

Context : CSR Rules Amendment

Shift in Approach

CSR Context

Charity & Gandhian Trusteeship

Voluntary CSR

As a consequence of rising globalisation and pressing ecological issues, the perception of the role of corporates in the broader societal context within which it operates, has been altered.

Mandated CSR for Eligible Companies

For the Greater Good

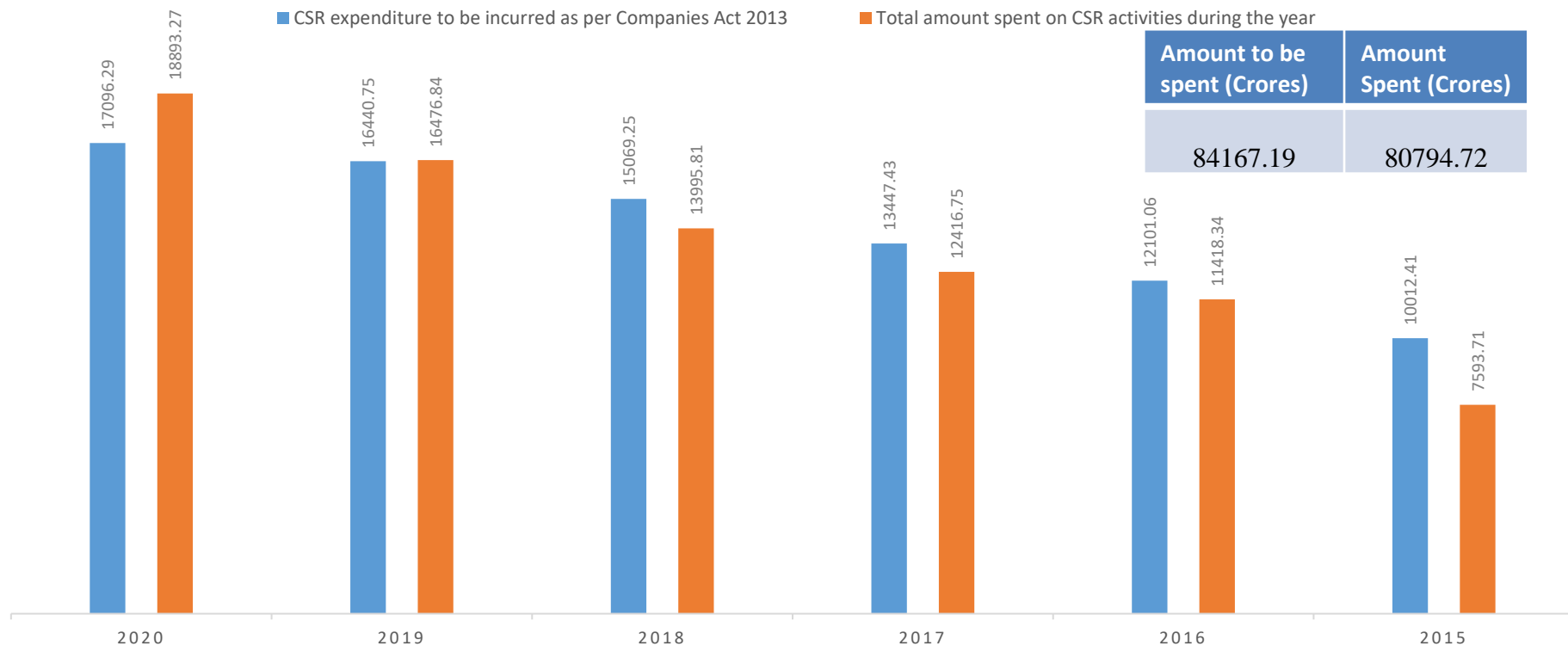
A Formal Framework for Social Spending by Corporates

<p>WHEN From April 1, 2014</p> <p>HOW MUCH 2% of average profit of previous three years Profits from overseas branches and dividends from other cos not included in net profit for calculation</p>	<p>WHO Companies with net worth of over ₹500 crore or turnover of over ₹1,000 crore or net profit of over ₹5 crore Foreign cos registered in India included</p>	<p>WHERE CSR activities will have to be within India</p>
<p>WHAT ALL Livelihood enhancement and rural development projects Promoting preventive healthcare & sanitation Measures for benefit of armed forces veterans, war widows and their dependents</p>	<p>Working towards protection of national heritage, art & culture Reducing inequalities faced by socially & economically backwards Protection of flora & fauna, animal welfare, agro-forestry etc</p>	<p>HOW Company's board will decide in accordance with its CSR policy and the decision of its CSR committee</p>
<p>DO'S AND DON'TS Surplus from CSR cannot be included in profit CSR work can be done through a registered trust or society or a separate co</p>	<p>Co can collaborate with other cos but will have to report separately</p>	

CSR Spend 2014-2020

Amount-
Crores

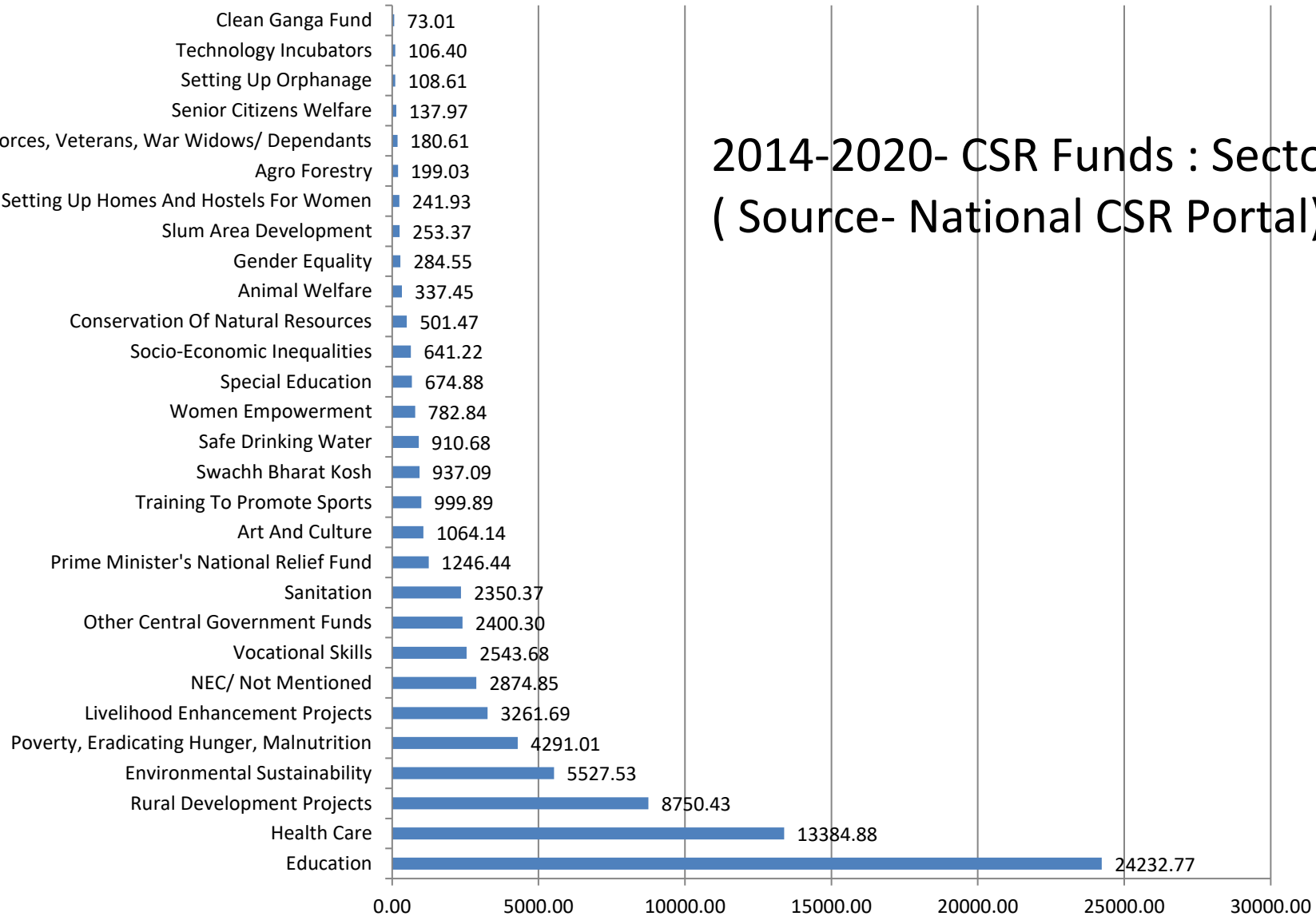
CSR AMOUNT SPENT



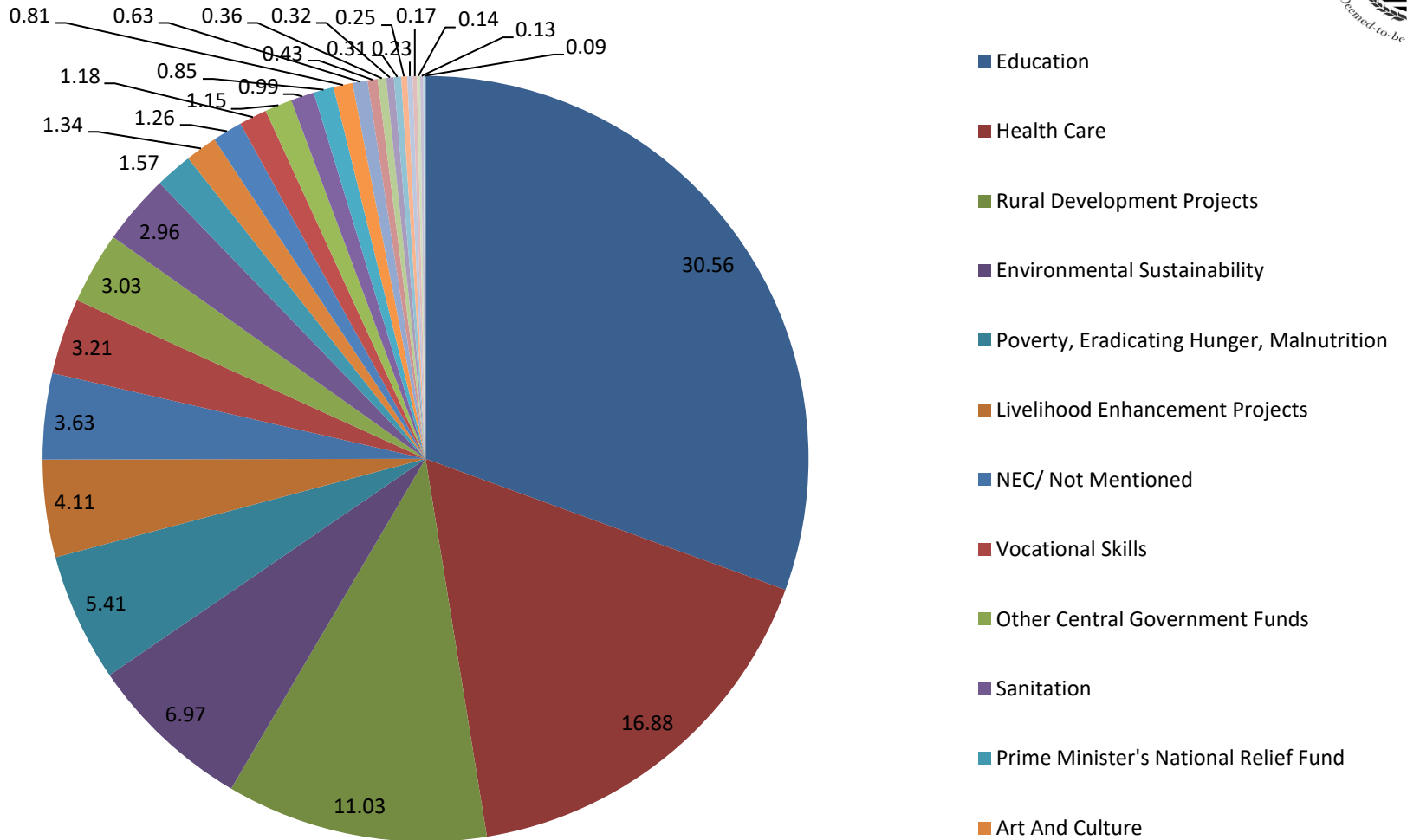
Amount to be spent (Crores)	Amount Spent (Crores)
84167.19	80794.72

Source: National CSR Portal & CMIE

2014-2020- CSR Funds : Sectors (Source- National CSR Portal)

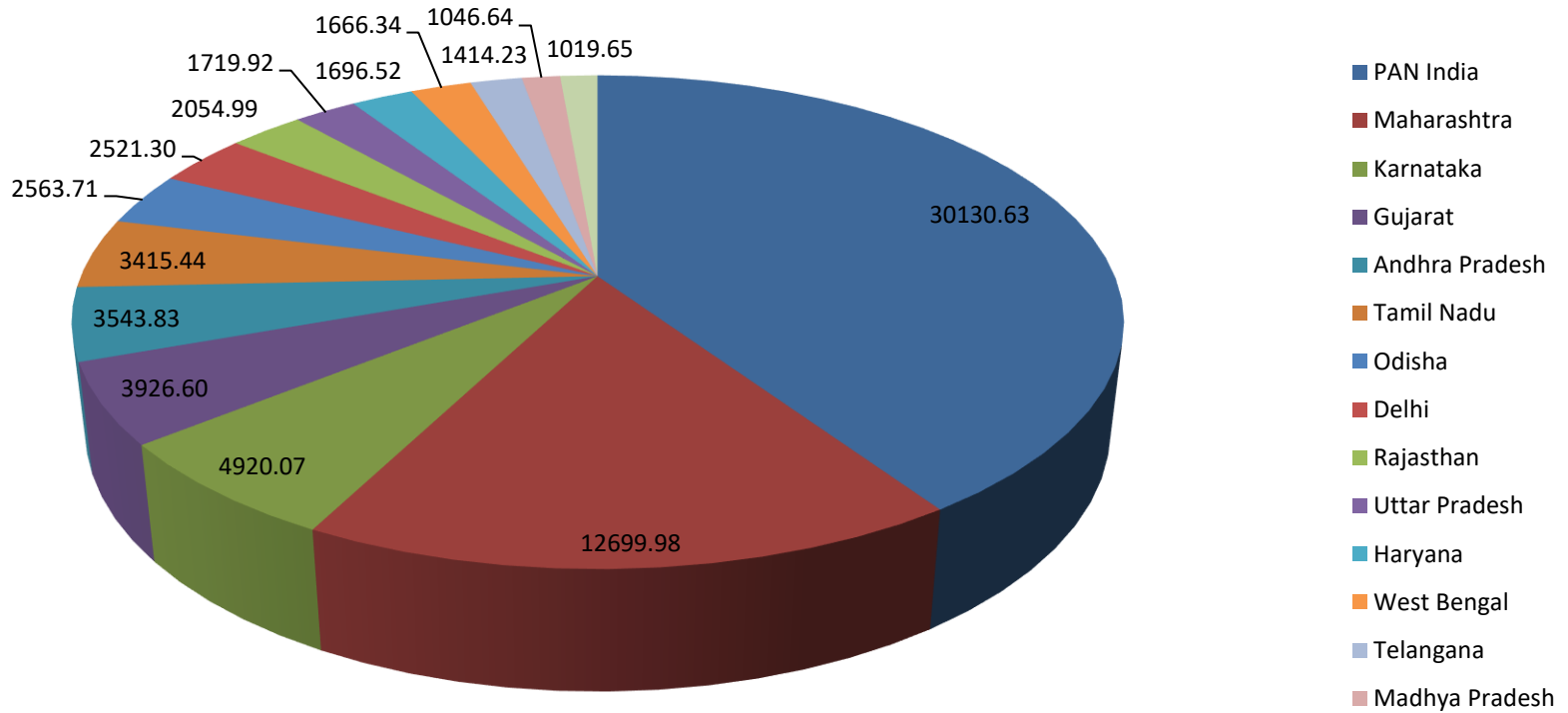


Series1



% of CSR Investment- 2014-20

States – 1000+ Crores Club



Reality Check

Issue of geographic equity in CSR spending across states.

More than 52 out of the country's 100 largest companies failed to spend the required 2% on CSR activities (KPMG Report 2018)

Law did not define an enforcement mechanism or penalties for non-compliance

Companies justified their non-spending or underspending towards CSR activities by claiming that they have already spent the required amount while hiring personnel exclusively for implementing the CSR activities.

CSR law set minimum standards, but did not create an impetus for positive action. Companies built "excellent" school infrastructure and met the legal requirement by spending money on education, but failed to ensure quality education

Malpractices & Scams in CSR spending have been unearthed by the law enforcement agencies

Poor disclosure standards were followed by companies while explaining the details of their spending on the CSR initiatives.

Politicization of CSR funds. Social Impact????

Mandated CSR remained largely voluntary, but gave the illusion of progress. India has ranked 117 out of 163 in Social Progress Index 2020

Social Progress Index

Basic Human Needs

- Nutrition and Basic Medical Care
- Air, Water, and Sanitation
- Shelter
- Personal Safety

Does a country provide for its people's most essential needs?

Foundations of Wellbeing

- Access to Basic Knowledge
- Access to Information and Communications
- Health and Wellness
- Ecosystem Sustainability

Are the building blocks in place for individuals and communities to enhance and sustain wellbeing?

Opportunity

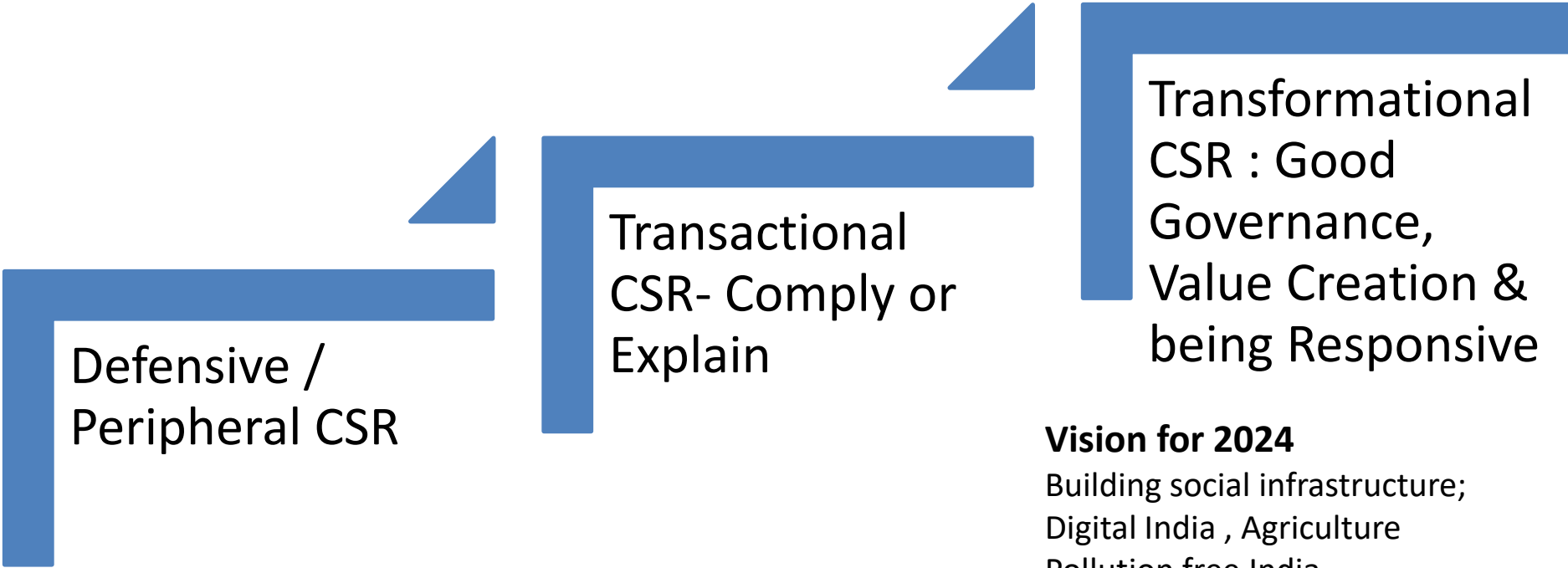
- Personal Rights
- Access to Higher Education
- Personal Freedom and Choice
- Equity and Inclusion

Is there opportunity for all individuals to reach their full potential?

Shift from Transactional CSR to Transformational CSR- Outputs to Outcomes & Impact

Shift : CSR1.0 to 2.0

Harmonious, inclusive growth is a prerequisite if India wishes to be a \$5 trillion dollar economy.



Defensive /
Peripheral CSR

Transactional
CSR- Comply or
Explain

Transformational
CSR : Good
Governance,
Value Creation &
being Responsive

Vision for 2024

Building social infrastructure;
Digital India , Agriculture
Pollution free India
Water, water management, clean
Rivers; Healthy society – Ayushman
Bharat, Team India with Jan
Bhagidari.

Thanks