



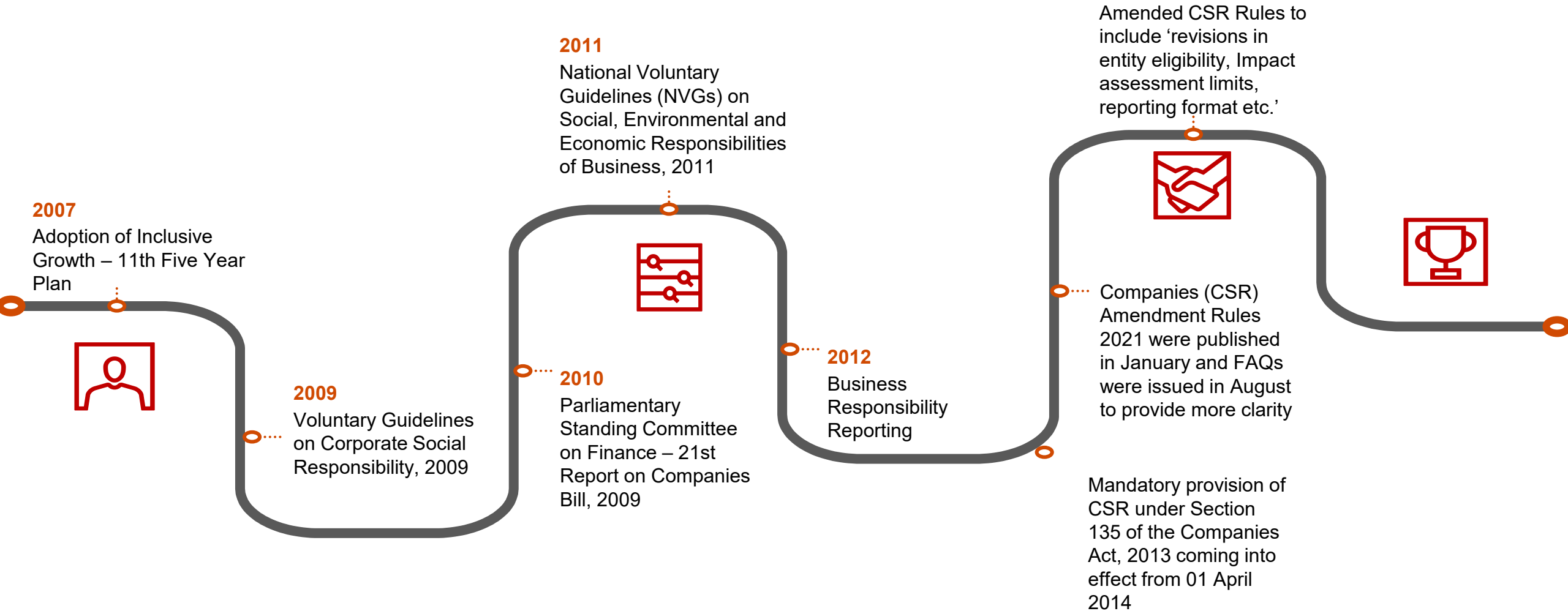
Evolving landscape of CSR in India (from charitable contributions/ philanthropy to strategic CSR)

Program on Corporate Social Responsibility

29 November 2025

**Western India Regional Council of The Institute of Chartered
Accountants of India (ICAI)**

Evolution of CSR in India

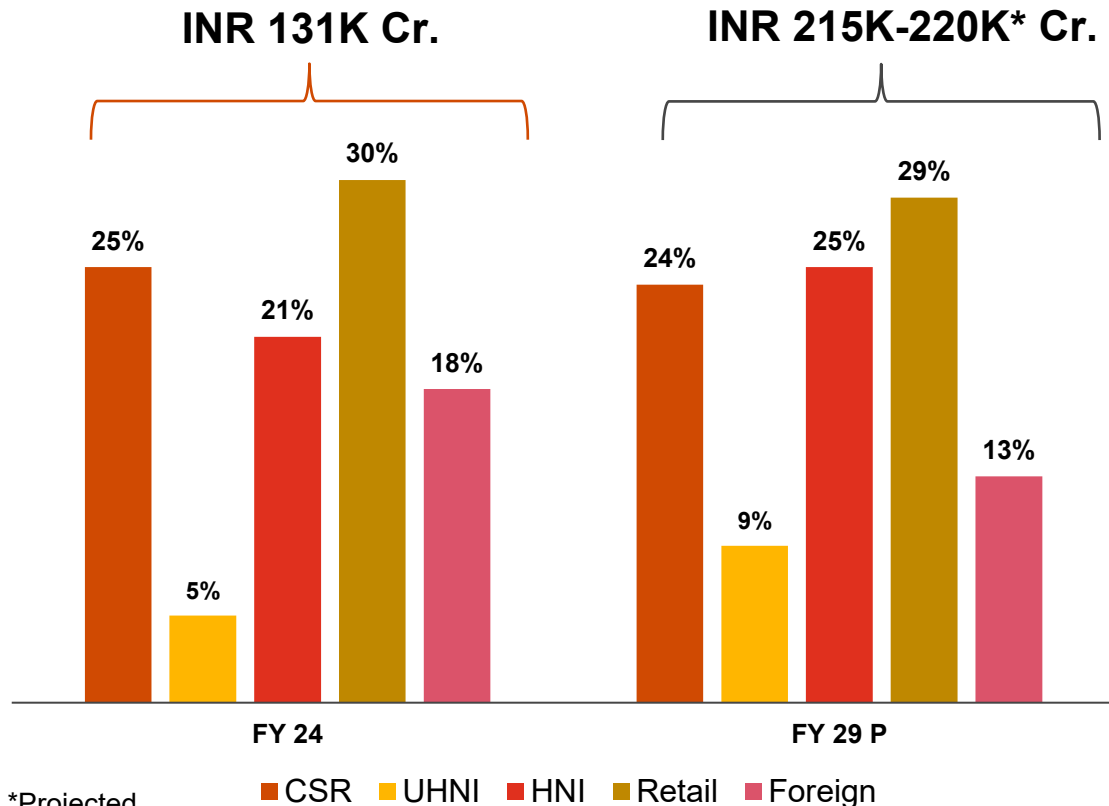


Source: <https://www.mca.gov.in/Compendium/Ebook/mobile/index.htm>
<https://www.csr.gov.in/content/csr/global/master/home/aboutcsr/history.html>

Overview and Growth of Giving Sector in India

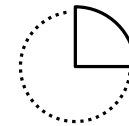
India's giving sector is witnessing robust growth, with **private funding projected to rise** significantly over the next five years. **CSR continues to play a pivotal role**, contributing **nearly a quarter of total private giving** while enabling impactful, multi-year programmes aligned with national priorities.

India's Private Funding growth projection by segment (INR '000 Crores)

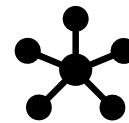


CSR: Corporate Social Responsibility, UHNI: ultra-high-net-worth individual, HNI: high-net-worth individual

Key Takeaways for CSR:



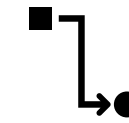
- Over the next 5 years, **CSR is projected to stay near a quarter of India's private giving** and still scales ~50% in absolute terms.



- Retail and UHNI are the fastest-growing pools. This presents an **opportunity for CSR to be utilized in blending and co-funding models** to maximize leverage.



- Given lower foreign inflows, **CSR becomes vital for program stability, especially in national priority sectors**. This becomes crucial as the country aims to achieve its targets around SDG Goals.



- Given the pool of fund available, it is **imperative that corporates double down on multi-year, impact oriented, KPI-tied programs**, while also expanding impact reporting to attract co-investment.

Understanding differences b/w Philanthropy and CSR

Parameter	Philanthropy	Corporate Social Responsibility
Motivation	Often motivated by personal values, religious beliefs, or a sense of duty to contribute to societal welfare	Driven by regulatory compliance as well as strategic business considerations.
Scope	Philanthropy typically involves donations to charities, religious institutions, educational scholarships, and healthcare initiatives.	CSR in India covers a broad range of activities, including education, healthcare, environmental sustainability, rural development, and skill development as per Schedule VII
Accountability, and Impact Measurement	It often focuses on the act of giving itself rather than systematic assessment or reporting.	Strong emphasis on transparency, accountability, impact measurement and reporting in CSR activities.
Disclosures	No such requirement	Companies are required to disclose their CSR initiatives, expenditures, policy, outcomes in their annual reports and website.

CSR in India

CSR is defined as Projects or programmes (either new or ongoing) relating to activities that are:

- (a) specified in Schedule VII; OR
- (b) undertaken as per declared CSR policy subject to the condition that such policy will cover subjects enumerated in Schedule VII;

☑ Preference to the local area and areas around where the company operates (preference to local area in the Act is only directory and not mandatory in nature and companies need to balance local area preference with national priorities).

☑ The spirit of the Act is to ensure that CSR initiatives are aligned with the national priorities and enhance engagement of the corporate sector towards achieving Sustainable Development Goals (SDGs).

☑ Projects or programmes or activities undertaken in India only

- ☒ excludes activities undertaken in normal course of business other than research & development activities for activity of new vaccine, drugs and medical devices related to COVID-19
- ☒ any activity undertaken by the company outside India except training of Indian sports personnel representing state/UT/India at national/international level
- ☒ contribution of any amount directly or indirectly to any political party under section 182 of the Act
- ☒ Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019)
- ☒ Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services
- ☒ Activities carried out for fulfilment of any other statutory obligations under any law in force in India

Implication of Companies' Act, 2013

Net worth > INR 500 crore

Turnover > INR 1000 crore

Net Profit > INR 5 crore

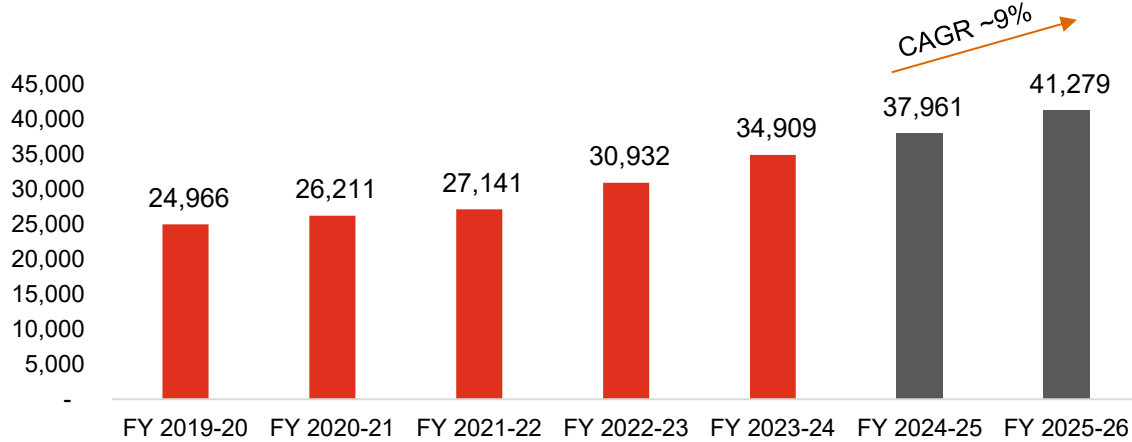
Mandatory requirement to spend 2% of the average net profit of the last 3 years on CSR activities

A company satisfying any of the above criteria during the **immediately preceding financial year** is required to comply with CSR provisions specified under **section 135(1) of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 and its subsequent amendments published in 2021 and 2022.**

CSR Trends in India – A snapshot

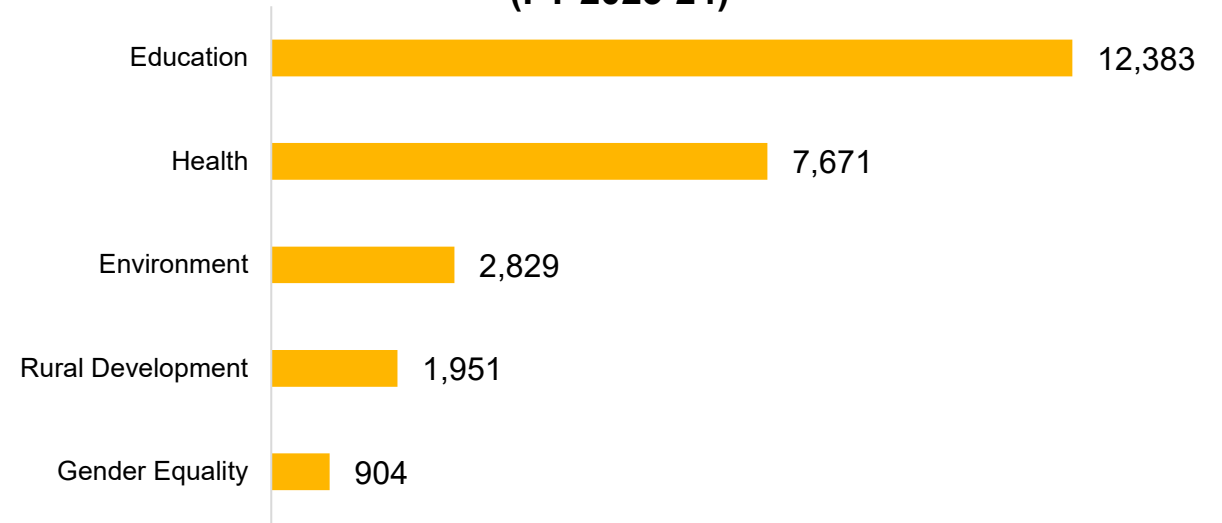
CSR continues to play a **pivotal role in driving inclusive growth across India**. Over the years, CSR expenditure has **shown a steady upward trend**, with projections indicating sustained momentum. **Education and health remain the top focus areas**, reflecting organizations' commitment to societal development. Notably, **61% of the total CSR spend is concentrated in 10 states**, underscoring regional priorities and impact islands.

Total amount spent on CSR in India across financial years (INR Cr.)

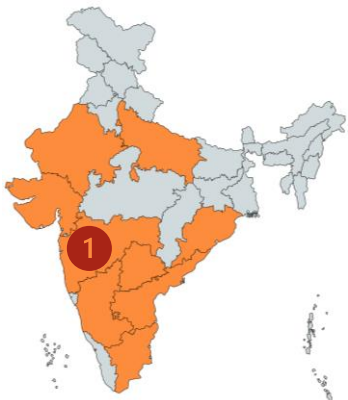


Note: The expenditure till FY 2023-24 is available on the CSR portal. The figures for subsequent 2 financial years are an extrapolation of the available data

Top 5 thematic area wise CSR expenditure (in INR Cr.) Pan India (FY 2023-24)



61% of the total CSR spend accounted by 10 states (shown below)



- | | | | | | | | | | |
|---|---------------------------------|---|--------------------------------|---|-----------------------------------|---|-------------------------------|----|------------------------------------|
| 1 | Maharashtra
INR 6,065.95 Cr. | 3 | Karnataka
INR 2,254.88 Cr. | 5 | Delhi
INR 1,949.95 Cr. | 7 | Odisha
INR 1,389.39 Cr. | 9 | Andhra Pradesh
INR 1,129.75 Cr. |
| 2 | Gujarat
INR 2,707.54 Cr. | 4 | Tamil Nadu
INR 1,968.76 Cr. | 6 | Uttar Pradesh
INR 1,545.01 Cr. | 8 | Rajasthan
INR 1,145.67 Cr. | 10 | Telangana
INR 1,054.92 Cr. |

Changing CSR landscape



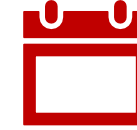
First country in the world to make **CSR** mandatory



Mandatory as per the **Section 135 of Companies Act 2013**



At least **2%** of the average net profit made during the preceding three financial year



Regulated by **MCA**



Can only be undertaken for activities listed in **Schedule VII** of Company's Act 2013

New amendments in the CSR rules are to promote accountability & transparency within the eco system

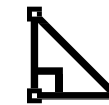
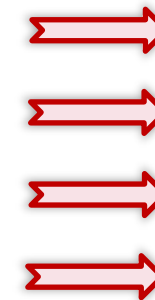
Before Amendments

- Comply or explain
- No clearly defined roles and responsibilities of the Board and CSR committee
- Disbursed amount was considered to be utilised
- No mandate related to impact assessment & disclosure of report
- No penal provisions

Major amendments in the CSR rules

After Amendments

- CSR spending is now **MANDATORY** (Now comply with penal provisions for non-compliance)
- **Ongoing project** has been defined
- Responsibilities of the **Board and CSR committee is clearly defined**
- More focus on promoting the **transparency related to the programmes**
- **Mandatory disclosures** are defined (Impact Assessment, CFO certification on fund utilisation)



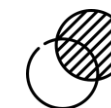
Measuring the impact



Efficient monitoring of CSR projects

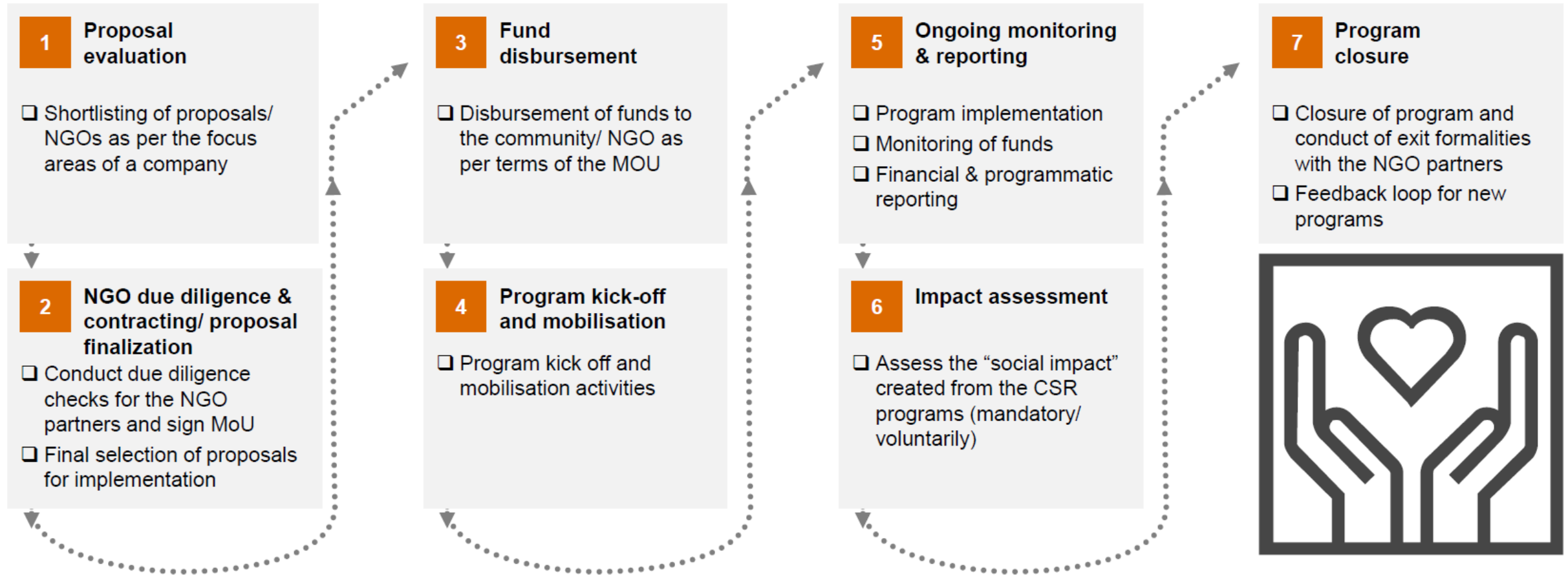


Strategic support for identification of impactful projects



Reporting & disclosures

A typical CSR project life-cycle



There are four key areas which are pervasive across this cycle and form the bedrock of a robust CSR program governance framework at the grantees:

Entity level controls

Grant Management

Impact assessment

Programmatic Reporting

Risks and Challenges (1/3)

Risks	Challenges faced
Selection of Projects	
<ul style="list-style-type: none">❑ Selection of projects on ad hoc basis❑ Low impact projects identification❑ Eligibility as per CSR Rules and Schedule VII	<ul style="list-style-type: none">❑ Projects don't fulfill community needs and are unable to bring in the desired impact in the targeted areas/for stakeholders on the ground❑ Projects undertaken by the company not compliant with Schedule VII of the Company's Act
Due Diligence	
<ul style="list-style-type: none">❑ Eligibility criteria for implementing partner defined under Companies Act not adhered with❑ Inadequate internal controls❑ Lack of capabilities to execute the CSR programmes❑ Complete and final milestones of the intervention are not mentioned in the final MoU	<ul style="list-style-type: none">❑ Non-compliance as per CSR Rules and other statutory requirements❑ Negative impact on the programme implementation and subsequent reporting❑ Lack of available credentials supporting the eligibility criteria for undertaking the CSR initiative❑ MOUs don't mention milestones of the programme for tracking performance measurement
Capacity of Partners	
<ul style="list-style-type: none">❑ Ground-level implementation done through low key resources who might not the same capacity as the central teams❑ Incorrect Reporting	<ul style="list-style-type: none">❑ CSR partners unable to report back to the company on the programme implementation requirements❑ Non-achievement of desired results due to limited technical knowledge of implementing partner organisation

Risks and Challenges (2/3)

Risks

Challenges faced

Monitoring

- Is the progress achieved**, consistent with the targets set at inception of the Project(s)?
 - Are the **financial spends in sync** with the progress being reported ?
 - Laying equal stress on tracking of Qualitative aspects of KPIs
 - Are there changes in activities, that leads to a change in overall impact levels ?
 - Is the **unspent CSR amount and CSR expenditure being tracked** in alignment with the CSR rules?
- Too many projects to monitor** hence prioritising the same e.g., Projects of high value considered for monitoring, or which are of importance to the leadership of the Funding Company
 - Inadequate technical knowledge/staff to monitor**
 - Lack of structured mechanisms** in place to monitor both quantitative and qualitative aspects
 - Financial spend the only criteria considered** for monitoring which does not give a holistic overview of the intervention progress

Reporting

- Does the Foundation have knowledge of the **latest rules on reporting and regulatory compliances applicable** to them?
 - Is the Foundation aware of **the necessary formats and reporting disclosure** to be filled by them?
- Absence of internal human resources** for providing various reporting and regulatory aspects during the course of the intervention
 - Lack of adequate and correct formal sources** on statute and regulatory information
 - Lack of internal technical know-how/ clarity on fulfilling** regulatory requirements

Project Closure

- Non-Achievement** of Final Project milestones
- Cost and time implications** leading to delay in Project closure

Risks and Challenges (3/3)

Risks related to programme assessment & evaluation

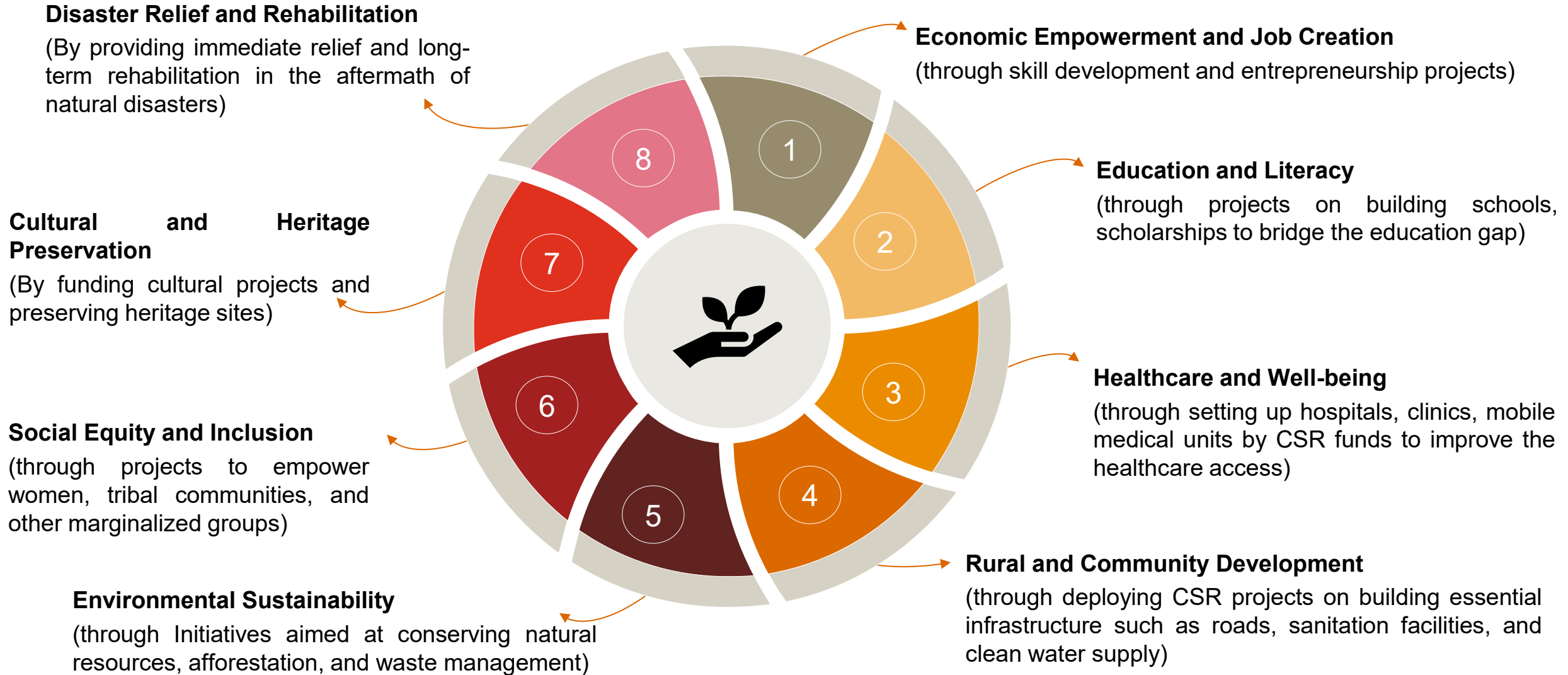
- ❑ Non-compliance to the CSR Rules for carrying mandatory assessments for the threshold of projects
- ❑ Continuance of projects without a vision/future course of action
- ❑ Lack of strategic projects
- ❑ **Lack of technical expertise to steer assessment/ evaluation assignments**
- ❑ **Availability of adequate documentation/ data** of the intervention to support an assessment/evaluation

Challenges faced

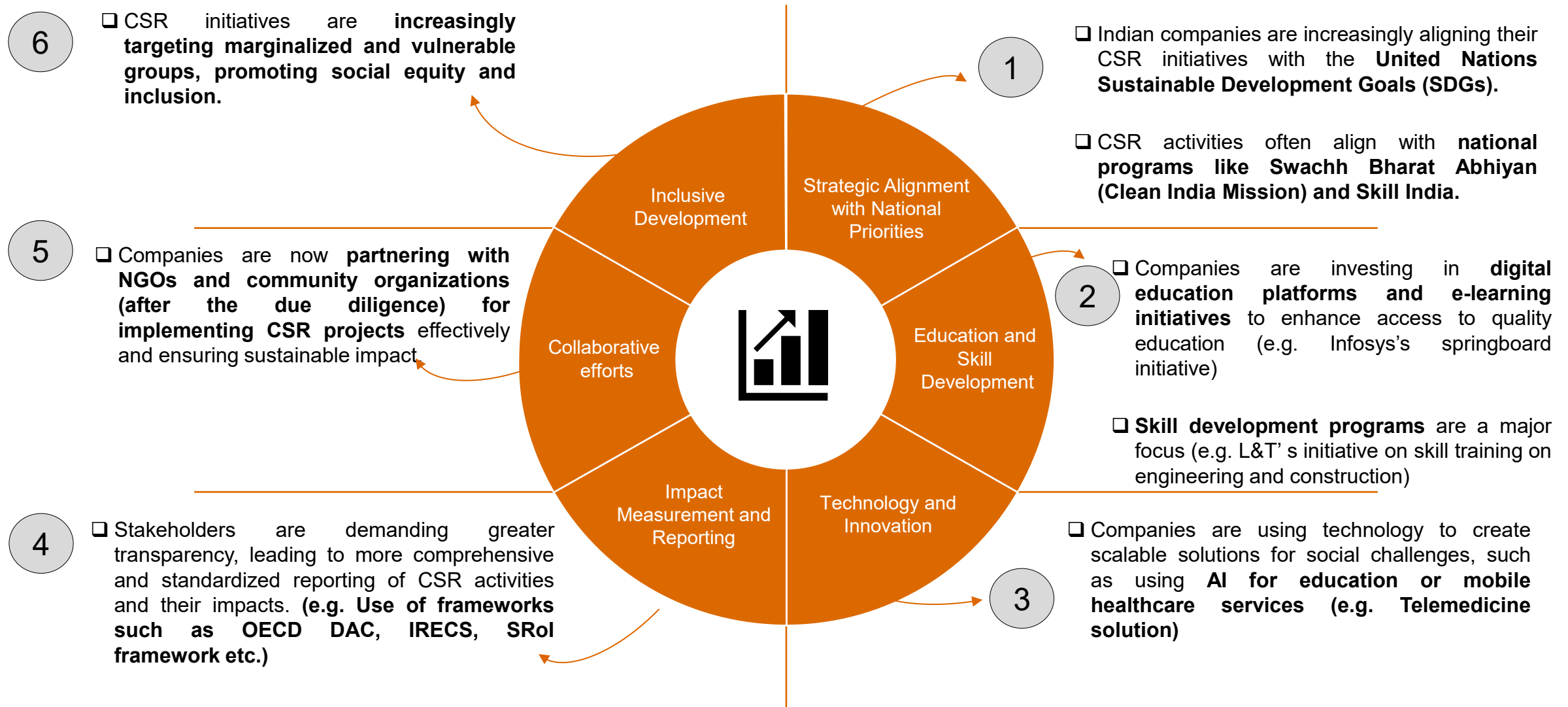
- ❑ **No Key Performance Indicators** mapped prior to the intervention commencement
- ❑ **Financial burden of non-strategic project** for the company due to continued spending
- ❑ No baseline data available/ No needs assessment done
- ❑ **Lack of human resources** to steer assessment/ evaluation assignments
- ❑ **No formal documentation maintained/** heavy reliance on verbal commitments during intervention initiation implementation



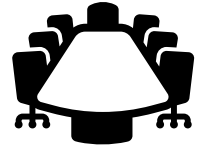
Role of CSR in strengthening the Social Fabric in India



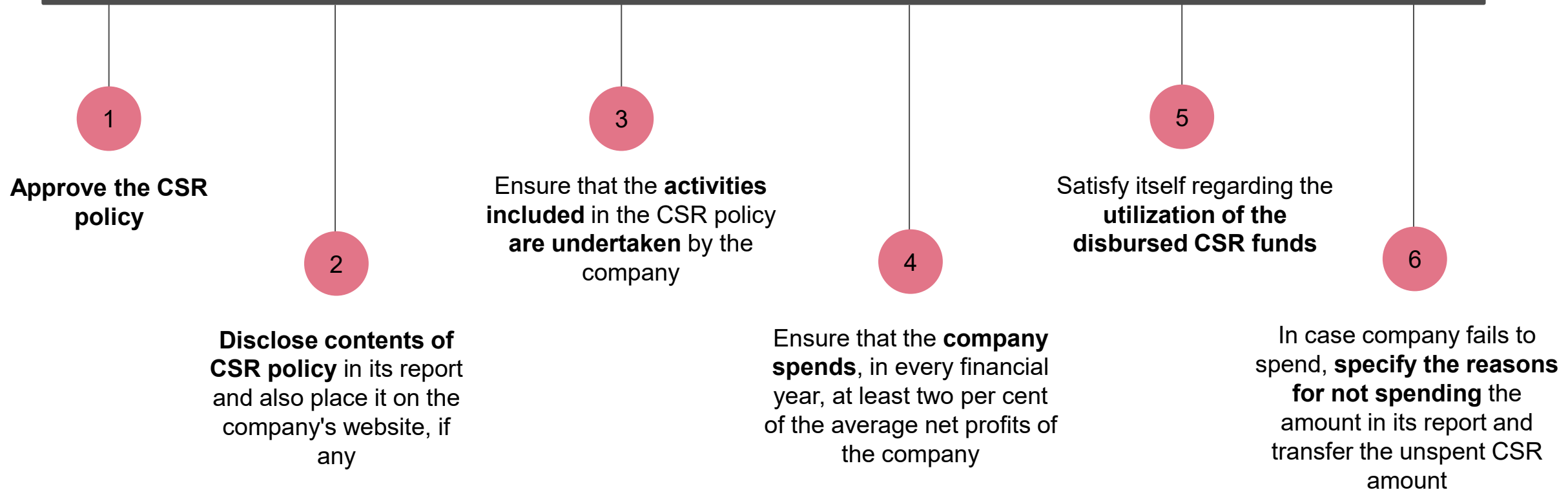
CSR Trends in India: Paradigm shift towards strategic CSR



CSR in action: Role of Board in strengthening CSR



CSR is a **Board-driven process**, and the Board of the company is **empowered to plan, approve, execute, and monitor the CSR activities** of the company based on the recommendation of its CSR Committee. The **responsibilities** of the Board of a CSR-eligible company, inter-alia, include the following:



Future of CSR in India



- 1 Regulatory Evolution**

The government might introduce stricter compliance norms and more detailed reporting requirements to ensure transparency and accountability.
- 2 Integration with ESG**

Companies are likely to integrate CSR with broader ESG frameworks to enable businesses to address environmental and social challenges while ensuring strong governance practices.
- 3 Focus on Impact Measurement**

There will be a stronger emphasis on measuring the actual impact of CSR initiatives rather than just tracking inputs and activities.
- 4 Sustainability and Climate Action**

As climate change continues to be a critical global issue, Indian companies will prioritize sustainability and climate action within their CSR agendas
- 5 Localized CSR Strategies**

Companies will develop more localized CSR strategies to consider regional needs and cultural contexts to have a meaningful impact on local communities.



THANK YOU