



# India's CSR reporting survey 2019

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# Introduction

The Companies Act, 2013, Section 135 and Corporate Social Responsibility (Policy) Rules 2014 (Act) has been a forward-looking move by the Government of India, calling on companies to partner in contributing to the country's development challenges by unleashing creativity and innovation. 2018-19 is the fifth year of compliance to the Act. 'India's CSR Reporting Survey 2019' analyses

and brings together findings from CSR reporting of the top 100 (N100) listed companies as per market capital. The report aims to bring out key insights for various stakeholders like corporates, the government, not-for-profit organisations, academic institutions and others. The findings of the survey chronicle the evolution of India's CSR journey.

## Approach

- 1 List of N100 companies as on 31 March 2019, were identified.
- 2 CSR policy and annual report of these N100 companies were collated from public domain.
- 3 CSR policy, CSR committee, disclosure on CSR in the annual report, and prescribed format on CSR were analysed on both- compliance (mandatory) and beyond compliance (good practices) parameters.
- 4 Analysis of this information available in public domain was carried out to present the trends covering:



# Five years of Section 135 of the Companies Act, 2013

## Introduction of Sec 135 and impact of notices and notifications

Compliance to requirements of Section 135 of The Companies Act 2013 by India Inc. has seen a significant increase over the last five years with regards to Corporate Social Responsibility (CSR) policy, committee, annual disclosure on CSR, to name a few.

76 per cent companies have spent 2 per cent or more during the current year, which is a striking 100 per cent increase over the last five years. The cumulative expenditure by N100 companies from 2014-15 to 2018-19 is INR35077 crore.

## Governance

The composition of CSR committee has changed and strengthened over the years. 60 per cent of N100 companies have more than one independent director on CSR committee, almost similar per cent of companies have independent director as Chairperson of CSR committee, and the average number of CSR committee meeting in such companies is four, as against two in case where the independent director is not the Chairperson of CSR committee.

62 per cent of the N100 companies have women in the CSR committee, of which, one third have women as Chairperson of CSR committee.

## SDG and communication

In the CSR policy, 12 per cent companies have gone ahead and aligned their CSR activities to 'Global Goals for Good – SDGs'. One in every three company has already aligned their annual disclosure on CSR to SDGs.

Annually, India Inc. spends approximately 60 per cent of its CSR budget on health and education, this is in alignment with health and education identified as the low performing SDGs by SDG India Index 2018 published by National Institution for Transforming India (NITI) Aayog.

## Efficiency and effectiveness

India Inc. has been largely successful in identifying the areas that they intend to create an impact/ contribute to (e.g. healthcare, education, reducing inequality, sports, etc.) clearly mentioned in CSR policy, as against mention of all Schedule VII activities during 2014-15.

More and more companies have started monitoring and reporting project wise direct and overhead, as well as admin expenses. The average project cost and or the number of high value CSR projects in top three states, Schedule VII activities and type of companies (expenditure wise) have seen a reasonable increase, clearly demonstrating the choices made by India Inc. to have mid-to-large scale multi-year impact driven projects.



### Local area, brand recall and goodwill

Over the years, expenditure in 'local is the preference'. 80 per cent companies have indicated a preference for location where they are present (as defined in their CSR policy), 88 per cent companies have implemented projects in the locality of their presence (neighborhood).

This truly indicates India Inc. willingness to contribute for wellbeing of stakeholders (largely communities) around its operations, which indirectly may also result in enhanced brand recall among such stakeholder groups.



### Impact management

While the Act mandates stating, 'mechanism to monitor CSR activities' in CSR policy, companies have gone beyond the mandate, and have specified carrying out impact assessment/social audit for its CSR projects at regular intervals. As a first step towards same (monitoring activities and outputs), it is evidenced that disclosure on outreach / people impacted has improved by over 325 per cent from the base year.

This clearly demonstrates India Inc. building momentum and intent to look beyond mere donations and grant making; outcomes being one of the key CSR drivers.

### Engendering CSR

During the current year, India Inc has clearly demonstrated an 'engendering process' as part of its CSR initiatives. It is interesting to note that, the expenditure of these companies (where Women is the Chairperson of CSR committee), towards Schedule VII (3) 'reducing inequality' has increased from 14 per cent in 2016-17 to 42 per cent in 2018-19, a whopping 200 per cent increase. This truly is an illustration/case study of 'gender budgeting' being core to such company's philosophy on CSR.

### Partnerships and collaboration

The number of companies having CSR Foundations' have gone up from the base year (6 in 2014-15 to 18 in 2018-19). Against 21 per cent companies that implemented their CSR projects directly or exclusive through their own foundations in 2014-15, only seven per cent have reported to have chosen this mode of implementation during 2018-19, indicating an increased partnership with implementing agencies. The trend of increasing partnership is on a welcoming trend and a clear sign of recognising the strength of collaboration and partnerships, advancing SDG Goal 17- 'Partnerships for the Goals'.

# Key highlights

**Five years**

**of Section  
135 of the  
Companies  
Act, 2013**



**More companies  
complying to  
requirements of  
Section 135 of  
the Companies  
Act, 2013**



**325% Increase  
in the number of  
companies that  
have disclosed  
details of outreach  
in annual report**



**30% Companies  
have had more  
than three CSR  
committee  
meetings**



**18%  
Companies  
have a CSR  
Foundation**



**76%  
Companies that  
have spent  
2 per cent or  
more during the  
current year**



**41% Companies  
have aligned  
CSR projects  
to SDGs in their  
annual report**



**150%  
Increase in  
the number of  
companies that  
have committed  
to carry forward  
2 per cent of  
unspent amount**



**INR35077 crore  
The cumulative  
expenditure by  
N100 companies  
over the last five  
years (2014-19)**



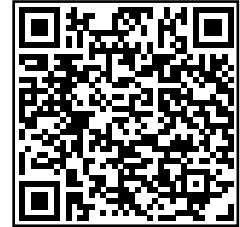
**220% Increase  
in expenditure  
towards Schedule  
VII (3)-'reducing  
inequality' at  
companies with  
'women as  
Chairperson of  
CSR committee'.**



**75% CSR  
projects  
implemented  
through  
partnerships-a  
demonstration  
of SDG 17**

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