

## **Corporate Social Responsibility now a strategic decision-making process for Indian companies: FICCI Survey**

**NEW DELHI, 26 March 2016:** A FICCI survey to gauge the Indian Industry's Corporate Social Responsibility (CSR) spend highlights that there is a discernible trend in CSR activity becoming more a part of strategic decision-making for companies. It clearly brings to the fore how companies are complying with the Companies Act 2013 and how they are integrating CSR reporting into their main business practices.

Earlier, FICCI had undertaken data analysis of top 100 companies listed on the National Stock Exchange in collaboration with NextGen, India's leading technology based CSR and Sustainability Management Company. FICCI has now conducted a survey based analysis.

The survey was conducted during the months of January and February 2016 and covers companies belonging to a broad array of sectors. The survey tries to gauge the involvement of management in CSR implementation, the strategy adopted by companies, how the companies are identifying and implementing the projects and also the broad trend in budgeting for CSR activities. The results are based on about 150 responses. The companies participating in the survey included public sector undertaking, private companies as well as foreign MNCs.

According to the Clause 135 of the Companies Act 2013, a company is expected to appoint a CSR Committee of three or more directors, with at least one independent director on board. A majority 79% of the companies participating in the survey indicated that they have an independent director on board. A little less than half (49%) of the respondents said that they have one independent director, while another 26% cited having two independent directors. Further on the constitution of the CSR Committee, about 74% respondents reported having the CEO as a part of the committee.

***Mrs. Rajashree Birla, Chairperson, FICCI-Aditya Birla CSR Centre for Excellence & FICCI CSR and Community Development Committee, said, "Indian Industry has and continues to be actively engaged in meaningful CSR. There is a genuine effort from members of India Inc. to effectively contribute to the society and ecology at large. FICCI survey to assess how companies have fared with regard to their CSR spend is indeed a forward step. It is indeed encouraging to note that companies have continued to base their CSR programmes according to community needs aligning with the national development agenda, especially those impacting women and children".***

A majority of the respondents participating in the survey indicated ethical considerations as the primary motivation factor behind adoption of CSR activities. Companies are increasingly looking at integrating their businesses with the community to create shared value. About 49% of the

respondents in the present survey stated creation of shared value as a motivation factor, followed by social good compliance.

The Schedule VII of the Companies Act, 2013 lists down the key focus areas where the companies can undertake CSR activities. This list is a comprehensive one and covers about eleven areas. On this, about 21% of the participating companies indicated their efforts aligned towards promoting education, special education and vocation skills. This was followed by eradicating hunger, poverty & malnutrition, promoting health care, sanitation and safe drinking water; ensuring environmental sustainability and rural development projects as the other primary work areas for the companies.

Moreover, a significant 95% of the respondents reported that their CSR projects are aligned with the Government's development initiatives and the top three initiatives that the companies have aligned their activities to include – Swachh Bharat Mission, Skill India and National Health Mission.

The respondents pointed out that they undertake project implementation through their company foundations or directly; and the focus is clearly on community representation in implementation of project. About 40% of the companies indicated that they implement projects through their company foundation and another 36% said that they do it directly. Also, about 65% respondents reported partnering with the Government or another corporate for execution of projects.

Furthermore, the respondents were asked to indicate some details on the impact assessment of their projects. About 31% of the companies said that children were the main beneficiaries of their projects, followed by women (22%) and environment (17%).

A majority 77% of companies participating in the survey reported an increase in their CSR Budget in the year 2014-15, vis-à-vis 2013-14. While 12% participants reported a decline, another 6% cited no change. The remaining 5% of the companies said that they have made a CSR allocation in their budget for the first time.

About 83% of companies participating in the survey anticipated an increase in their CSR spend in the coming year (2016-17). While 6% participants expected a decline, another 9% cited no change. The remaining 2% of the companies said that they have made a CSR allocation in their budget for the first time.

On the audits conducted, 54% of the participating companies said that the impact of their CSR activities is audited by a third party. Further, 65% respondents indicated that they intend to use the outcome of the audits for CSR project implementation.

However, the survey notes that there are obstacles in implementing CSR projects. Some of the challenges noted were inadequate clarity on laws and tax related regulations; delay in project

implementation due to problems in getting NOC from a competent authority; clearances for land for rural infrastructure projects; lack of clarity and inhibitions from the community; NGO accreditation and availability of suitable NGOs; lack of skilled human resource that are willing to work at grassroots level; lack of CSR professionals for project implementation; unavailability of doctors and medical staff in remote villages to run primary care facilities if CSR project involves provision of healthcare facilities etc. Also, sometimes there is lack of parity in understanding of CSR terms among stakeholders; limitation of funds for project implementation; and lack of effective and transparent monitoring mechanisms. Nonetheless, such conflicts are resolved through regular interaction.

Please [click Here](#) to download FICCI CSR Survey

.....  
.....

**FICCI MEDIA DIVISION**