



CSR preparedness
survey report

May 2024

Table of contents

Foreword	4
Methodology	5
Executive summary	6
Introduction: Key takeaways	7
1. Shifting paradigms: From compliance to strategic imperative in the CSR landscape	8
2. CSR: Now a lever for shaping corporate strategy	9
3. Navigating CSR priorities: A closer look at trends in programme monitoring and evaluation practices	10
4. Technology-driven CSR transformation	11
5. What does the future of CSR look like in India?	12
Survey findings and analysis	13
1. Shifting paradigms: from compliance to strategic imperative in the CSR landscape	13
2. CSR: Now a lever for shaping corporate strategy	22
3. Navigating CSR priorities: A closer look at trends in programme monitoring and evaluation practices	28
4. Technology-driven CSR transformation	40
5. What does the future of CSR look like in India?	44
Connect with us	52

Foreword

India's Corporate Social Responsibility (CSR) sector exhibits dynamism, with businesses actively engaging in initiatives to address societal challenges while fostering sustainable development. India has seen a surge in corporate involvement in social welfare projects with the introduction of the Companies Act, 2013 (which mandates certain companies to allocate profits towards CSR). This report delves into the key areas and levels of maturity and preparedness within the CSR sector, exploring its implications on corporate strategy and readiness for the future. Our in-house expertise and comprehensive survey help us uncover nuanced insights into the evolving CSR landscape.

The report presents key insights to understand and navigate the evolving landscape of CSR. It helps decision-makers understand the increasing maturity of CSR across key parameters of expenditure, corporate strategy, programme management, and impact assessments. It points towards the future of CSR on the back of the emergence of new ecosystems (social stock exchange and technology-enabled impact).

In addition, the report highlights how CSR has seen a shift from a compliance function to a strategic lever and driver of the corporate strategy and become a major board room and investor agenda. Through this report, we have gauged the growing expenditure trend in CSR, which is a clear testament to India's growth story and corporate earnings. CSR has become an indispensable component of India's development narrative, catalysing societal progress and contributing to a more inclusive, equitable, and sustainable future. It is important to further acknowledge that the sector's maturity is significantly attributed to key drivers, such as leadership buy-in for integrating CSR as a strategic lever, expanding the in-house CSR teams, and spending on themes that address beneficiary needs on the ground.

The pivotal programmatic themes that have garnered substantial funding from CSR initiatives include health, environmental sustainability, and education. These sectors are important and draw considerable attention and resources. However, it is noteworthy that contributions towards the armed forces and public universities (though in the nascent stages) are expected to gain momentum in the next few years.

As we navigate the landscape of CSR funding, it is imperative to recognise and address these challenges to ensure comprehensive societal development.

Since the amendments in January 2021, the CSR sector has undergone a notable transformation, particularly in prioritising impact measurement. We have observed a discernible upward trend, signalling a heightened focus on evaluating the tangible outcomes of CSR initiatives. This shift reflects an increasing alignment with the evolving regulatory expectations, underscoring the sector's commitment to accountability and effectiveness. Companies now recognise the need to move beyond mere funding, assess the effectiveness of the social expenditure, and take meaningful decisions to either exit projects or scale up the interventions (to amplify the impact).

The forward-looking theme for organisations at large revolves around their preparedness to explore innovative avenues for creating impact beyond mandatory CSR spending. This readiness entails potential participation in the social stock exchange, reflecting a willingness to exceed regulatory obligations and venture into unconventional avenues beyond traditional grant-making practices. In addition, technological integration is poised to play a pivotal role in enhancing the overall CSR lifecycle management, driving operational efficiency, and effectively managing implementation, tracking, and reporting processes.

We invite you to read through this report, which underscores the importance of strategic alignment to drive meaningful impact. Let us embrace these insights to shape a more sustainable and equitable future for stakeholders.

Warm regards,



Sumeet Salwan



Amit Tandon

Methodology

The survey was rolled out to **185** organisations across India



The respondent pool included the following:

- CSR Heads
- CSR Committee Members
- Chief Sustainability Officers (CSOs)
- Environment, Social and Governance (ESG) Heads
- Chief Human Resource Officers (CHROs)
- Other senior management and operations executives



Of the organisations

- 70 percent are publicly listed
- 48 percent are Multinational Corporations (MNCs)
- 35 percent are Public Sector Undertakings (PSUs)
- 5 percent are startups



Organisational maturity

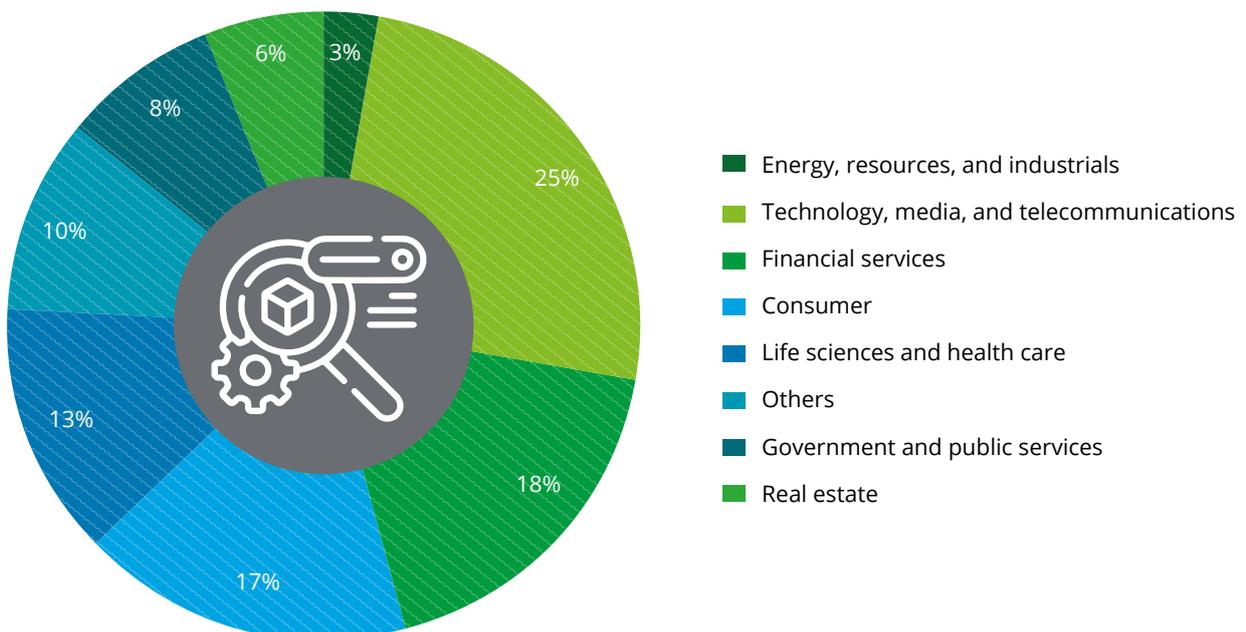
- Majority have been operational for more than 15 years
- While ~5 percent have been in existence for 10–15 years



Employee strength

- Nearly half have a strength of more than 10,000
- About 5 percent have less than 500 employees

Sectoral overview of respondents



Executive summary

Introduction: Key takeaways

1. Shifting paradigms: From compliance to strategic imperative in the CSR landscape

- 1.1 Approximately one of the four respondent organisations reported a CSR expenditure of INR 100 crore or more; mature organisations with an experience of 15 years or more are leading the charge and establishing proprietary foundations dedicated to implementing the CSR initiatives.
- 1.2 There is a significant funding gap in annual expenditure to attain our Sustainable Development Goals (SDGs) and CSR has become an indispensable component of India's development narrative, catalysing societal progress and contributing to a more inclusive, equitable, and sustainable future.



2. CSR: Now a lever for shaping corporate strategy

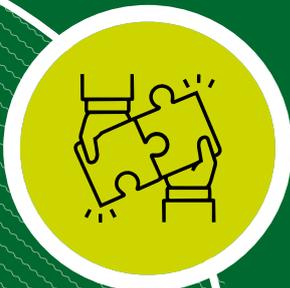
- 2.1 About 80 percent of the respondent organisations are realising the CSR's power beyond compliance, driven by an understanding of leadership buy-in, formalised structures, and targeted intervention models. However, some sectors, such as real estate, are lagging. As investors prioritise CSR, aligning programme initiatives with investor communication is becoming crucial.



3. Navigating CSR priorities: A closer look at trends in programme monitoring and evaluation practices

- 3.1 Most of the respondent organisations are focussing their CSR programmes on healthcare, sustainability, and education to tackle key societal issues.
- 3.2 Increase in adherence to a standardised monitoring process shows accountability; whilst in-house measurement of programmatic and financial performance is gaining popularity. Proactive evaluation varies across industries.





5. What does the future of CSR look like in India?

- 5.1 Most respondent organisations are keen on collaborating with social funding instruments, such as the Social Stock Exchange (SSE), Development Impact Bonds (DIB), social mutual funds, etc. and have reported lower preparedness levels to navigate.
- 5.2 About half of the respondent organisations focus on the importance of re-evaluating their CSR modalities for the evolving local and global regulatory landscape and disclosure requirements.



4. Technology-driven CSR transformation

- 4.1 Respondent organisations have indicated a strong interest in investing in technology to evaluate their impact trends, strengthen precision in their resources and fund allocation, and ensure greater visibility of CSR activities to their boards.
- 4.2 Technology integration in CSR management is the foremost challenge for the respondent organisations in the financial services sector.

1

Shifting paradigms: From compliance to strategic imperative in the CSR landscape

Key points

CSR landscape shift:

India's CSR landscape is evolving from compliance to a strategic imperative. Half of the respondent organisations emphasised on the impact of having an overall CSR strategy. Fifteen percent annual growth in CSR spending over the past seven years indicates a fundamental shift in business approaches.

Funding gap and NITI Aayog recommendation:

India faces a significant funding gap of US\$170 billion annually to achieve SDGs by 2030.¹ NITI Aayog recommends a minimum spending of 13 percent of Gross Domestic Product (GDP).

Maturation of organisations and expenditure trends:

Well-established companies (15 years or older) showcase CSR maturity with established foundations. Approximately one out of the four respondent companies reported an expenditure of INR 100 crore or more with variations across sectors.

Impact and perception:

More than two-thirds of respondents acknowledge CSR's importance in shaping their organisation's comprehensive corporate strategy.

Maturation of organisations and CSR foundations

- **Fifty percent** of respondent organisations are more than **15 years old** and have established CSR foundations, highlighting their strategic commitment to CSR and emphasising a trend amongst well-established companies.

Corporate expenditure trends

- Approximately **one of the four** respondent companies reported an expenditure of INR 100 crore or more.
- Energy, resources, and industrials; the financial; and technology, media, and telecommunications sectors report higher CSR expenditure compared with real estate, life sciences, healthcare, and consumer sectors.

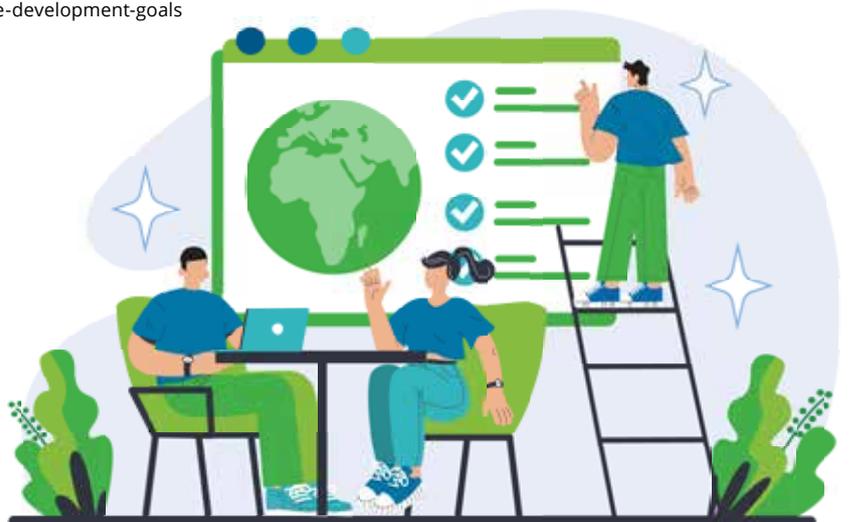
Relationship with growing GDP and corporate earnings

- Mature organisations (in operation for **15 years or more**) play a significant role in showcasing CSR through more than INR 100 crore expenditure, further attributed to the enhanced GDP growth linking to strong corporate earnings.

Deloitte's PoV

- There is a significant funding gap in annual expenditure to attain our SDGs. CSR has become an indispensable component of India's development narrative, catalysing societal progress and contributing to a more inclusive, equitable, and sustainable future.

Source: 1: <https://www.niti.gov.in/overview-sustainable-development-goals>



2 CSR: Now a lever for shaping corporate strategy

Key points

- **Eighty percent** of respondents recognise CSR as critical in shaping their organisation's overall corporate strategy.
- **An overwhelming majority of 90 percent** of respondent companies discuss CSR as an important agenda in their periodic investor calls.
- This amplifies the rising importance of CSR as an investor mandate, showcasing the increasing significance of CSR in corporate decision making.
- Industries, such as real estate are yet to fully integrate CSR mandates in periodic investor updates, suggesting a need for greater alignment between CSR initiatives and investor communication strategies.

Key levers for effective CSR strategy

The three key levers ensuring effective CSR strategy include the following:

23 percent – Senior leadership buy-in/vision

20 percent – Formalised CSR team and programme

16 percent – Identification of relevant intervention models

Sectoral integration of CSR as a strategic focus

- The energy, resources, and industrials sector leads in integrating CSR as a strategic focus, emphasising a comprehensive approach to societal impact.
- The technology, media, and telecommunications, and the financial sectors closely follow, highlighting a growing trend of CSR integration amongst technology and financial companies.
- The real estate sector exhibits the least integration of CSR as a strategic approach, indicating potential improvement areas.

Deloitte's PoV

- CSR, as a strategic lever, reflects a maturation in organisational thinking, moving beyond compliance towards a more integrated and effective approach.
- The role of senior leadership, formalised CSR structures, and relevant intervention models are important in ensuring the effectiveness of CSR strategies.
- Sectoral disparities highlight the improvement areas, with the real estate sector being a potential target for increased strategic integration of CSR.
- The incorporation of CSR in investor discussions underscores its growing importance in the business landscape, emphasising the need for continuous alignment between CSR initiatives and investor relations.

3

Navigating CSR priorities: A closer look at trends in programme monitoring and evaluation practices

Standardised monitoring process

- **Ninety percent** of respondent organisations adhere to a standardised process or a defined Standard Operating Procedure (SOP) for periodic monitoring of their CSR projects to maintain consistency and accountability in CSR project management.

In-house measurement of programmatic and financial performance

- **Eighty percent** of respondent organisations indicate that they measure programmatic and financial performance and progress of CSR programmes in-house. This is more common amongst companies that have been in operation for more than **15 years**, suggesting a correlation between organisational maturity and the adoption of in-house measurement practices.

Programme prioritisation

Organisations prioritise their CSR efforts in the following areas:

Healthcare: Addressing health-related issues in the community

Environmental sustainability: Focussing on initiatives to promote environmental well-being

Education: Contributing to educational initiatives for community development

- There is a lower emphasis on contributions to universities, veterans, and their families, protection of national heritage, art and culture, and support for incubators or R&D.

Trends on impact assessment

- Sixty-five percent of respondent companies proactively commissioned impact assessments following amendments in the CSR act, specifically for projects exceeding INR 1 crore aligned to the regulatory mandate.
- This indicates a growing emphasis on evaluating the impact of CSR initiatives, aligning with the evolving expectations in the regulatory landscape.
- The financial (87 percent); consumer (67 percent); technology, media, and telecommunications (64 percent); and life sciences and healthcare (63 percent) sectors are the front runners in commissioning regular impact assessments.
- This suggests a heightened focus on accountability and transparency in sectors where CSR impact assessments are more prevalent.

Deloitte's PoV

- The prioritisation of CSR efforts in healthcare, environmental sustainability, and education reflects a strategic alignment with key societal needs.
- Adherence to standardised monitoring processes highlights a commitment to accountability and consistency in managing CSR projects.
- In-house programme measurement practices exercises indicate a maturing approach, particularly amongst organisations with longer operational histories.
- Sectoral trends in impact assessments showcase variations with certain sectors demonstrating a more proactive stance in evaluating the effectiveness of CSR initiatives.

4 Technology-driven CSR transformation

Technology priority in CSR

- About half of the participating organisations identify technology as one of their top three challenges in CSR implementation.
- The financial services sector ranks technology integration in CSR management as its foremost challenge, while the life sciences and healthcare, and government/public services sectors consider it a lesser priority problem.

Likelihood of technology investment

- More than **one-third** of the respondent organisations express a 'likelihood' to invest, with an **additional 25 percent** indicating a 'high likelihood' of investing in technology solutions for the effective implementation, execution, and monitoring of CSR initiatives.
- Conversely, **only 12 percent** express a high degree of reluctance to invest in technological solutions, underscoring a prevailing inclination towards integrating technology into CSR lifecycle management.
- **All respondent companies** that have shown a high likelihood of technology adoption have CSR portfolios **exceeding INR 10 crore** with **about a quarter** of them having CSR portfolios of **>100 crore** and a **quarter** conducting CSR activities before enactment of CSR regulations.

Sectoral likelihood of technology adoption

- More than one-third of respondent companies in the life sciences and healthcare, and government and public service sectors are highly inclined to integrate technology into their CSR project management.
- In contrast, the real estate sector respondents signaled no interest, highlighting minimal inclination towards technology deployment in CSR project management.

Deloitte's PoV

- The CSR sector (having evolved over nearly a decade) is entering a phase of maturity, exhibiting an impressive growth rate of about 15 percent Compound Annual Growth Rate* (CAGR). The sector faces the need to manage accelerated growth and scaling of investments.

To effectively address growth challenges, there is an urgent requirement for the swift adoption of advanced technologies within the CSR sector, such as:

- | | | | | | |
|----------------------|---------------------------|--|--------------|----------------------|---|
| • Big data analytics | • Artificial Intelligence | • Virtual Reality/ Augmented Reality (VR/AR) | • Blockchain | • Internet of Things | • Geographical Information System (GIS) |
|----------------------|---------------------------|--|--------------|----------------------|---|

- Deployment of these technological tools remains sporadic and uncommon. Industry-wide implementation requires concerted efforts to bridge the current gap. This is demonstrated by the high likeliness of technology adoption being restricted to companies that are at a mature stage.

Certain benefits offered through technology adoption, include the following:

- | | | | |
|---|--|--|---------------------------------------|
| • Traceability of resources | • Improved visibility, real-time data collection | • Improving precision in fund allocation | • Cross-project knowledge sharing |
| • Centralised repository for CSR projects | • Data-driven CSR decision making | • Financial transparency of partners | • Immersive learning for stakeholders |

5 What does the future for CSR look like in India

Strategic foundation establishment and long-term commitment

- A notable trend in Indian enterprises is the **establishment of proprietary foundations** dedicated specifically to implementing CSR initiatives, with **more than half** of respondent organisations adopting this approach.
- **Ninety-four percent** of respondent organisations with dedicated CSR foundations are 15 years or older, highlighting a strategic inclination amongst well-established entities to fulfil CSR commitments effectively.

Rise of impact investing and the role of the Social Stock Exchange (SSE)

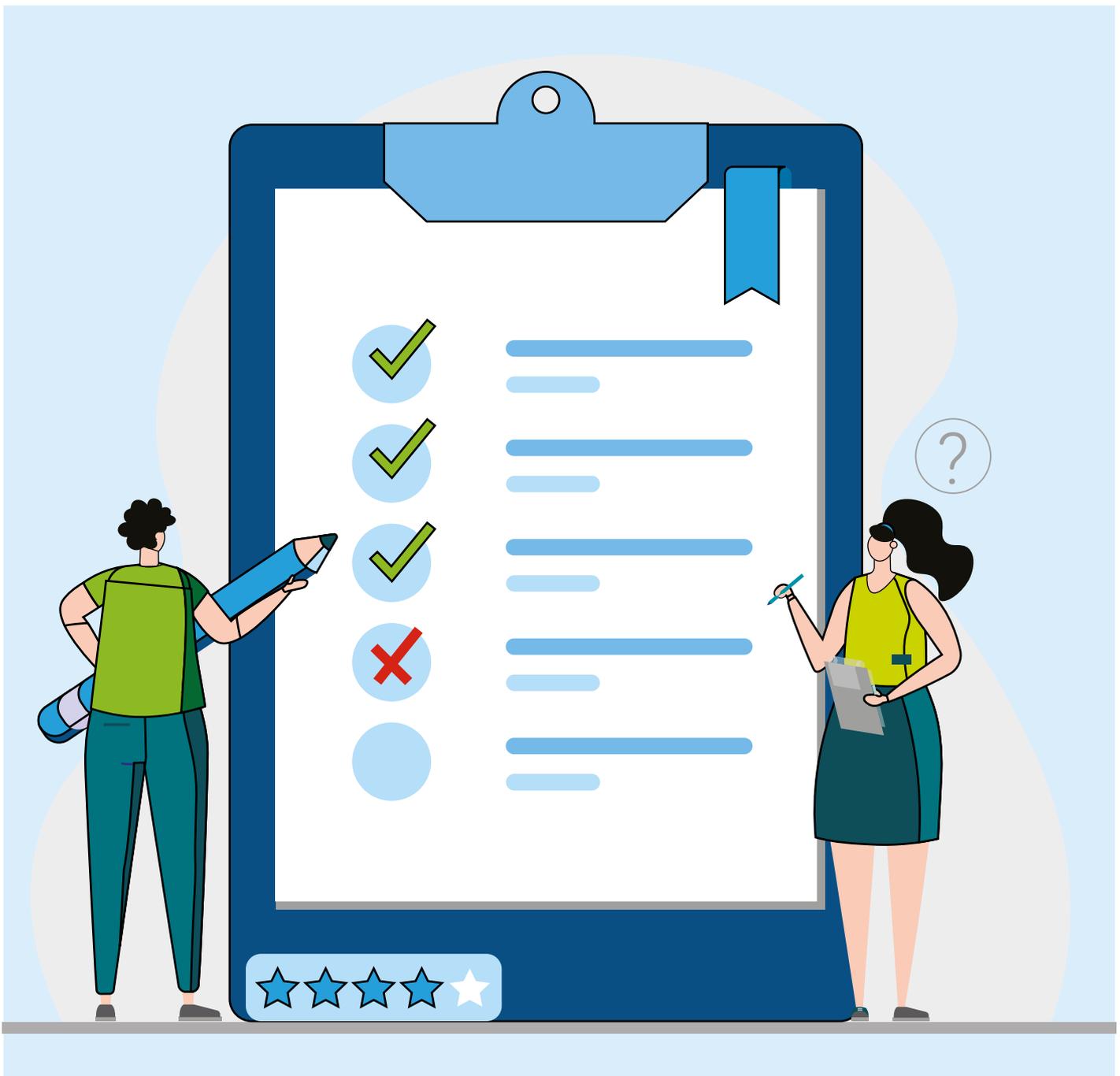
- **Only one-third** of the respondent companies feel adequately prepared and equipped to address the future of social funding instruments, such as pay-for-success models, DIB, social mutual funds, etc.
- Further, the highest preparedness levels were exhibited by the financial services sector, using their existing competencies, while on the contrary the government and public sector exhibited the least preparedness.
- **More than half** of the respondent organisations are keen on involvement with the SSE. Leading the heightened interest levels are the companies from the life sciences and healthcare sectors (32 percent), followed closely by the financial and consumer sectors, both at 29 percent.
- **Only 2 of every 10 respondent organisations expressed no interest in participating towards the SSE, and** the reduced interest levels were led by the real estate sector.
- **Less than a third** of respondent organisations consider themselves highly prepared to address the future of impact investing, while **nearly half** of the government and public sector express the highest level of unpreparedness.

Deloitte's PoV

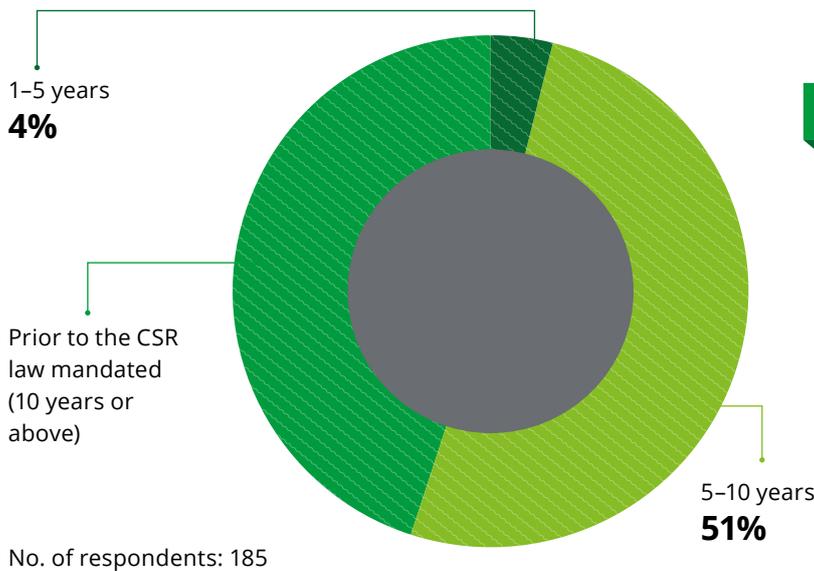
- India's CSR landscape is evolving from a compliance-driven activity to a strategic imperative, driving positive societal impact and sustainable business models.
- Innovative financing models, exemplified by Impact Bonds (IBs), play a pivotal role in attracting private investment to finance high-impact social programmes, bridging the funding gap for achieving SDGs.
- Despite the absence of a formal legal framework around IBs, using existing CSR capabilities and involving private wealth for investment in the social sector showcases a promising direction for impact investing in India.
- The introduction of India's SSE is a significant step towards mobilising capital for social impact initiatives serving as a transformative force, providing a unique platform for social enterprises (Not for Profit Organisations [NPOs] and For-Profit Enterprises [FPEs]) to raise funds on a recognised platform.
- At present the CSR spends are geographically concentrated, due to excessive focus on locations near company operations. For example, Maharashtra receives the highest CSR funding, **one-fifth of the national spending**. The SSE is positioned as a vital bridge to address geographical disparities, enabling states with lower CSR spending and Net Domestic Product (NDP) per capita to receive private sector support.

Survey findings and analysis

1. Shifting paradigms: from compliance to strategic imperative in the CSR landscape



Please indicate how long your company has been mandated to undertake CSR activities

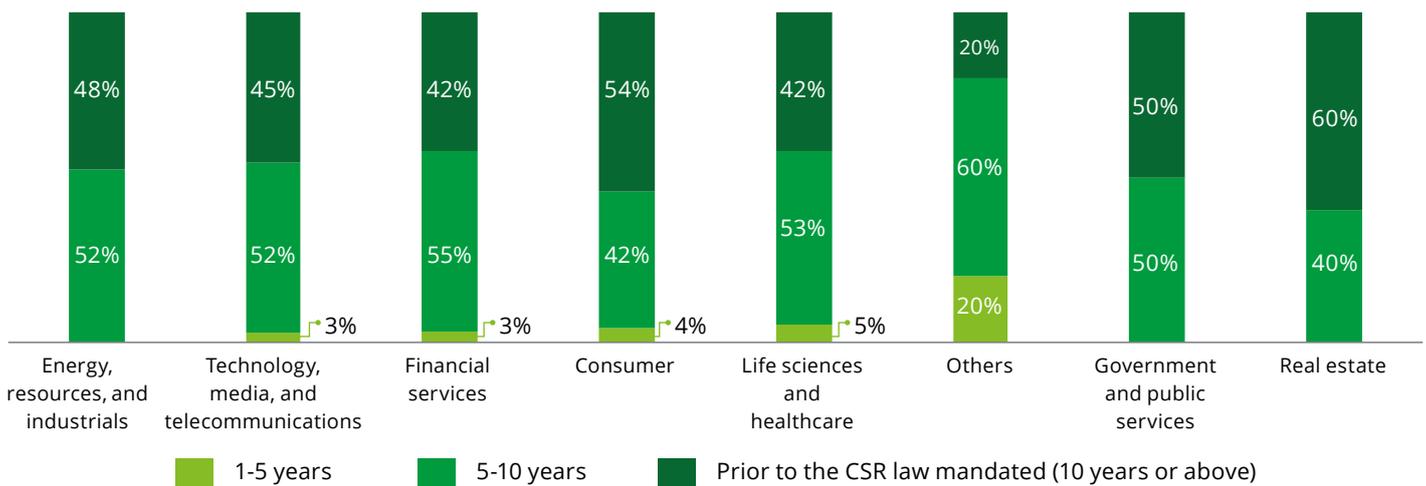


Commentary



- More than half of the respondent companies have been undertaking CSR expenditure for the past 5-10 years.
- An impressive 45 percent of the respondents have voluntarily engaged in CSR spending, even before the CSR mandate was introduced.

Responses based on sector

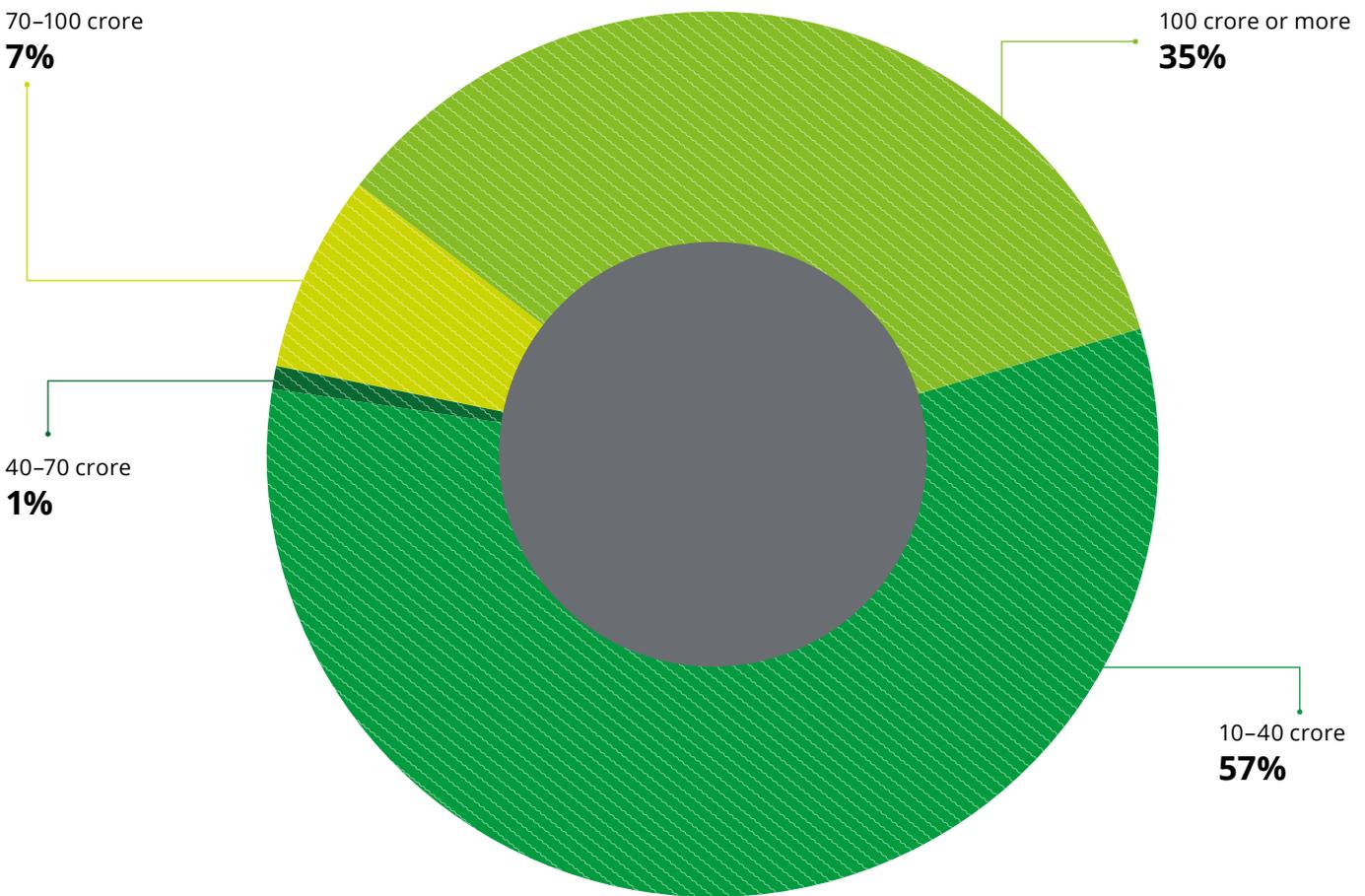


Commentary



- Respondent Organisations in the energy sector are evenly split between those making CSR expenditures in the past 5-10 years and those spending before the CSR mandate. A similar trend is observed in the government and public sector as well.
- In the technology, media, and telecommunications sector, about half of the respondent organisations began their CSR expenditures after the mandate, with only 3 percent initiating them in the past 1-5 years. A similar pattern is observed in the financial services, consumer, and life sciences sectors.
- In the real estate sector, 60 percent of the respondent organisations are making CSR expenditures before the mandate.

What was your prescribed CSR expenditure (in INR) during FY22–23?



No. of respondents: 109

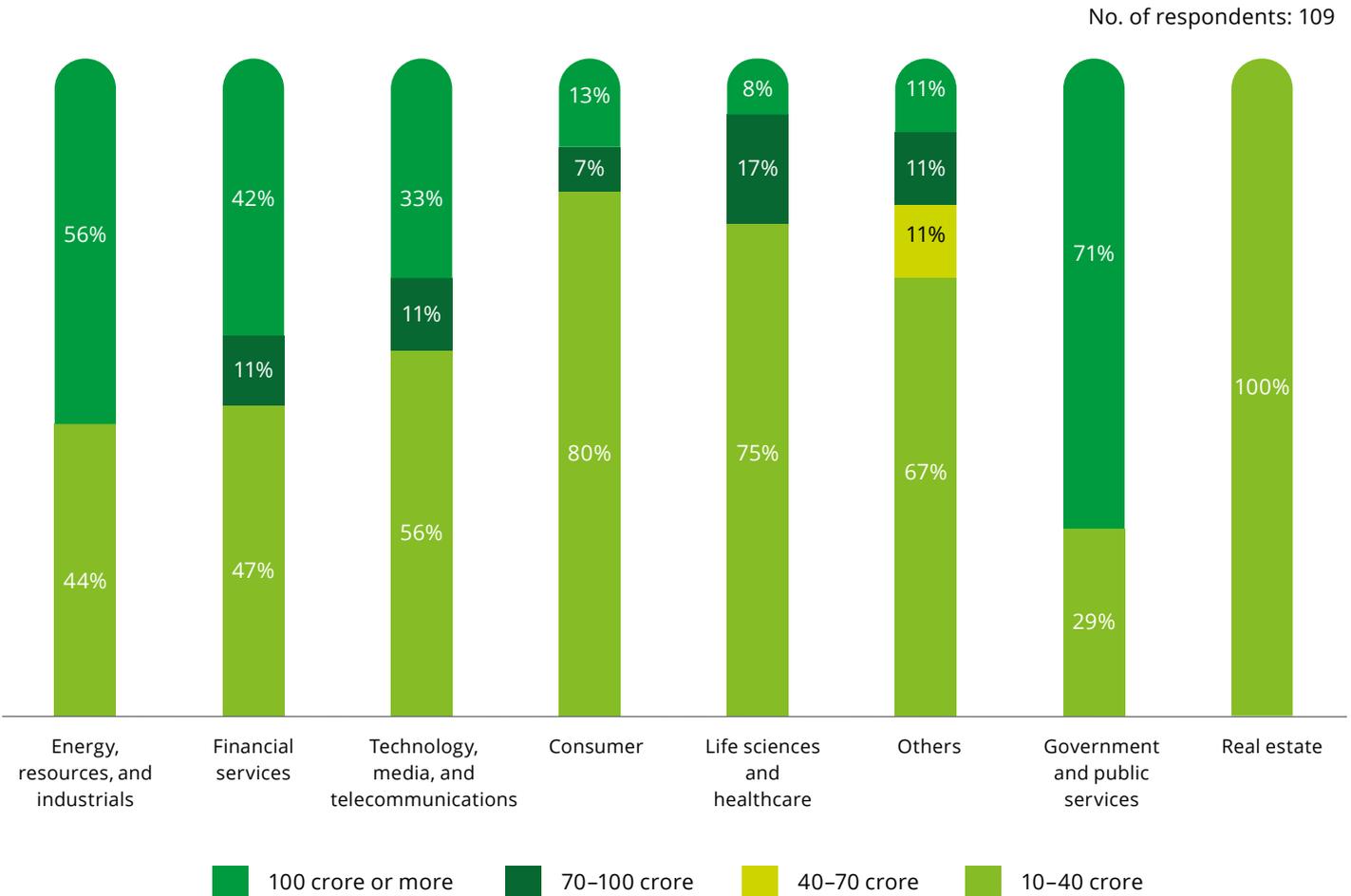


Commentary



- About one-fourth of the survey respondents, indicated having prescribed CSR expenditures to the tune of INR 100 crore or more.
- Majority of the respondents (about 57 percent) have prescribed CSR expenditure in the range of INR 10–40 crore.

Industry view: CSR expenditure in FY22–23

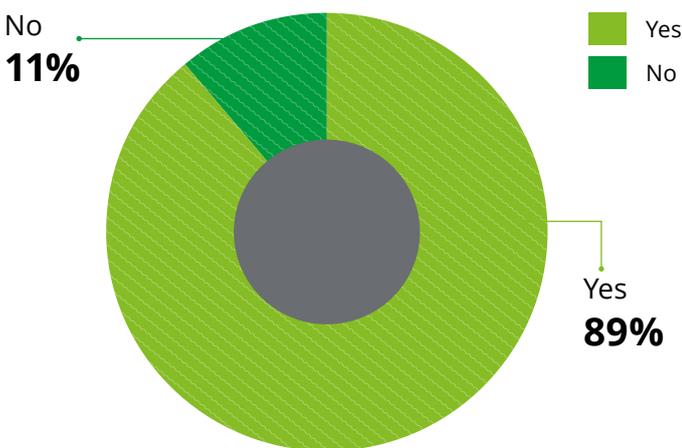


Commentary



- Around 56 percent of the respondent companies in the energy sector are spending more than INR 100 crore on their CSR projects in FY2022–23.
- The financial services sector has about 42 percent of the respondents spending more than INR 70 crore, while the other half have comparatively lower prescribed expenditures of INR 10–40 crore.
- The technology, media, and telecommunications sector follows a similar trend, with over half of the respondents spending INR 10–40 crore.
- In the consumer sector, 80 percent of the respondents have an expenditure of INR 10–40 crore. A comparable pattern is observed in the life sciences and healthcare sector, where 75 percent of the respondents are spending INR 10–40 crore.
- In the government and public services sector, 71 percent of the respondents are allocating funds exceeding INR 100 crore.
- In the real estate sector, 100 percent of the respondents claimed an expenditure between INR 10–40 crore.

Have you been successful in meeting your CSR spending in the past three years?

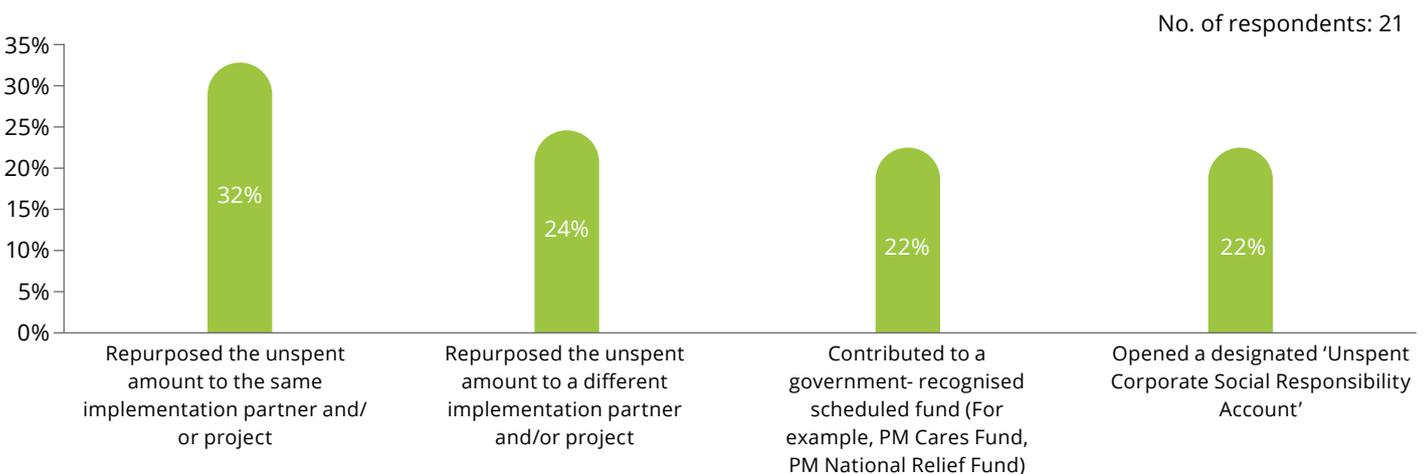


Commentary

- On average, **1 out of the 10** respondent companies reported an inability to meet their prescribed CSR expenditure in the past three years.
- Amongst respondent companies unable to meet their spending targets, more than two-thirds lacked a dedicated CSR committee to oversee expenditures. This underscores the need for enhanced governance to ensure the successful utilisation of CSR funds.

No. of respondents: 185

If no, how did you manage the unspent amount in lines with the updated amendments?

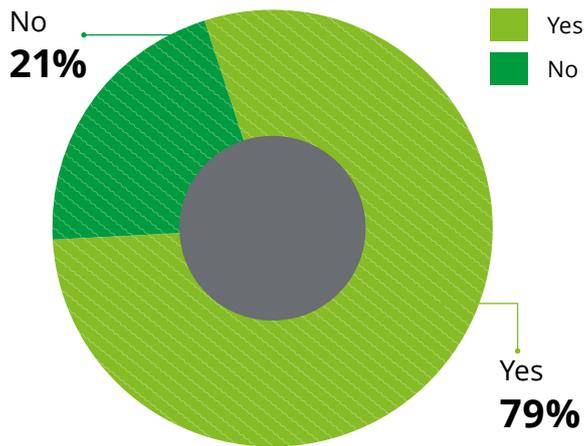


No. of respondents: 21

Commentary

- A notable trend emerges in the examination of respondent companies that underspent, with 32 percent opting to reallocate the funds towards the same implementation partner or project. This strategic maneuver facilitates a seamless continuity of the ongoing activities, showcasing a deliberate effort to maintain operational momentum.
- A significant majority amongst the underspending companies chose to redirect the unutilised resources either to pre-existing projects or entirely different initiatives.
- This pattern suggests a nuanced shift in corporate priorities, emphasising a proclivity for channeling funds into social interventions rather than solely adhering to Schedule VII fund contributions.

Do you have a standalone CSR team?

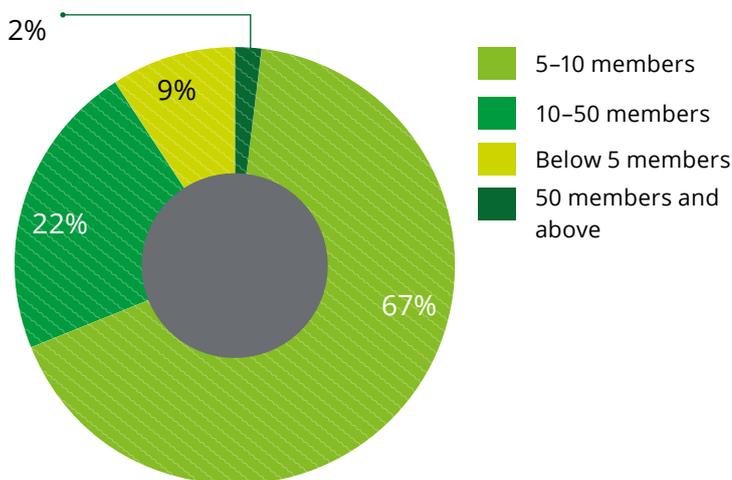


No. of respondents: 185

Commentary

8 out of the 10 respondent organisations have a dedicated CSR team, underscoring a strategic allocation of resources for managing the entire CSR lifecycle and its associated processes.

If yes, how many members are there in your team, approximately dedicated to managing CSR function?



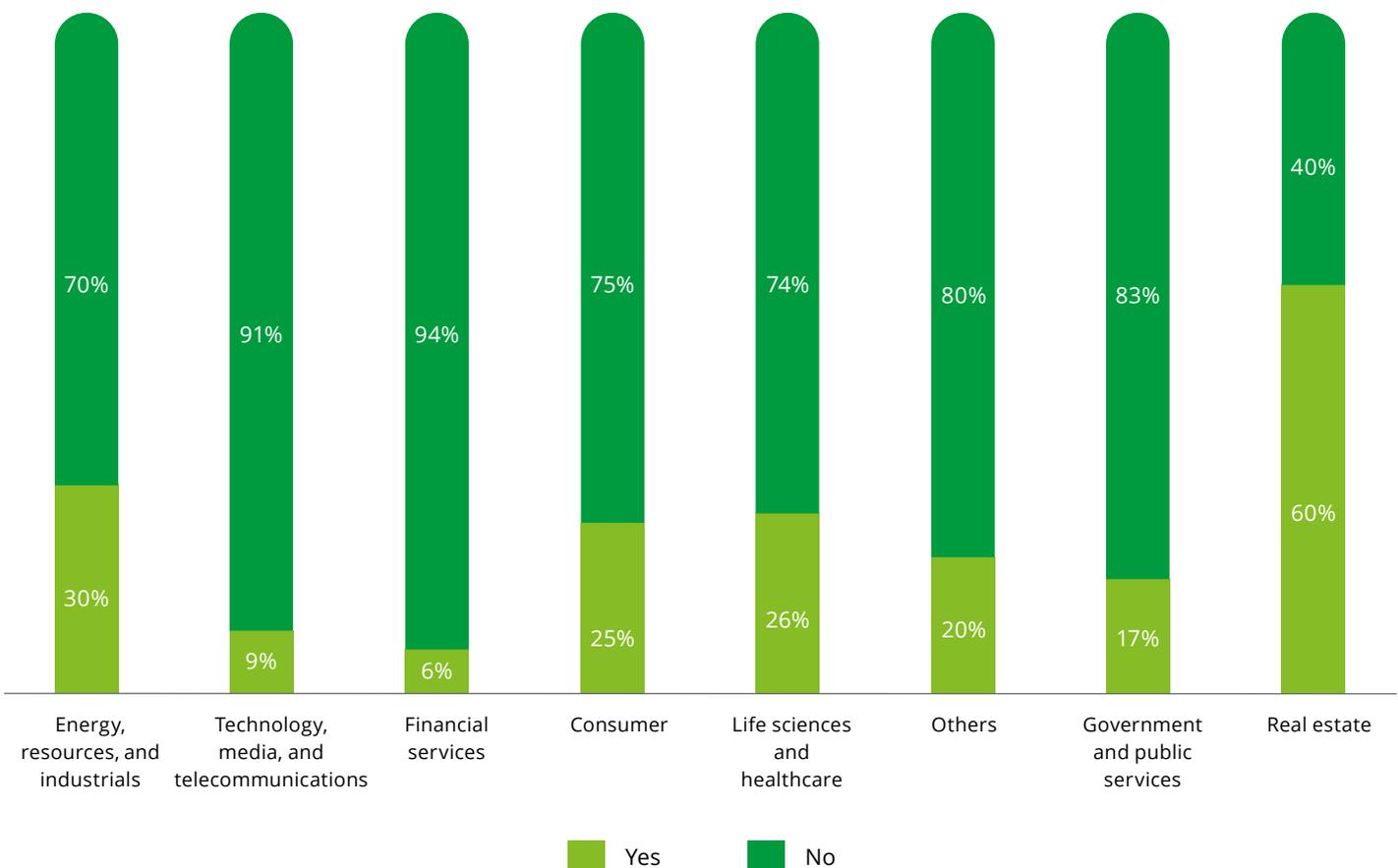
No. of respondents: 147

Commentary

- Amongst those responding positively, about 70 percent maintain a CSR team comprising 5–10 members; 22 percent have a team ranging from 10 to 50 members.
- Merely 2 percent of respondents boast more than 50 members, underscoring that the maturation of CSR as a function is still evolving from internal capacity-building to effectively steering the CSR lifecycle and project management.

Industry view: Presence of standalone CSR team

No. of respondents: 185

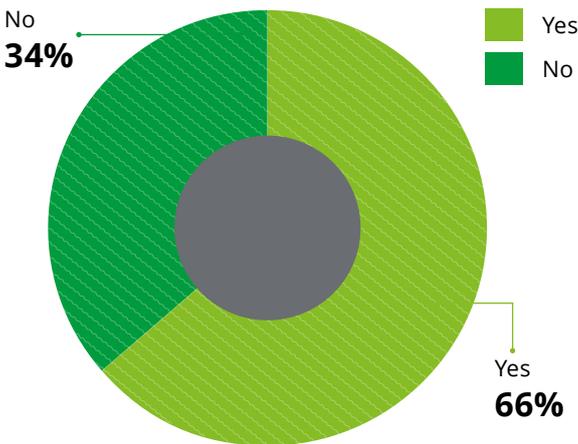


Commentary



- Majority of the respondent companies in the energy sector are equipped with a standalone CSR team. A similar trend is observed for the consumer and life sciences sectors as well.
- More than 90 percent of the respondents in the technology, media, and telecommunications sector have a standalone CSR team. A similar pattern is visible in the financial services sector as well.
- The real estate sector has barely 40 percent of the companies with a standalone CSR team.

Does your organisation have an independent CSR director?

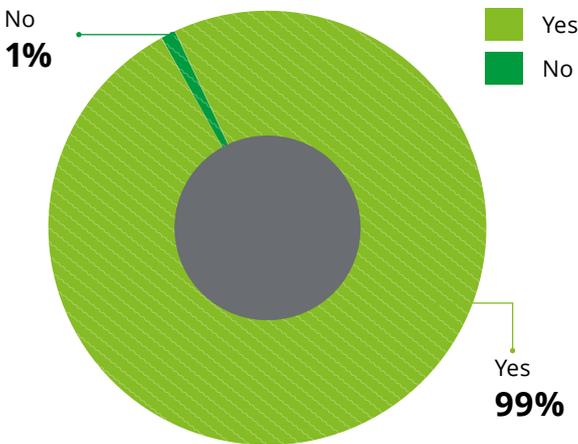


No. of respondents: 185

Commentary 

More than half of the respondent organisations have an independent CSR director, underscoring the significant emphasis placed on this role. This reflects a commendable dedication to strong CSR governance.

If yes, does the independent CSR director raise the CSR agenda during board meetings?

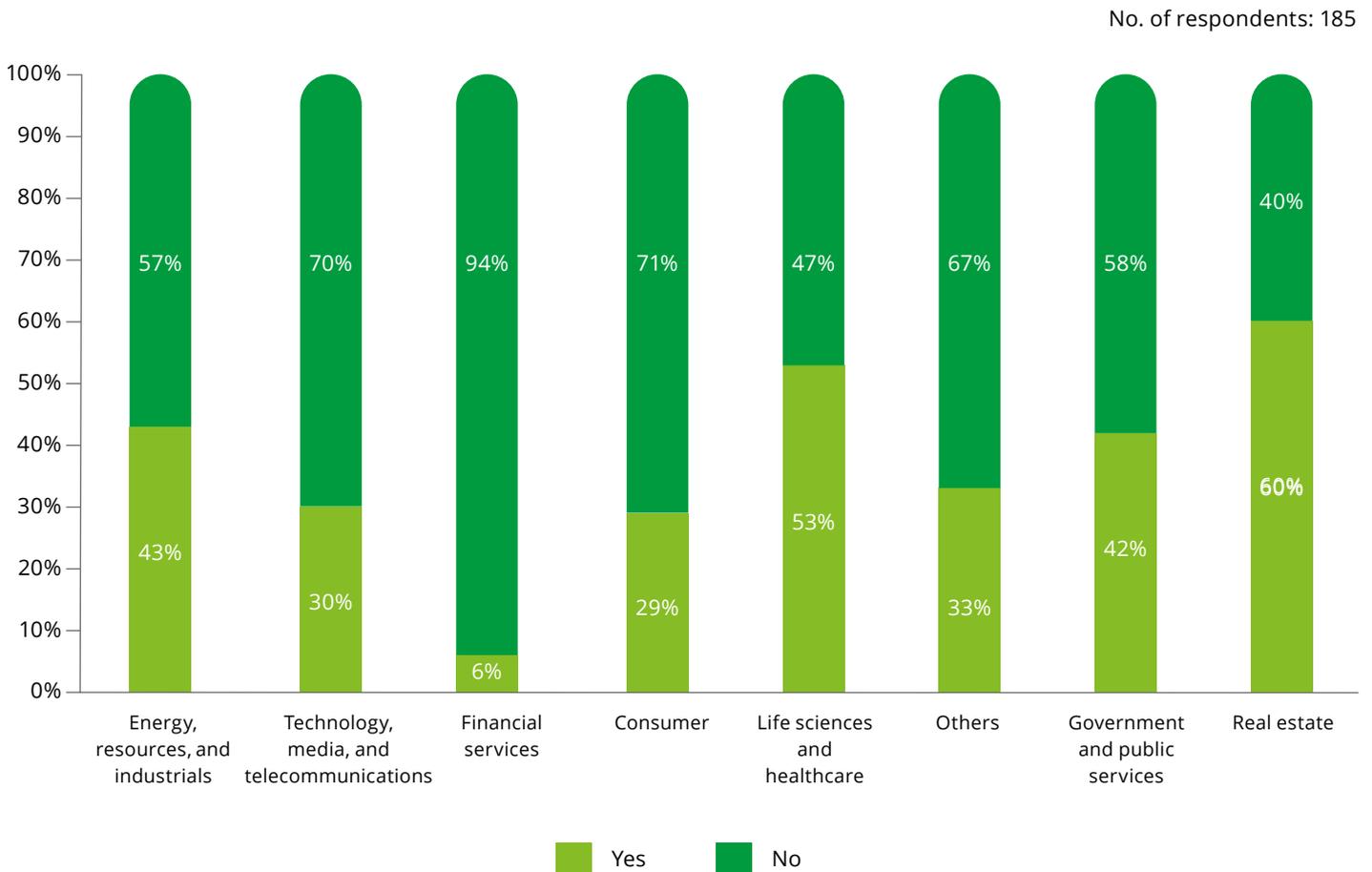


No. of respondents: 185

Commentary 

Most independent CSR directors proactively champion the CSR agenda in board meetings beyond the CSR Committee meetings. They showcase a strong commitment to CSR governance and highlight its paramount importance within their organisations.

Industry view: Presence of independent CSR director



Commentary



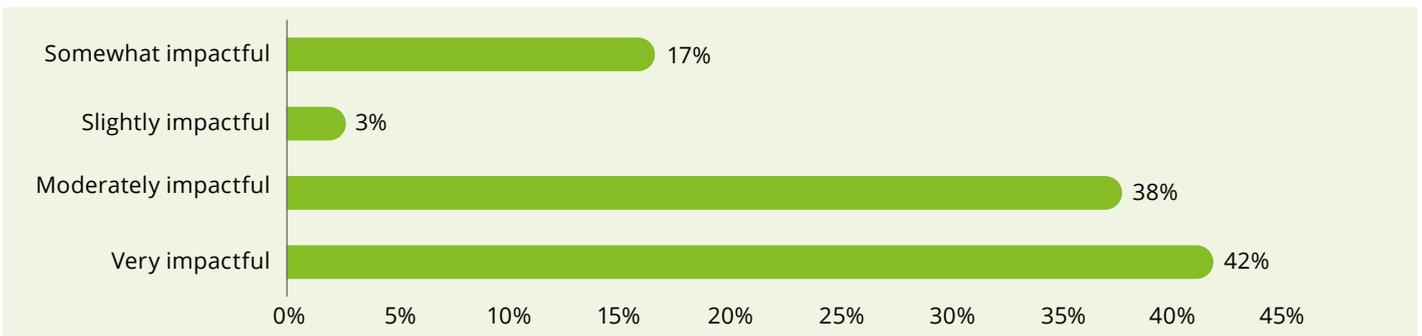
In the energy, resources, and industrials, and the life sciences and healthcare sectors, more than half of the respondent organisations do not have an independent CSR director, demonstrating a significant scope for improvement.

Survey findings and analysis

2. CSR: Now a lever for shaping corporate strategy



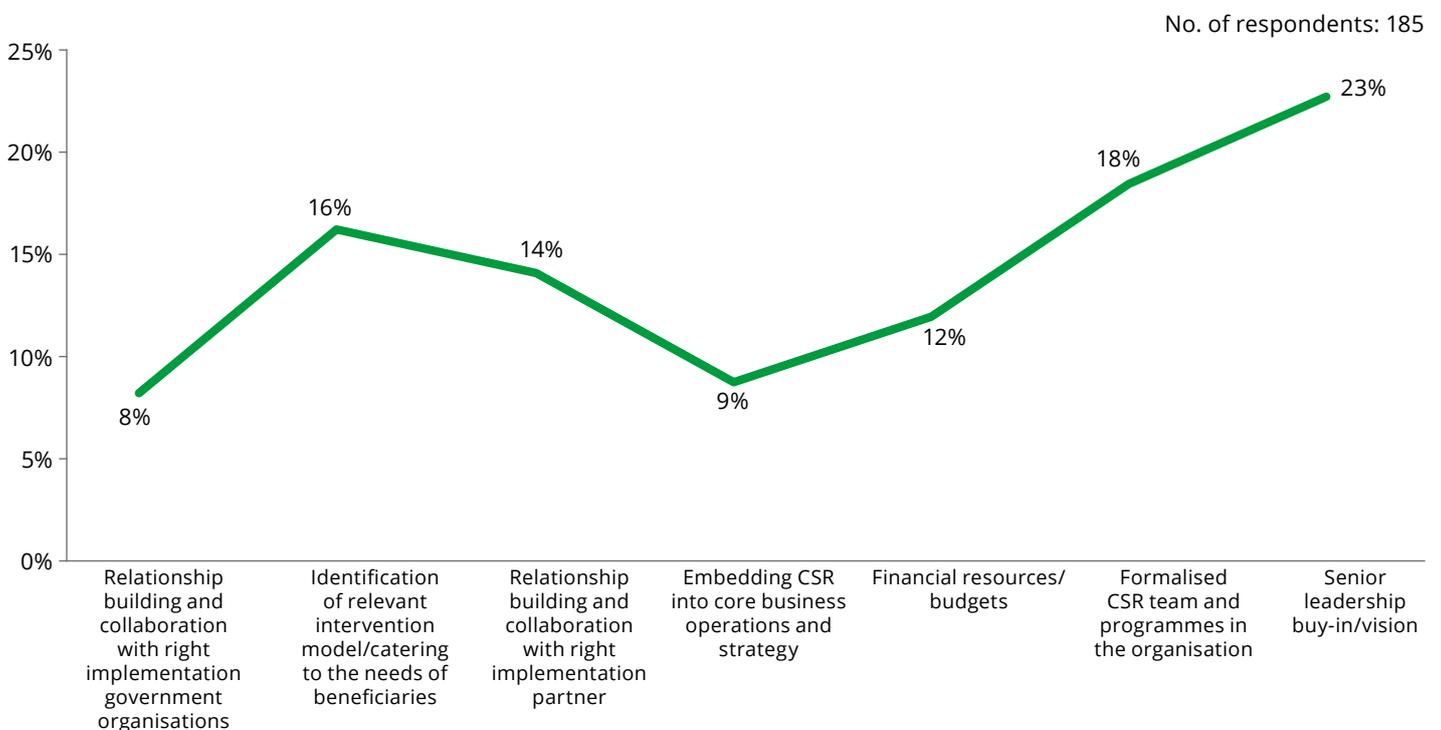
Please rate the degree of impact of CSR on your company's overall corporate strategy



Commentary



About half of the respondent companies emphasised the integral impact of CSR on their overall corporate strategy, with 42 percent of respondent organisations identifying CSR as a highly affecting driver.



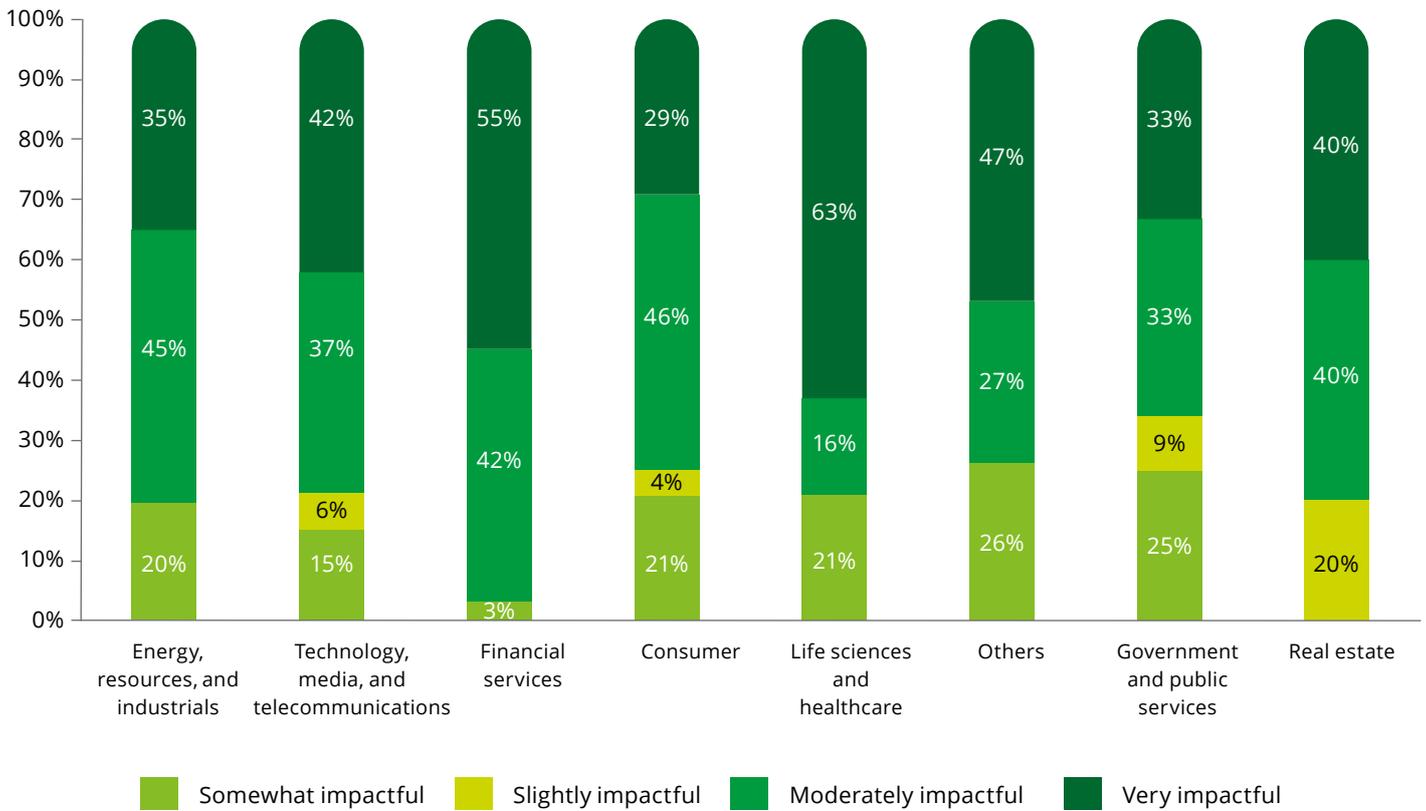
Commentary



- Senior leadership buy-in/vision are major factors driving the enhancement of CSR strategy, accounting for 23 percent of the contribution.
- This was followed by a formalised CSR team and programmes within the respondent organisations at 18 percent, and the identification of relevant intervention models addressing beneficiary needs at 16 percent.

Industry view: Impact of CSR on overall strategy

No. of respondents: 185

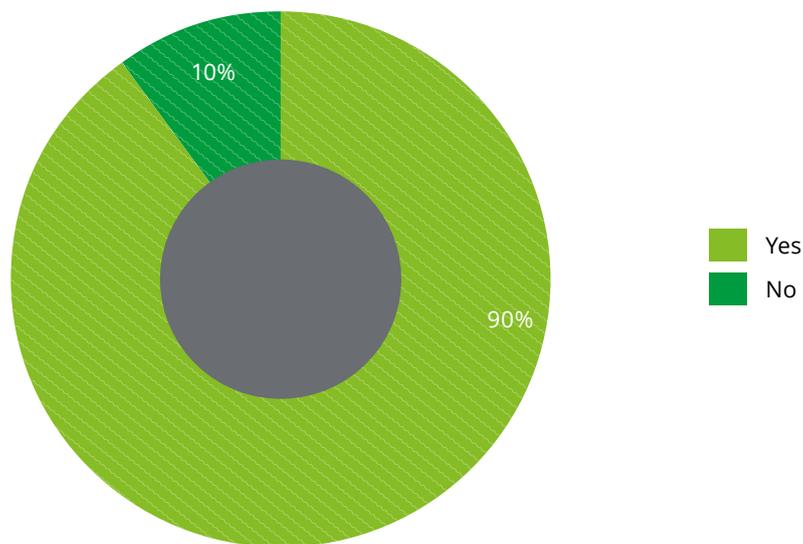


Commentary



- More than 80 percent of the respondents in the energy sector have rated the impact of CSR on their overall strategy as 'moderately impactful' or 'very impactful'.
- The technology, media, and telecommunications (78 percent), financial services (97 percent), and life sciences and healthcare (79 percent) sectors follow a similar pattern.
- Sectors, such as consumer, government and public services, and real estate have rated the impact on a slightly lower scale.

Does your organisation raise the CSR agenda during your quarterly/annual investor calls and/or communication?



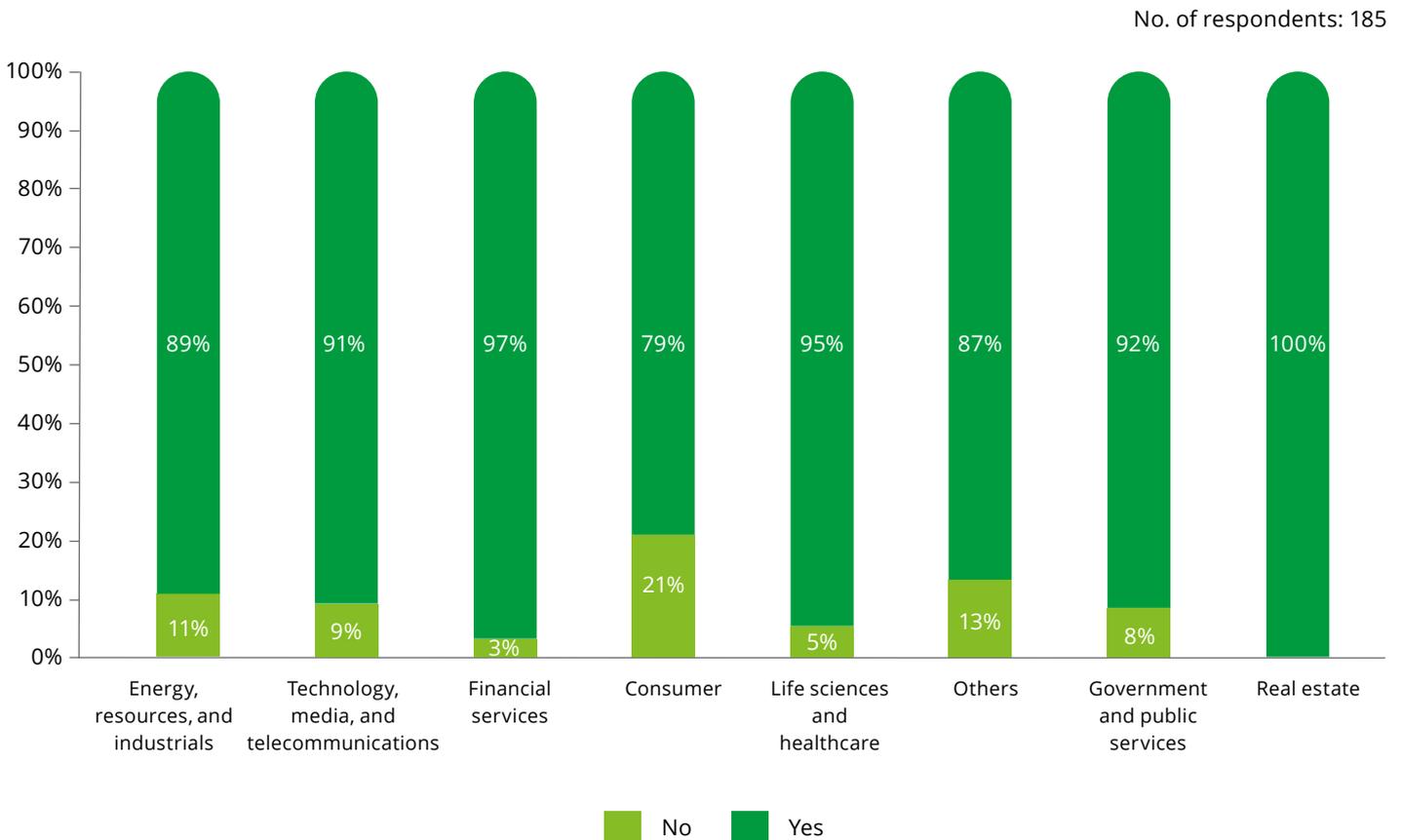
No. of respondents: 185

Commentary



- 9 out of the 10 respondents confirmed their commitment to advancing the CSR agenda, underscoring the growing significance of CSR in the Indian context.
- The opposing viewpoint is more common among long-standing organisations. Many of these have been around for 15 years or longer, showing how they've matured in discussing their progress on CSR goals during investor calls.

Industry view: Perspective on raising CSR agenda during investor calls



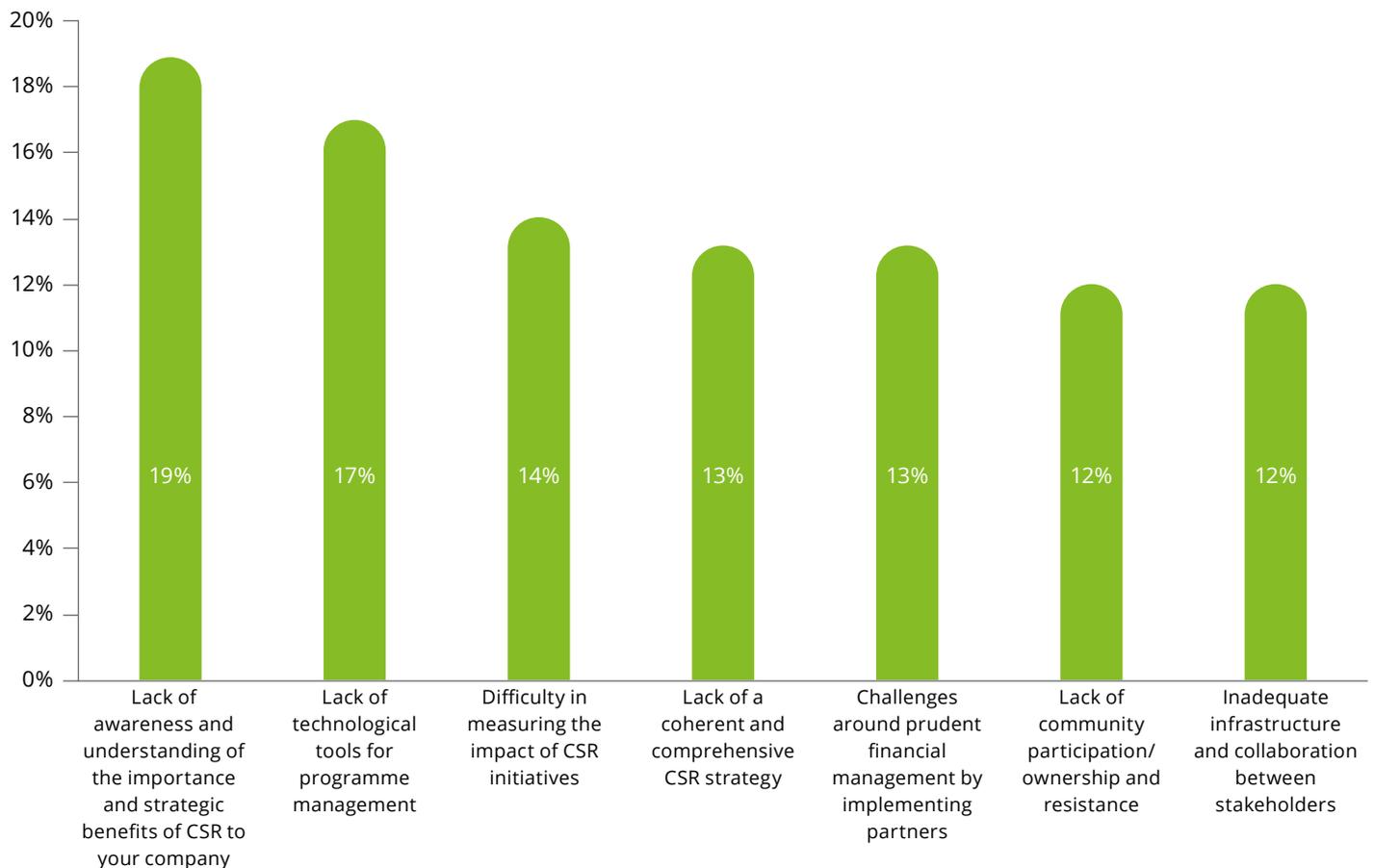
Commentary



- CSR is a crucial agenda in investor calls, especially for the real estate sector where 100 percent of the respondents have claimed raising the agenda.
- A similar trend is observed for sectors, such as energy, resources, and industrials (89 percent); technology, media, and telecommunications (91 percent); financial services (97 percent); life sciences and healthcare (95 percent); and government and public services (92 percent).
- The consumer sector lags, with 79 percent respondents affirming raising the CSR agenda.

What are the challenges faced by your company, whilst implementing CSR initiatives?

No. of respondents: 185



Commentary



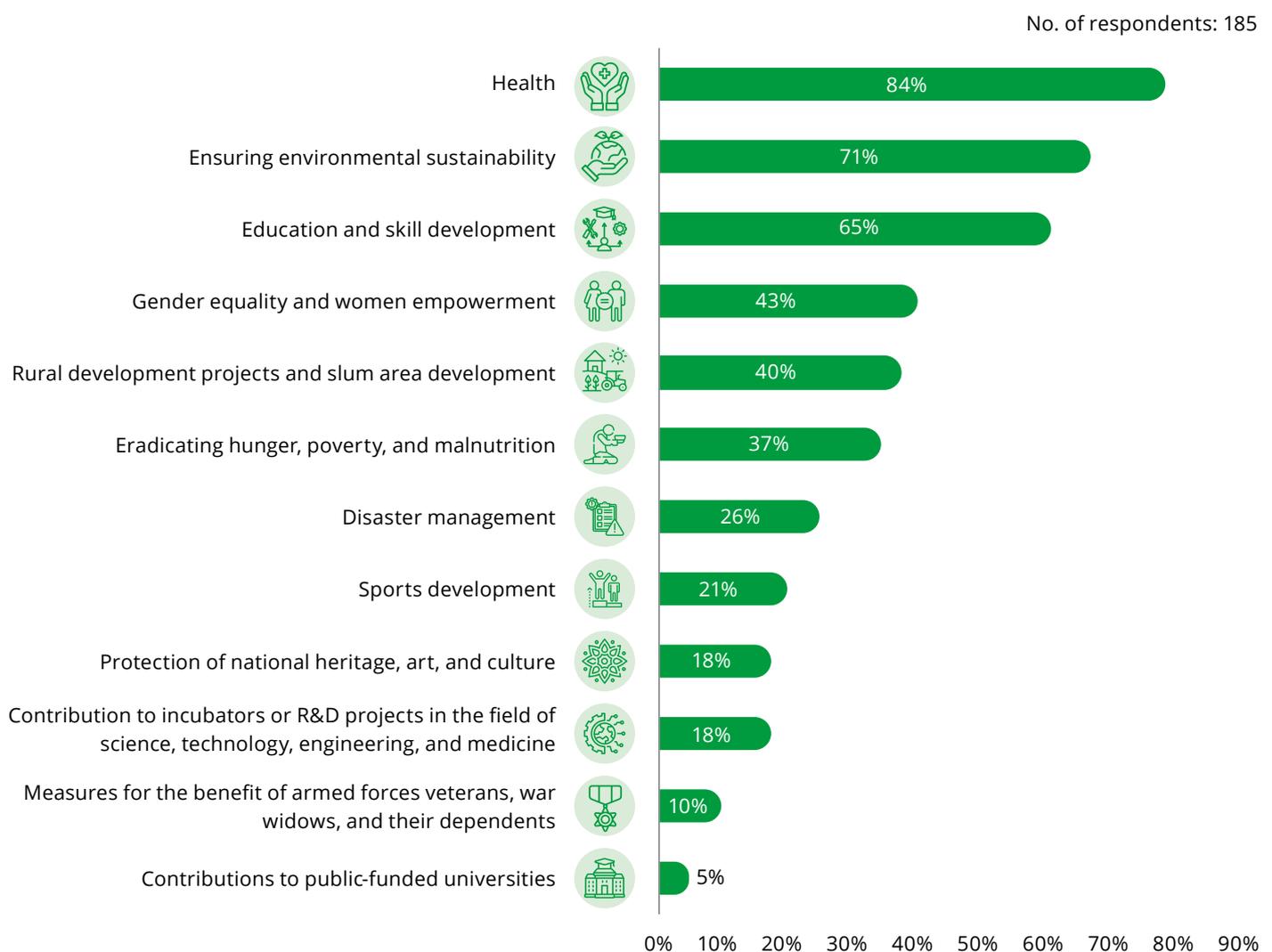
- About one-fourth of the respondent organisations listed a lack of awareness regarding the impact of strategic CSR and its benefits. The absence of technological tools during the implementation of CSR initiatives was also listed as a major cause while implementing CSR initiatives.
- Three major sectors: consumer, financial services, and real estate listed their biggest challenge as the lack of prudent financial management by implementing partners.
- Limited community involvement and resistance was the number one challenge for the life sciences sector.
- The energy sector had inadequate infrastructure and collaboration between stakeholders.
- The government and public sector signifies the lack of technological tools for programme management as their biggest challenge.

Survey findings and analysis

3. Navigating CSR priorities: A closer look at trends in programme monitoring and evaluation practices



Which CSR thematic areas of your company are aligned with Schedule VII of the CSR Act?



Commentary



- The survey findings indicate that 84 percent of respondents give priority to healthcare, closely followed by environmental sustainability and education.
- Furthermore, 43 percent actively engage in initiatives promoting gender equality and women’s empowerment. This strategic focus echoes respondent organisations’ rising alignment towards inclusion and leads development across key social programmes.
- On the flip side, the thematic areas that are least prioritised include contributions to publicly funded universities at 5 percent, measures for the benefit of veterans and their families at 10 percent, and protection of national heritage, art, and culture and contribution to incubators or R&D at 18 percent each.

Industry analysis on focus areas

No. of respondents: 185

	 Health	 Ensuring environmental sustainability	 Education and skill development	 Gender equality and women empowerment	 Rural development projects and slum area development	 Eradicating hunger, poverty, and malnutrition	 Disaster management	 Sports development	 Protection of national heritage, art, and culture	 Contribution to incubators or R&D projects in the field of science, technology, engineering, and medicine	 Measures for the benefit of armed forces veterans, war widows, and their dependents	 Contributions to public-funded universities
Energy, resources, and industrials	19%	16%	14%	13%	8%	8%	5%	3%	6%	5%	3%	1%
Consumer	19%	16%	13%	11%	12%	11%	7%	3%	3%	1%	4%	1%
Financial services	15%	14%	14%	8%	9%	10%	4%	7%	8%	5%	4%	2%
Government and public services	24%	13%	18%	7%	13%	4%	7%	9%	2%	0%	2%	0%
Life sciences and healthcare	16%	20%	15%	10%	8%	10%	8%	2%	3%	3%	2%	1%
Others	23%	18%	15%	2%	3%	12%	8%	5%	3%	8%	2%	0%
Technology, media, and telecommunications	22%	17%	17%	9%	6%	11%	6%	4%	3%	3%	0%	2%
Real estate	21%	21%	13%	4%	8%	13%	8%	0%	4%	8%	0%	0%

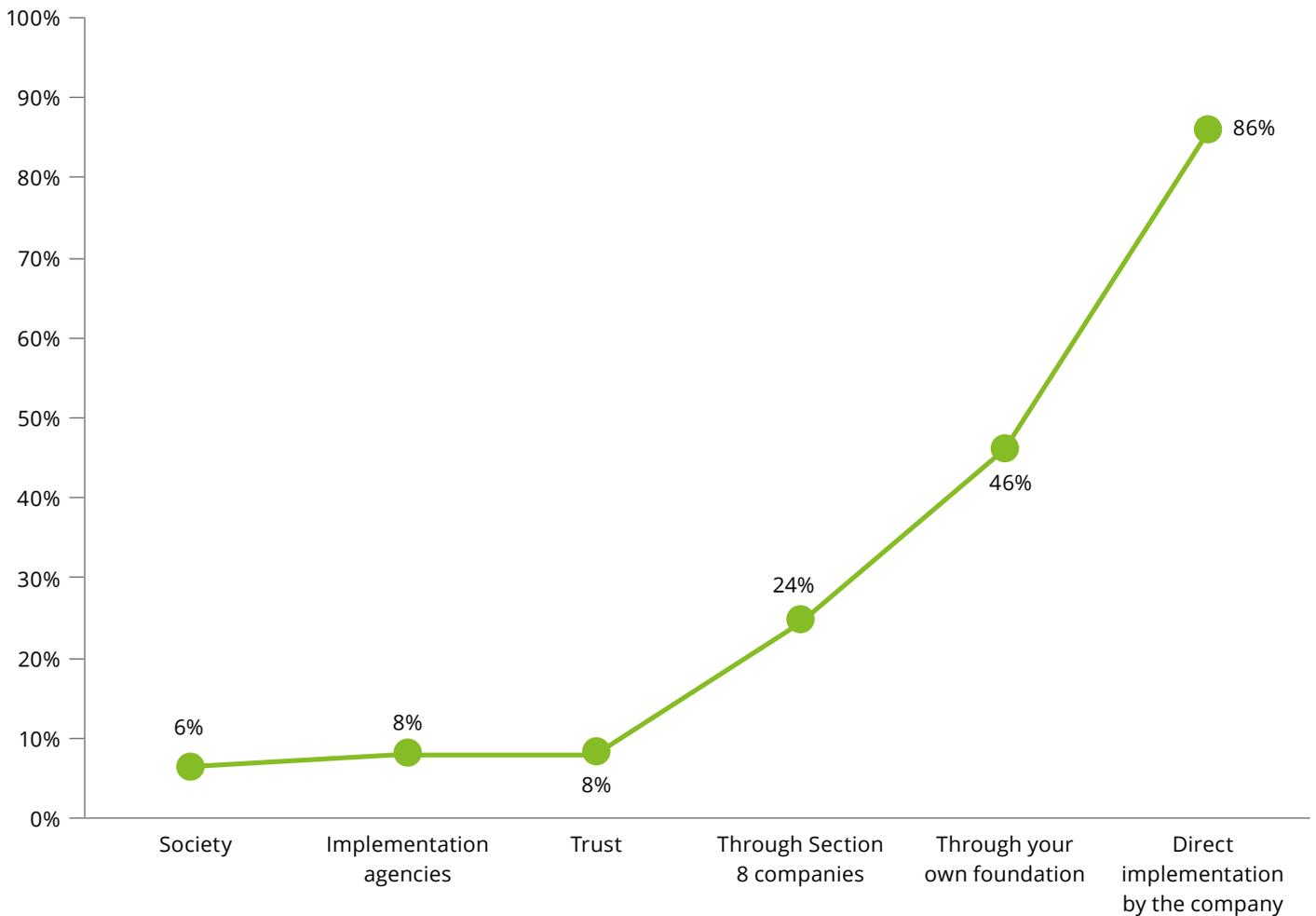
Commentary



- For the government and public services; technology, media, and telecommunications; and other sectors, healthcare is a key focus area for CSR programmes.
- Subsequently, approximately a quarter of respondents from the real estate, and life sciences and health care sectors prioritise environment and sustainability programmes.
- However, contributions to publicly-funded universities and measures benefiting armed forces veterans, war widows, and dependents are less relevant for companies in sectors, such as government and public services, real estate, and others.

How do you implement your CSR programmes?

No. of respondents: 185



Commentary



- Most of the surveyed organisations are using more than 1 modality to implement their respective CSR programmes. 8 out of the 10 respondent organisations have chosen direct implementation as the primary route for project implementation.
- Around half of the respondent organisations opted to carry out their CSR initiatives through dedicated foundations. Most of the respondent organisations with such foundations are relatively mature and have been established for 15 years or more.
- The respondent organisations across sectors reflect a heightened preference for Section 8 companies over traditional societies/trusts and implementing agencies under Section 10 (23C).

Industry analysis: Programme implementation

No. of respondents: 185

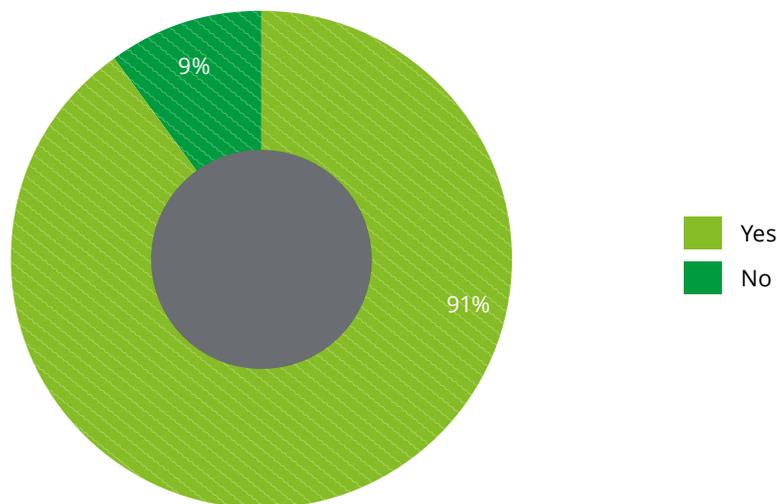
	Implementation agencies	Society	Trust	Through Section 8 companies	Through your own foundation	Direct implementation by the company
Energy, resources, and industrials	6%	7%	6%	14%	22%	45%
Technology, media, and telecommunications	3%	0%	3%	16%	31%	47%
Consumer	7%	2%	7%	14%	21%	49%
Financial services	2%	4%	4%	9%	30%	51%
Others	0%	4%	4%	16%	28%	48%
Life sciences and healthcare	6%	3%	6%	11%	29%	46%
Government and public services	11%	0%	0%	17%	11%	61%
Real estate	0%	14%	0%	14%	29%	43%

Commentary

- More than half of the respondent organisations in the government and public services, as well as the financial services and consumer sectors implement the CSR programmes through their own companies.
- Approximately one-third of respondent organisations in the technology, media, and telecommunications; and financial services sectors implement projects through their foundation. In contrast, only 11 percent of respondent organisations in the government and public services sector have their foundation for implementing CSR projects.
- While implementing projects through agencies, society, and trust were generally the less preferred options. However, more than 10 percent of the government and public services, and the real estate sectors preferred agencies and society, respectively, for implementing their projects.

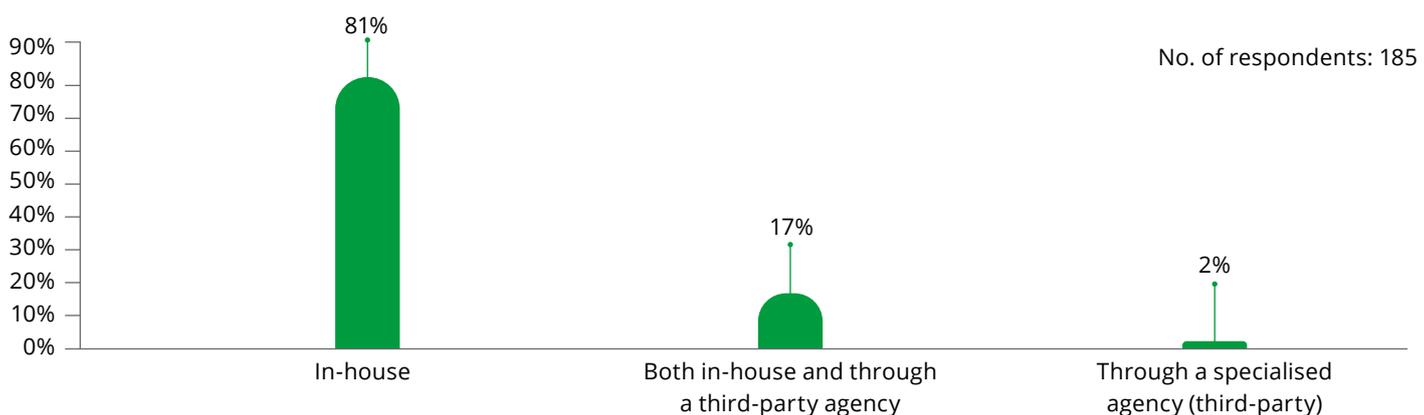
How is your company's CSR programme performance measured on a financial utilisation and programmatic front?

Standardised process to monitor CSR projects in existence



No. of respondents: 185

Company's programme performance measurement mechanism



No. of respondents: 185

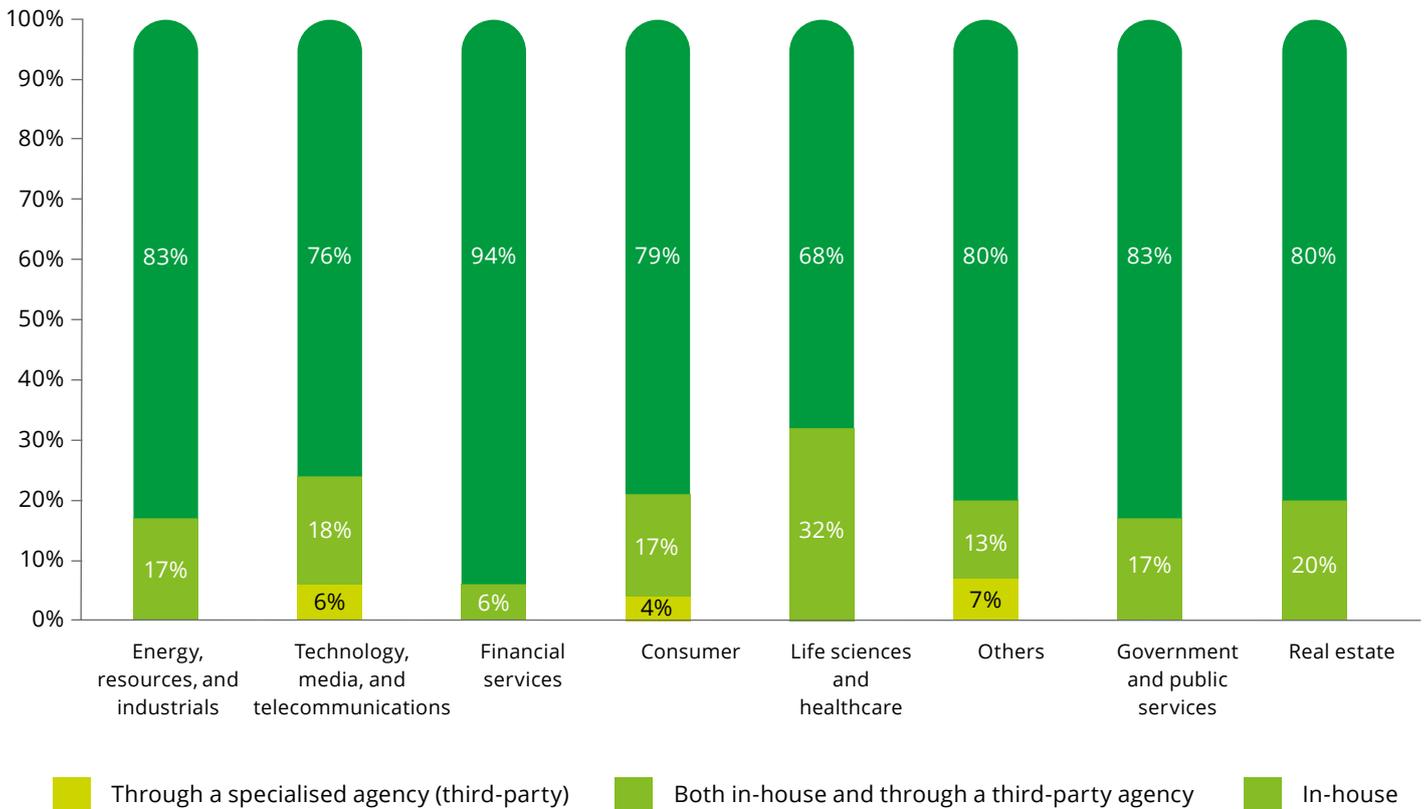
Commentary



- In the realm of CSR management of measuring activities and performance, a robust 9 out of 10 percent of respondent organisations adhere to a standardised process or a defined Standard Operating Procedure (SOP) for the periodic monitoring of their CSR projects.
- A significant practice within CSR initiatives involves conducting performance assessments with 81 percent conducting in-house performance measurements for their CSR programmes. Ninety-four percent of these establishments are 15 years or older.
- This inclination towards 'in-house' assessments is consistent across sectors, indicating a prevalent preference for internal evaluation methods to gauge the effectiveness of CSR programmes.
- Seventeen percent use both in-house and third-party methods to measure the performance of CSR programmes.

Industry analysis: Programme management and performance

No. of respondents: 185

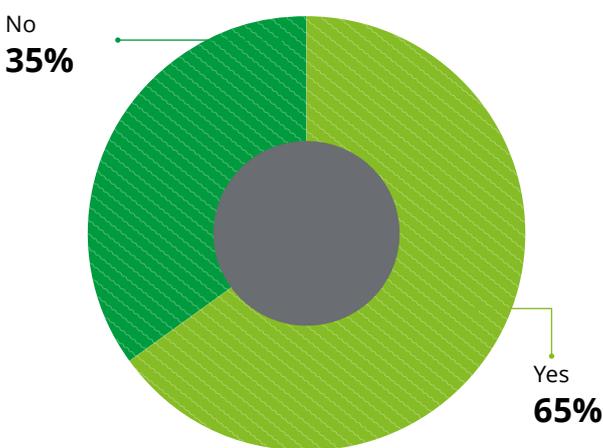


Commentary



- Respondent organisations from the financial services (94 percent); energy, resources, and industrials (83 percent); government and public services (83 percent); along with real estate (80 percent) sectors, stand out as frontrunners in proactively measuring and managing CSR programme performance both programmatically and financially in-house. This indicates a robust commitment to internal control and oversight within these industries.
- Only 6 percent of the respondent organisations from the technology, media, and telecommunications sector used a specialised third-party agency.
- Life sciences and health care sector companies (32 percent) have a mixed method approach to measure CSR programme performance through in-house and third-party services.

Do you undertake mandatory CSR impact assessments based on the recent amendments in the CSR regulations?

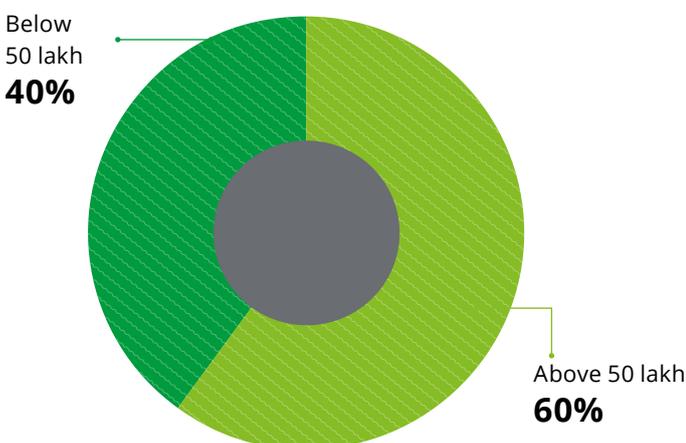


No. of respondents: 185

Commentary

Due to the recent amendment to the CSR law on January 22, 2021, mandating impact assessment for projects exceeding INR 1 crore in value, two-thirds of respondent organizations are now conducting these compulsory CSR impact assessments.

If yes, what is the expenditure amount that your company incurs towards the same?

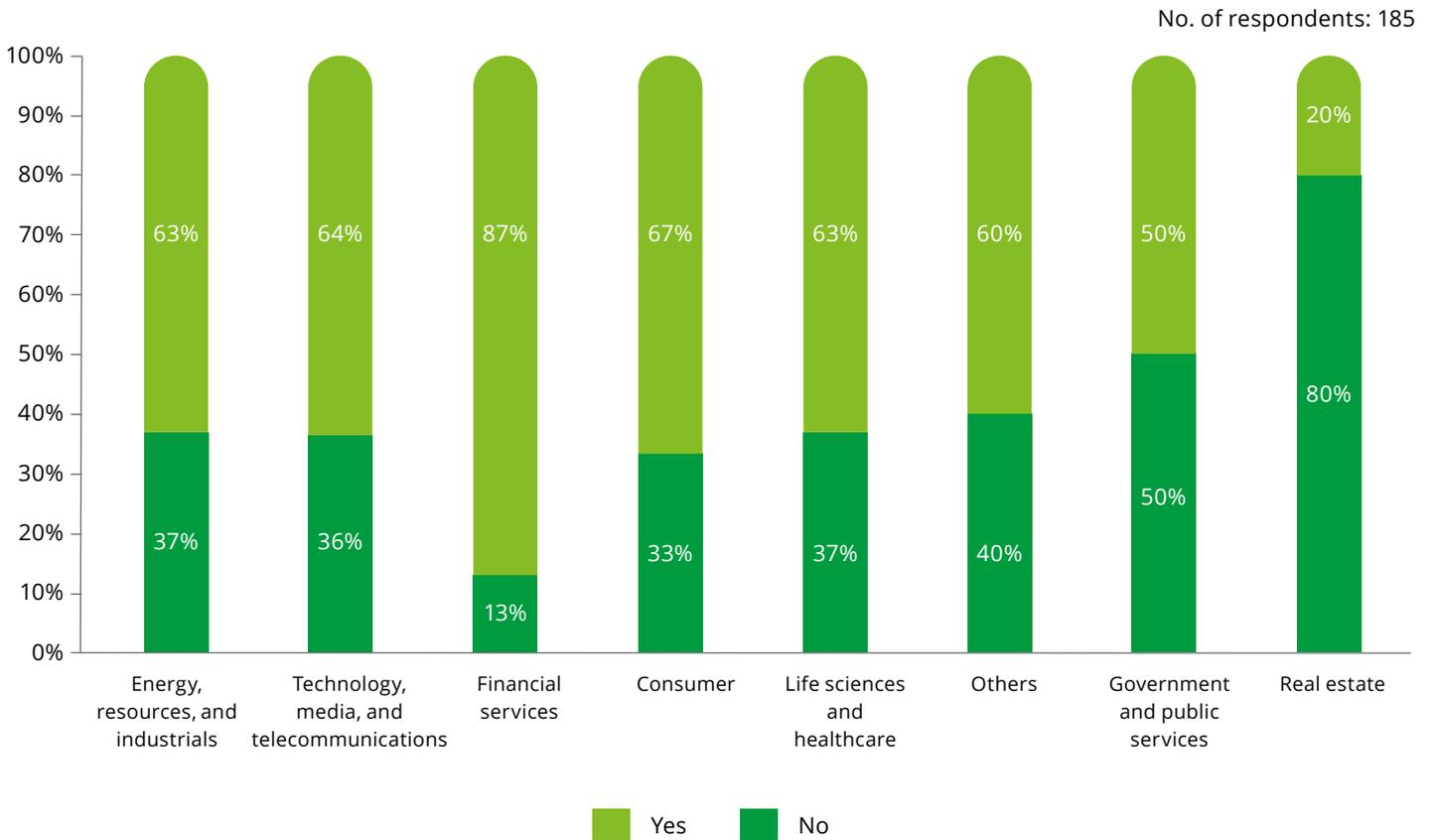


No. of respondents: 121

Commentary

- Amongst the respondent organisations that undertake mandatory assessments, 60 percent have reported an expenditure of more than INR 50 lakh on conducting impact assessments, after the introduction of the mandate.
- This signifies a willingness to commit expenditure towards assessing the impact of initiatives capped above the ceiling of INR 50 lakh per the law.

Industry analysis: Impact assessments



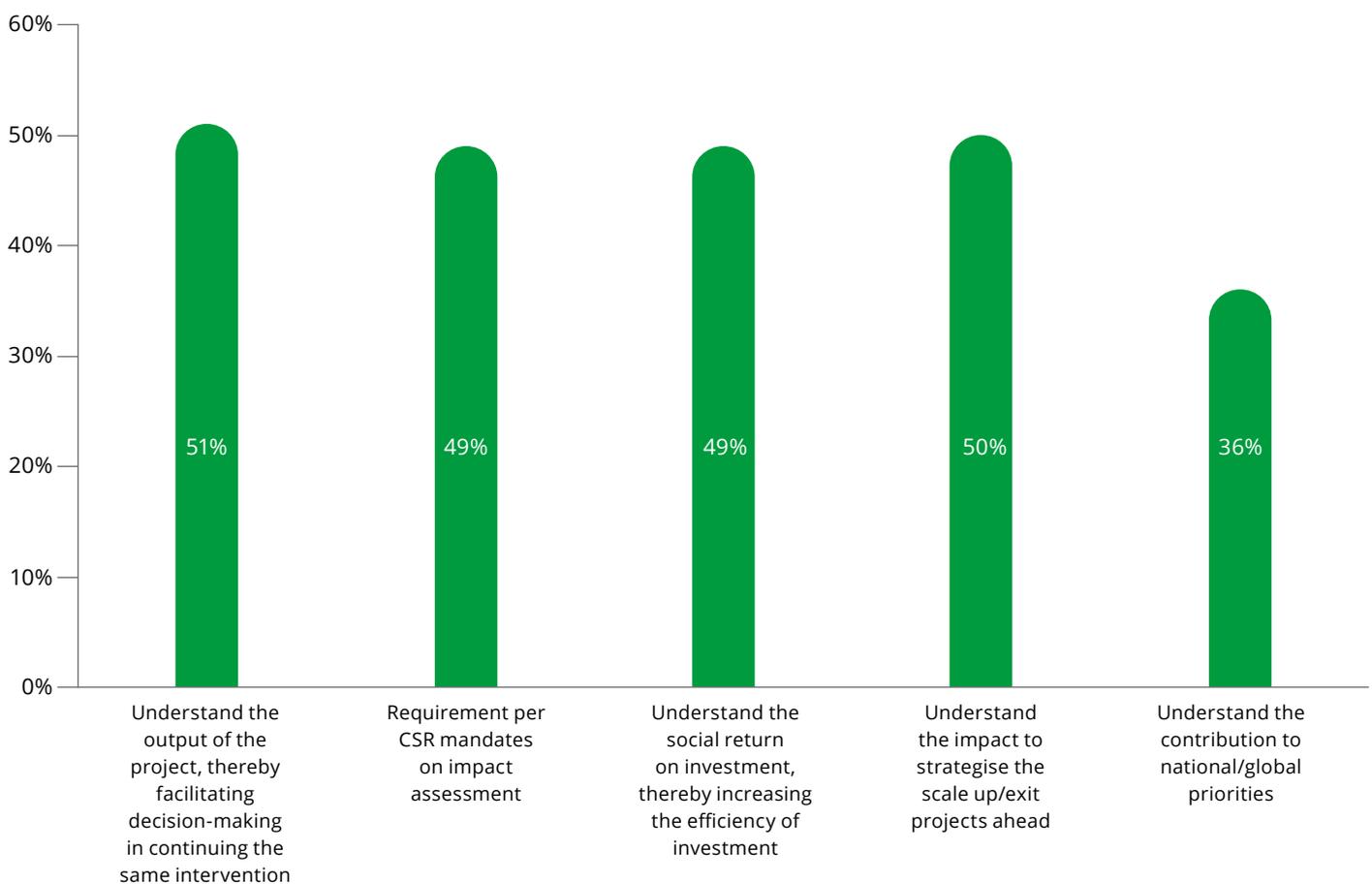
Commentary



- The dedication to impact assessments varies amongst sectors, emphasising a nuanced landscape. Notably, the financial services sector places a strong emphasis on rigorously measuring the impact of CSR projects, while the real estate sector lags in this regard.
- Around one-third of the respondents in the life sciences and healthcare, consumer, technology, and energy sectors are yet to conduct impact assessments per the recent CSR amendments.

What has been the motivation behind conducting impact assessments for eligible projects in your CSR portfolio?

No. of respondents: 185



Commentary



- Output-led decision-making is the key to enhanced growth and push for better project outcomes and is on top of leadership's mind. The next two highest-rated factors – understanding social returns on the investment and strategising the scale-up/exit of investments are not far behind as motivations for conducting impact assessments.
- This indicates that while the requirement per the CSR mandate remains, plausible scale-up opportunities for programmes are key decision drivers when impact assessment results are being interpreted.
- Understanding the contribution to national/global priorities (through the programmes implemented) was the least motivating factor based on the survey results.

Industry analysis: Impact assessment motivation

No. of respondents: 185

	Understand the output of the project, thereby facilitating decision-making in continuing the same intervention	Requirement as per CSR mandates on impact assessment	Understand the social return on investment, thereby increasing the efficiency of investment	Understand the impact to strategise the scale up/exit projects ahead	Understand the contribution to national/global priorities
Consumer	24%	19%	18%	26%	13%
Energy, resources, and industrials	21%	26%	19%	20%	14%
Financial services	20%	16%	22%	24%	18%
Government and public services	32%	20%	16%	24%	8%
Life sciences and healthcare	20%	27%	16%	16%	20%
Others	16%	19%	29%	26%	10%
Technology, media, and telecommunications	19%	17%	26%	19%	20%
Real estate	36%	18%	27%	18%	0%

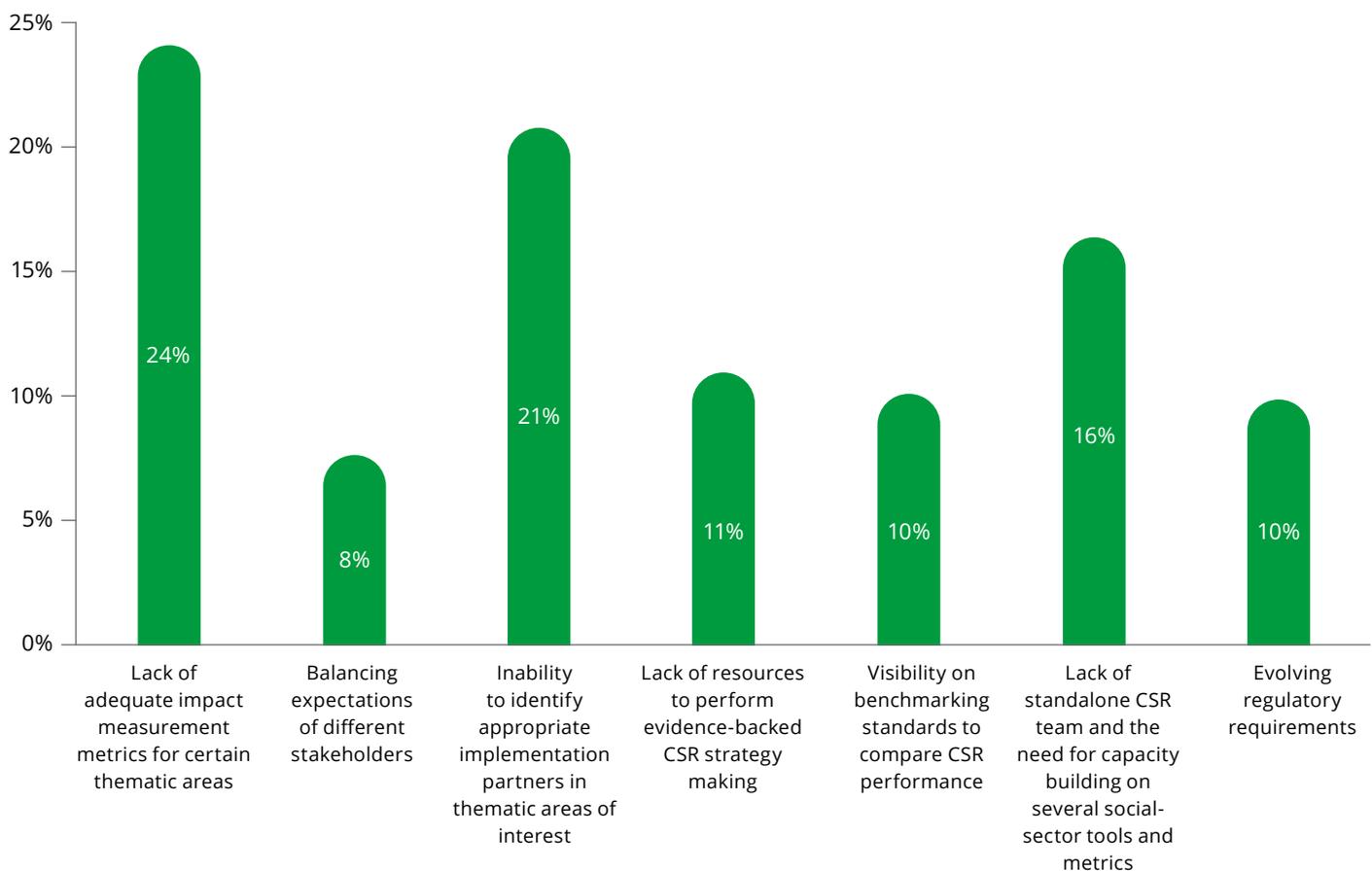
Commentary



- About a quarter of respondents in the energy, resources, and industrials sector undertake impact assessments to facilitate decision-making, which includes strategising the scale-up and/or exit opportunities of their CSR projects.
- The next largest sector, consumer, has the maximum number of respondents emphasising on strategy-building and output measurement as a cause for undertaking impact assessments.
- The financial services, and the technology, media, and telecommunications sectors follow a similar trend.
- The life sciences and health care sector gives equal importance to calculating outputs, strategising, meeting compliances, and contributing to national and global priorities. The real estate sector follows a similar trend.

Prioritise the challenges you encounter while investing and allocating funds for CSR and social impact pertaining to your company

No. of respondents: 185



Commentary



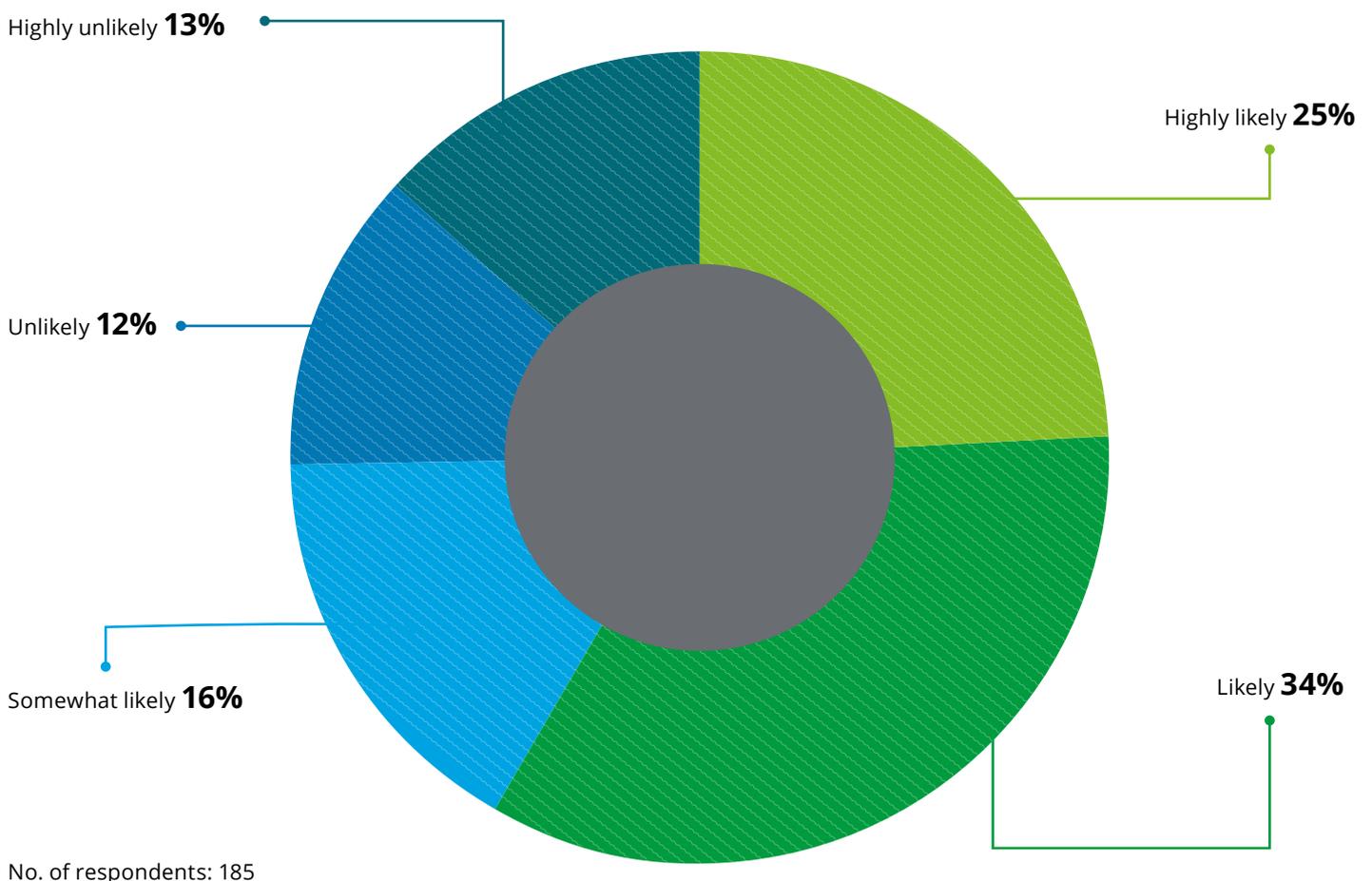
- One-fourth of the respondents pointed out that the lack of proper metrics for measuring impact acts as a discouraging factor for companies to invest in important thematic areas.
- The top three challenges respondent organisations face are (in order of priority) as follows:
 - Lack of adequate impact measurement metrics for certain thematic areas
 - Inability to identify appropriate implementation partners in thematic areas of interest
 - Lack of a standalone CSR team and the need for capacity building on several social-sector tools and metrics
- Balancing the expectations of different stakeholders remained the least priority challenge.

Survey findings and analysis

4. Technology-driven CSR transformation



Please rate the likelihood of your company investing in technology solutions for the implementation, execution, and monitoring of CSR initiatives



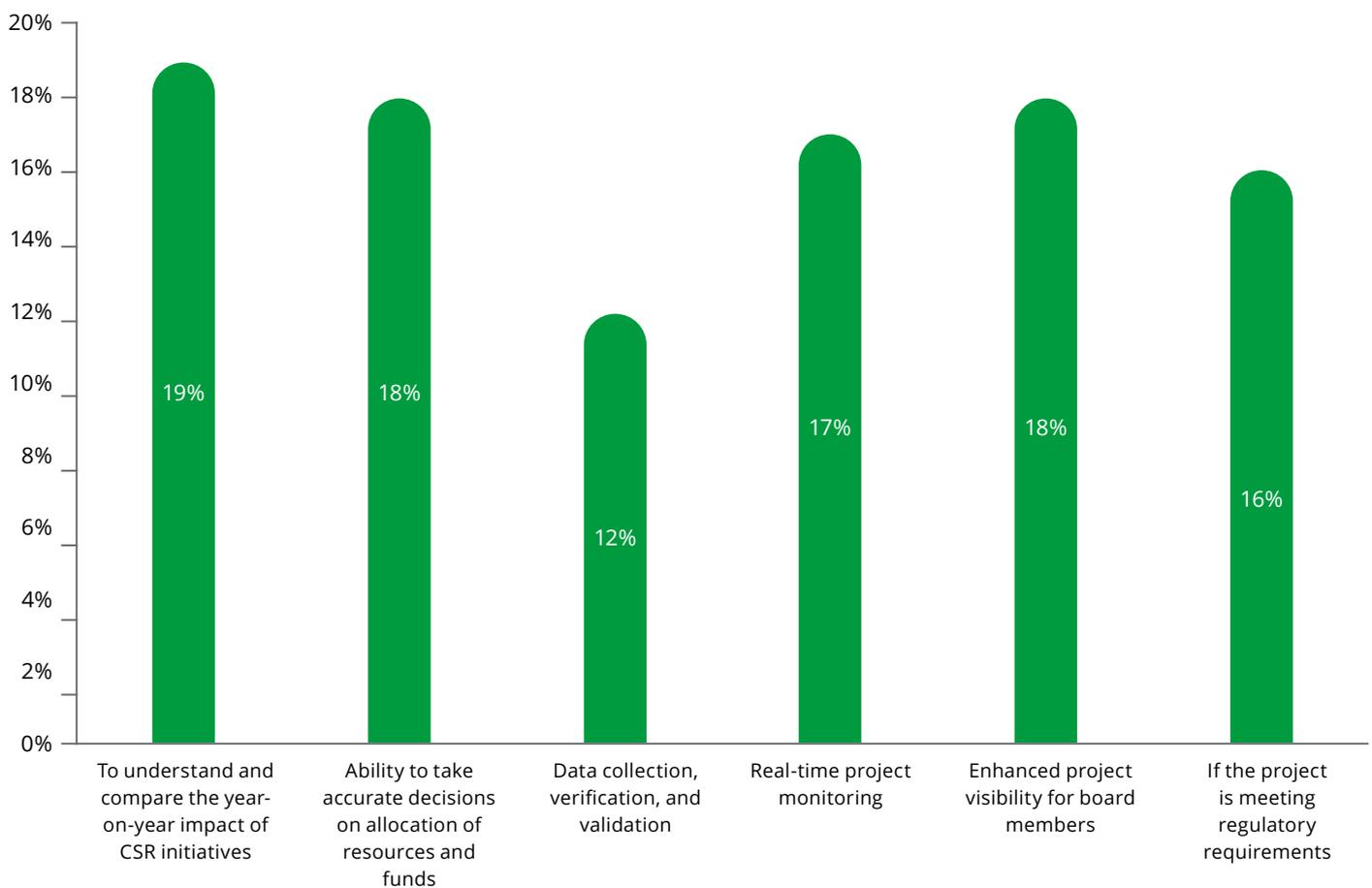
Commentary



- About one-third of the organisations responded that they were 'highly likely' to invest in technology solutions for the effective implementation, execution, and monitoring of their CSR initiatives.
- One-fourth of the organisations responded that they were 'likely' to invest in technology solutions.
- Only about a quarter have responded to be 'highly unlikely' or 'unlikely' to invest in technology.
- These responses distinctly indicate a prevalent inclination amongst respondents to deploy technology as part of their CSR management.

In which of the following areas would your company prioritise using technology to optimise and bring efficiencies in CSR efforts?

No. of respondents: 185



Commentary



- Comprehending and comparing the year-on-year impact of CSR initiatives, strengthening the precision of resource and fund allocation decisions, and elevating the visibility of CSR efforts for board members consistently ranked as the top three objectives for deploying technology across sectors.
- Sectors, such as energy, resources, and industrials; and technology, media, and telecommunications have shown a notable interest in using technology for the top three enlisted purposes.

Industry analysis: Technological integration

Responses based on sector

No. of respondents: 185

	Highly likely	Likely	Somewhat likely	Unlikely	Highly unlikely
Energy, resources, and industrials	17%	35%	20%	11%	17%
Technology, media, and telecommunications	21%	42%	24%	3%	9%
Financial services	32%	45%	6%	13%	3%
Consumer	21%	33%	17%	21%	8%
Life sciences and healthcare	37%	26%	16%	16%	5%
Others	33%	20%	13%	13%	20%
Government and public services	33%	17%	0%	17%	33%
Real estate	0%	20%	20%	20%	40%

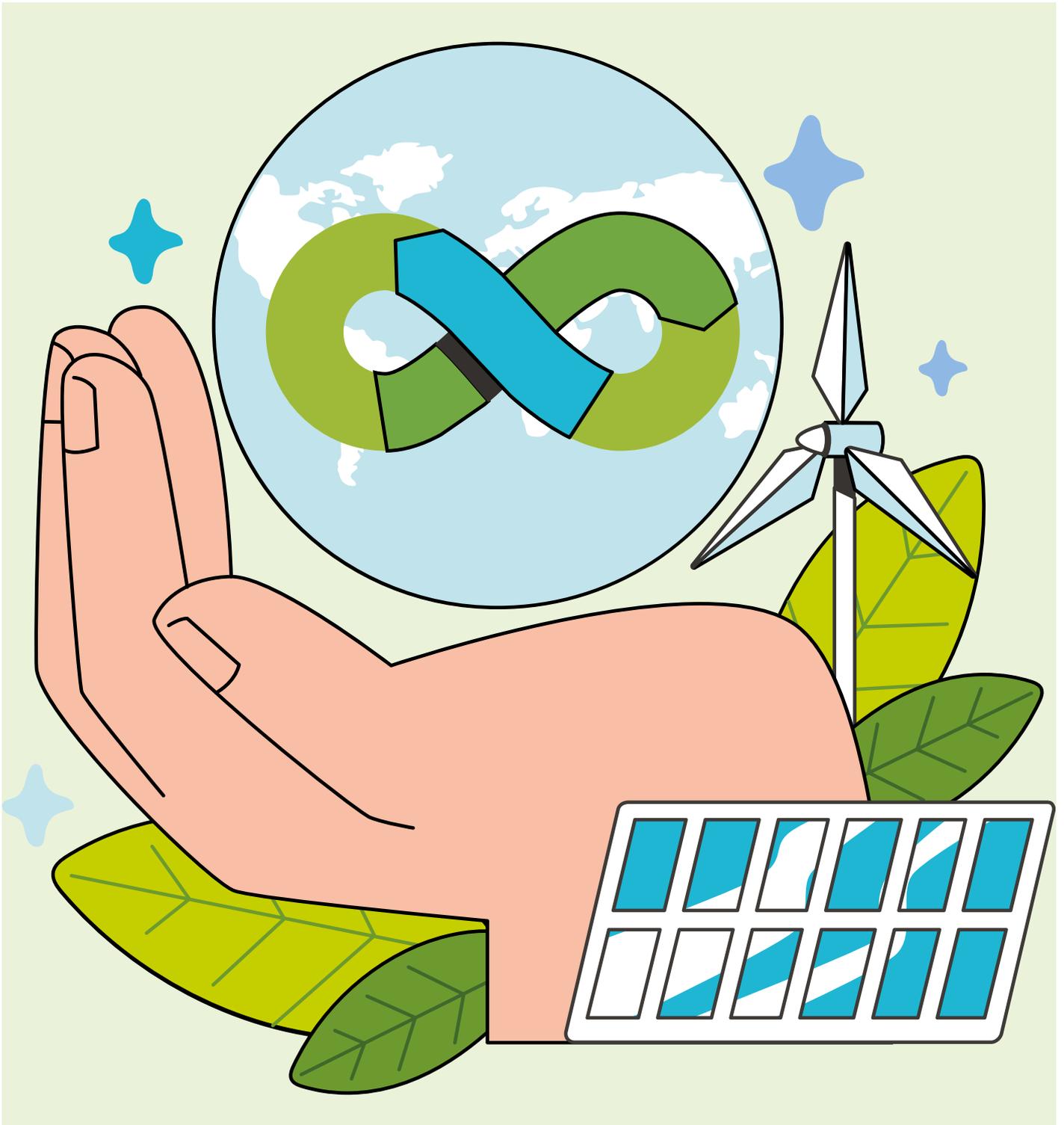
Commentary



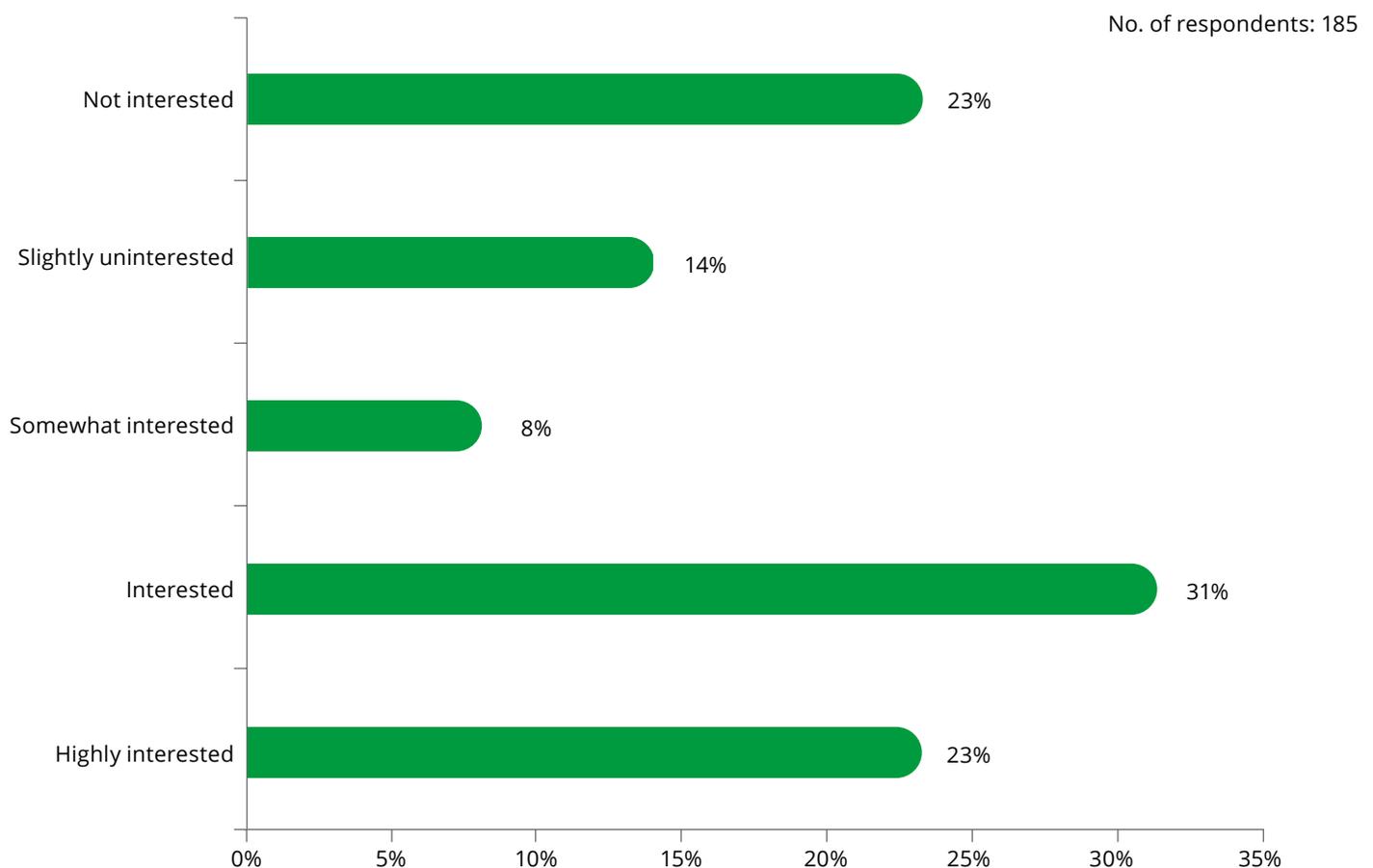
- About one-third of the respondent organisations from the life sciences and healthcare, government and public services, and other sectors have responded as 'highly likely' to invest in technology solutions to implement, execute, and monitor CSR activities. This highlights the maturity of these sectors in deploying resources to use technology for managing their CSR initiatives effectively.
- The real estate, and government and public services sectors were the least inclined towards deploying technology.

Survey findings and analysis

5. What does the future of CSR look like in India?



How likely is your organisation to participate in the Social Stock Exchange (SSE) to invest in NGOs or social enterprises in your identified CSR thematic areas, beyond your CSR expenditure?

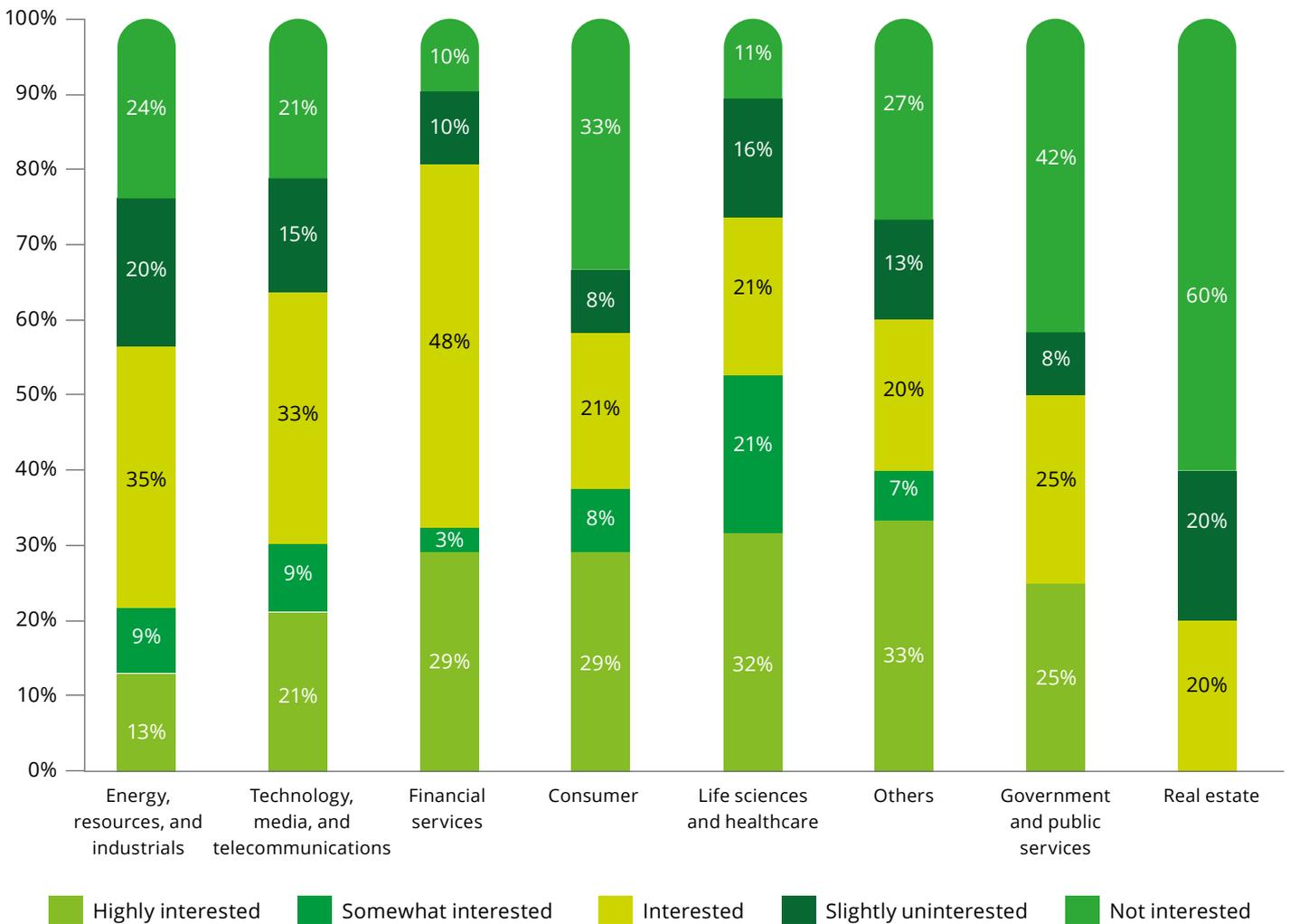


Commentary 

- Results from the survey indicate that more than 50 percent of the respondent organisations are interested, with varied interest levels in participating in the SSE and investing in NGOs or social enterprises in their identified CSR thematic areas. This is beyond their mandated CSR expenditure.
- Of these, 23 percent are highly interested. Twenty-three percent of respondent organisations also reported being uninterested in participating in the SSE.

Industry view: Willingness to invest in the Social Stock Exchange

No. of respondents: 185

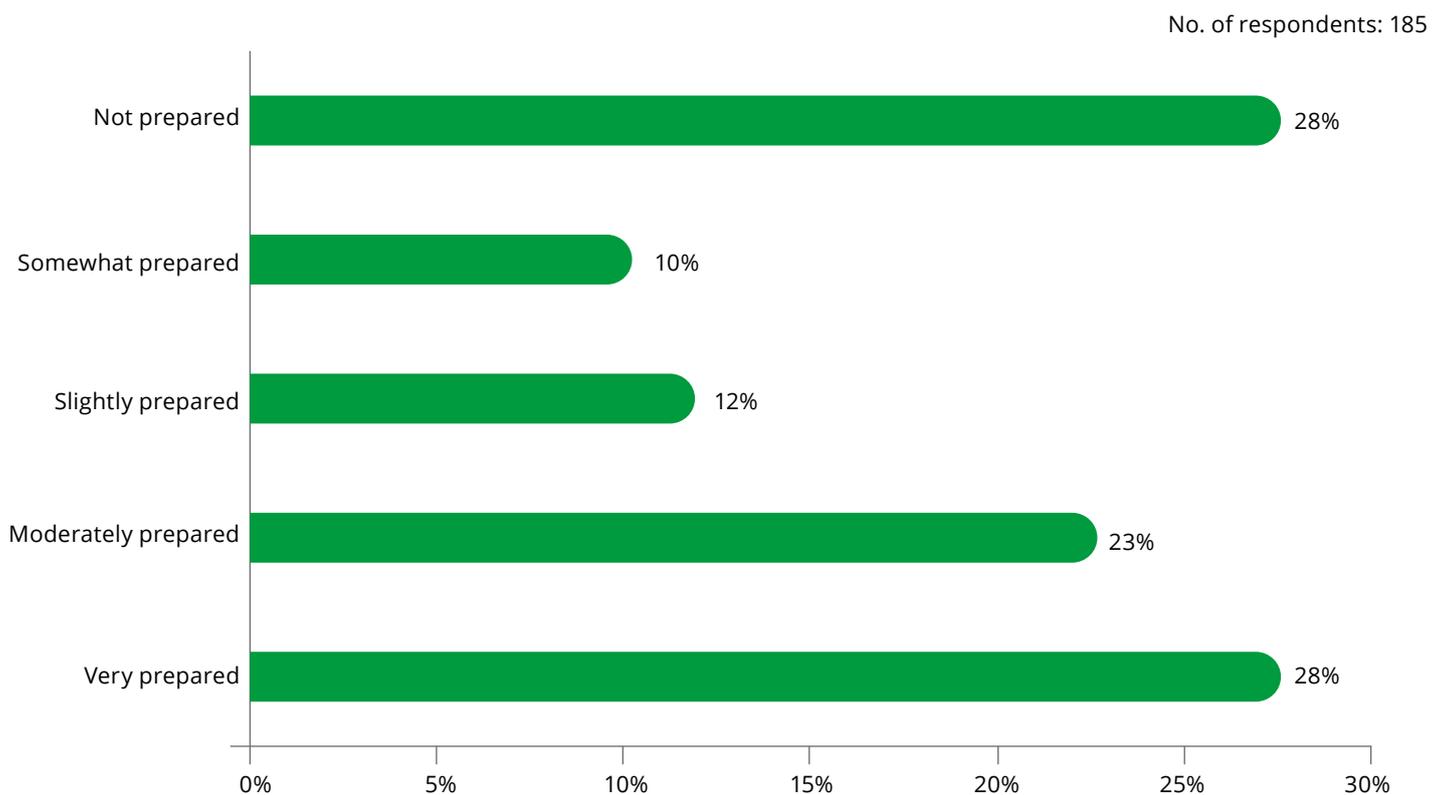


Commentary



- On average, respondents are keen to invest in the SSE once it is launched.
- About 60 percent of the respondents in the energy, resources, and industrials sector chose 'interested', 'somewhat interested', and 'highly interested'.
- A similar pattern was observed by the consumer (50 percent), technology (64 percent), life sciences and healthcare (74 percent), and government (58 percent) sectors.
- The financial services sector has a whopping 81 percent interest in participating in the SSE.
- The respondents in the real estate sector were reportedly not interested in investing in the SSE.

To what extent do you feel prepared to address the future of impact investing (Social Stock Exchange, social bonds, pay-for-success models, outcome-based funding, social mutual funds, development impact bonds, blended finance, etc.), and the need for integration in your CSR strategy?



Commentary



- Only 28 percent of the respondent organisations considered themselves to be ‘very prepared’ to address the future of impact investing. The rest of the respondents followed closely behind with being moderately, slightly, and somewhat prepared.
- Close to 28 percent of the respondent organisations reported being ‘not prepared’ at all to address the future of impact investing, including but not limited to SSE, social bonds, pay-for-success models, outcome-based funding, social mutual funds, and DIB.

Industry analysis: Future preparedness for impact investing

No. of respondents: 185

Responses based on sector

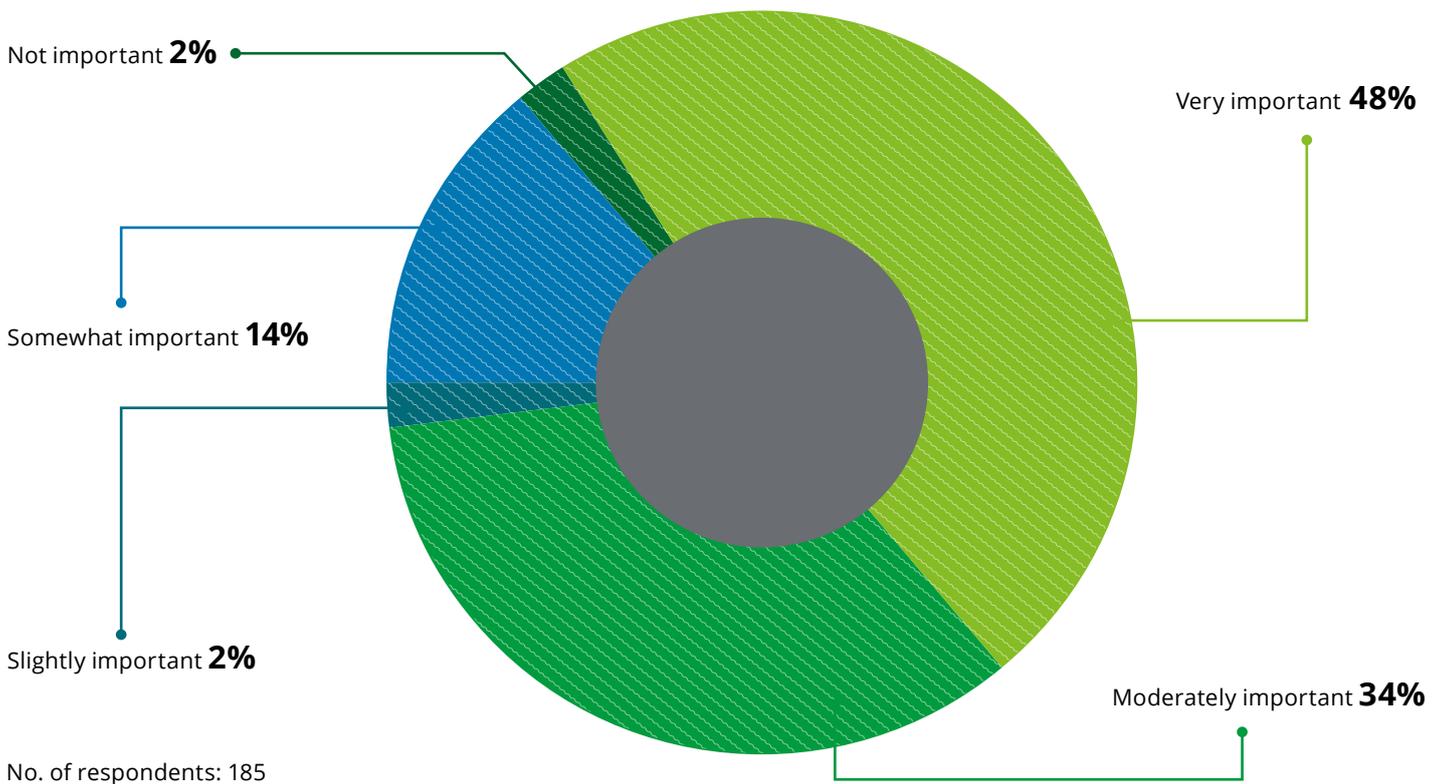
	Very prepared	Moderately prepared	Slightly prepared	Somewhat prepared	Not prepared
Energy, resources, and industrials	15%	33%	13%	11%	28%
Technology, media, and telecommunications	27%	24%	9%	9%	30%
Financial services	45%	23%	10%	13%	10%
Consumer	21%	17%	17%	13%	33%
Life sciences and healthcare	32%	16%	5%	16%	32%
Others	47%	7%	20%	7%	20%
Government and public services	25%	25%	0%	0%	50%
Real estate	0%	20%	40%	0%	40%

Commentary



- The survey reflects the ambiguity across sectors on preparedness levels across sectors. About 50 percent of the respondent organisations from the financial services and other sectors felt most prepared.
- The government and public sector followed by real estate, life sciences and healthcare demonstrate the highest level of unpreparedness to address the future of impact investing. This includes SSE, social bonds, pay-for-success models, outcome-based funding, social mutual funds, DIB, and blended finance.
- Respondent organisations that have been in existence for 15 years and above have indicated about 25 percent being 'very prepared', 'moderately prepared', and 'not prepared' at all to address the future of impact investing.

Keeping in mind the evolving local and global regulatory reporting requirements (Business Responsibility and Sustainable Reporting, Global Reporting Initiative Framework, Ministry of Corporate Affairs mandate, etc.), how important is it for your company to re-evaluate its CSR strategy?



Commentary



- Nearly half of the respondent organisations reported the need to re-evaluate their CSR strategy as 'very important'. Thirty-four percent of organisations categorise the need to re-evaluate strategy because of evolving regulations in the context of new-age disclosures on ESG, such as BRSR, GRI, and other key frameworks of only moderate importance.
- The financial services; and energy, resources, and industrials sectors indicated the importance of developing their future CSR strategies, while the government and public services sector consider this unimportant.

Industry analysis: Evolving strategy in alignment with future regulatory landscape

No. of respondents: 185

Responses based on sector

	Very important	Slightly important	Moderately important	Somewhat important	Not important
Energy, resources, and industrials	39%	0%	48%	9%	4%
Technology, media, and telecommunications	33%	3%	45%	16%	3%
Financial services	61%	3%	26%	10%	0%
Consumer	50%	0%	29%	17%	4%
Life sciences and healthcare	63%	0%	21%	16%	0%
Others	53%	7%	13%	27%	0%
Government and public services	50%	0%	25%	25%	0%
Real estate	60%	0%	40%	0%	0%

Commentary



- The survey reveals that most of the respondent organisations across sectors recognise the importance of reassessing their strategy due to changing local and global regulatory reporting requirements.
- About two-thirds of respondent organisations in the life sciences and healthcare, and financial services sectors consider it ‘very important’ to re-evaluate their CSR strategy based on evolving regulatory requirements when developing future CSR strategies.
- Barely 4 percent of the respondent organisations from the energy, resources, and industrials; technology, media, and telecommunications; and consumer sectors reflected that re-evaluating their CSR strategy is not as important.



Connect with us

Sumeet Salwan

Partner

sumeetsalwan@deloitte.com

Amit Tandon

Partner

amtandon@deloitte.com

Contributors

Aditya Agnihotri

Deepshikha Singh

Neelesha Dhawan

Pratul Narayan Singh

Samantha Misquitta

Shyamal Vasudevan

Swaminathan R







Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.