Potentially available for non-COVID projects

Sources: Company and Govt. press releases, CSR data from MCA, IDI analysis

Notes: Donated to PM-Cares fund - Donation made under PM Cares fund; Committed to other COVID relief - Funds committed but not necessarily utilized yet; Avg. Annual Budget has been derived from the trends of 2014-17 time period based on data from MCA

Designing effective and high-impact CSR programmes

Companies typically anchor their CSR strategy on :

- Compliance
- Social cause
- Stakeholder engagement
- Alignment with business



Data sources and methodology

Sources :

- Ministry of Corporate Affairs (MCA Portal)
- Census 2011
- Planning Commission/Niti Aayog
- IDI analysis

Notes :

- *Data is as made available by the Ministry of Corporate Affairs as of Mar 2020.*
- *An updated report will be available in 2021 on sattva.co.in and IndiaDataInsights.com.*
- *The industry mapping as codified in the CIN is not fully accurate in many cases and hence we have re-classified the top CSR spenders into categories as analysed in this report. The re-mapping of industry type ensures that about 80%-90% of the total CSR spend is mapped to the right industry. For remaining 28000+ companies, we have retained the mapping as per their CIN, and hence that may lead to a small margin of error in industry-wise CSR spend calculation. However the error is small and is unlikely to impact the overall picture of industry-wise CSR spending trends portrayed here.*
- *Each unique CIN is treated as a separate company in this report. Hence group CSR or aggregated views of holding company with subsidiaries is not available as a single figure. This is in line with the data available on MCA CSR portal.*



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American Chamber of Commerce in India

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