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Beyond the scoreboard

A deep dive into the transformative
role of CSR in Indian sports initiatives

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Current sporting landscape

The sports landscape in India has undergone a substantial transformation at various levels and is expected to evolve. Due to proactive government initiatives and increased fitness awareness, people of all ages and backgrounds are now embracing sports.

Traditionally, Indian sports relied on government initiatives and substantial investments from public institutions for professional and infrastructural growth. However, private and corporate entities are showing interest by contributing to athlete development, team and project financing and holistic Corporate Social Responsibility (CSR) driven sports development.



Applicability of CSR

The Companies Act of 2013, under Section 135, mandates the integration of CSR initiatives, compelling companies to allocate a minimum of two percent of their average net profits over the preceding three years towards such endeavours.

Encouraging a focus on local communities, companies are urged to prioritise their CSR investment areas. Moreover, a board is required to establish a dedicated CSR committee, with its composition detailed in the board's report per Section 134(3).

This committee ensures that proceeds from CSR activities are reinvested into the CSR corpus. Furthermore, in line with Section 135(4), the board, guided by the CSR committee's recommendations, must endorse the company's CSR policy, disclosing its contents in the annual report and website. This underscores the company's commitment to creating a meaningful social impact and practising responsible corporate citizenship.

CSR obligations are non-negotiable for companies meeting specified financial thresholds. Failure to comply demands an explanation from the board, per Section 134(3)(o). The CSR committee, comprising at least three directors with one independent director, drives policy formulation and monitoring. Meanwhile, the board ensures adherence, oversees execution and integrates Business Responsibility & Sustainability Reporting (BRSR), emphasising the company's commitment to societal impact and ethical governance.



Applicability

Applicable to every company with a

- Net worth of INR 500 crore or more; or
- Turnover of INR 1000 crore or more; or
- Net profit of INR 5 crore or more



Implication of non-compliance

The board shall specify the reasons for not spending the amount in its report to be made per Section 134(3)(o).



CSR committee's responsibility

The composition of the CSR committee should consist of three or more directors, including at least one independent director. Their duties encompass

- Crafting and proposing a comprehensive CSR policy to the board
- Advising on suitable activities and the corresponding expenditure
- Regularly monitoring the implementation of the CSR policy to ensure its effectiveness and alignment with organisational goals



Board's responsibility

The board is tasked with the following responsibilities

- Establishing a CSR committee
- Endorsing a CSR policy
- Overseeing the execution of CSR activities
- Ensuring compliance with the mandated 2 percent expenditure
- Disclosing reasons for any unspent amounts (if applicable)
- Incorporating Business Responsibility & Sustainability Reporting (BRSR) into the annual report

Enhancing CSR in sports:

Understanding potential challenges and their solutions

(A) Inadequate understanding of the sports ecosystem

**Misalignment with community needs:**

CSR funders often lack a deep understanding of the specific needs within the sports ecosystem, leading to investments in areas that may not truly benefit athletes or local communities.

**Complex stakeholder landscape:**

The sports ecosystem involves stakeholders such as athletes, clubs, governing bodies and communities. CSR funders may struggle to navigate these complexities and align their efforts effectively.

**Overemphasis on popular sports:**

Funding biases often lean towards popular sports such as cricket or football, overlooking the need for greater support for grassroots development in less mainstream sports.

(B) Investment procedures and compliances

**Bureaucratic hurdles:**

Complex regulatory requirements and multi-layered approval processes can delay fund deployment, making it difficult for CSR initiatives to be timely and responsive to sports' dynamic needs.

**Inconsistent policies across states:**

Compliance procedures for CSR investment in sports may vary across regions or states, leading to confusion and inconsistent fund application.

**Lack of expertise in sports-specific funding:**

Companies often lack staff who specialise in sports funding, making it challenging to navigate the specific financial needs, legal aspects and compliance requirements in the sports sector.

(C) Lack of impact assessment

**Limited monitoring frameworks:**

CSR initiatives in sports often lack a robust framework for tracking their impact, making it difficult to measure success or identify areas for improvement.

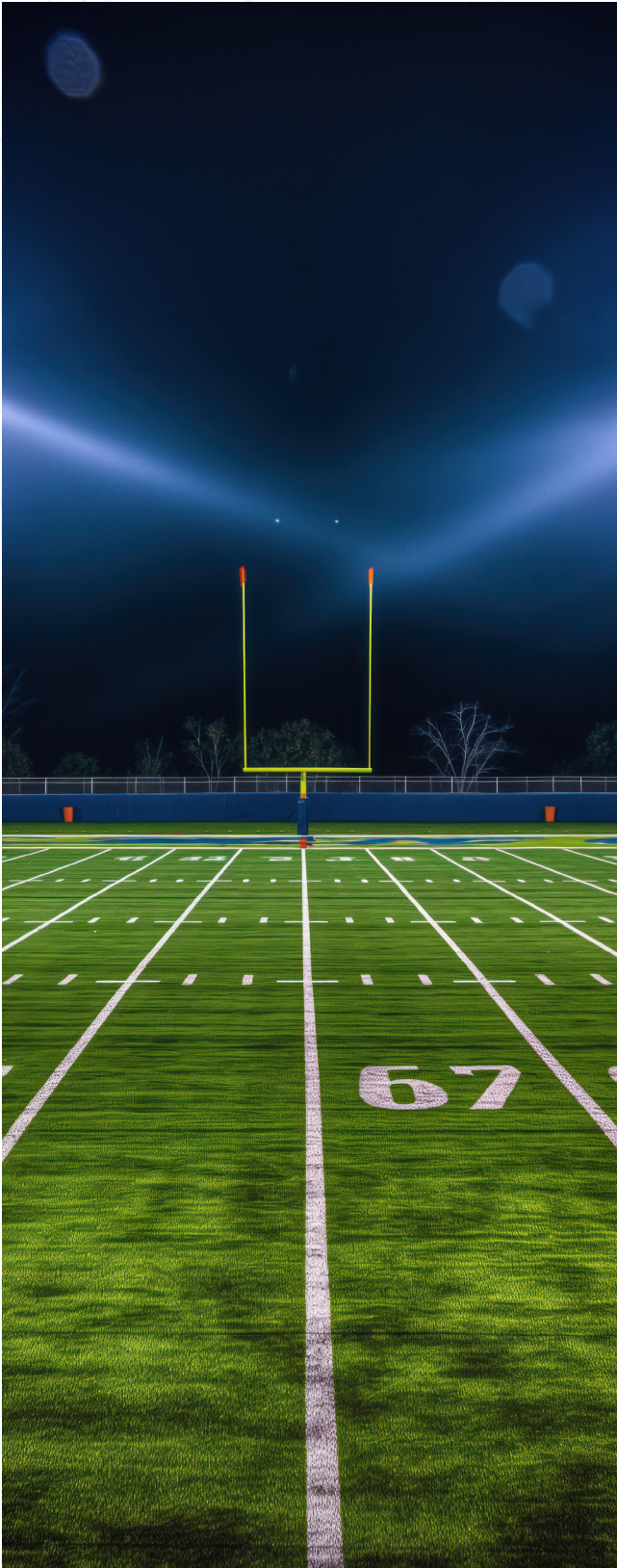
**Short-term focus:**

CSR projects may focus on short-term deliverables (e.g., event sponsorships) rather than long-term, sustainable development of sports ecosystems, limiting the ability to assess meaningful impacts.

**Subjectivity in measuring success:**

Measuring the impact of sports-related initiatives can be subjective and complex, as benefits may include intangible aspects such as community engagement, youth development and health benefits, which are difficult to quantify.

Key benefits of CSR through sports



Talent development and skills enhancement

Supporting sports programmes and initiatives can contribute to talent development, particularly in underprivileged communities. By providing access to coaching, facilities and resources, companies can help develop the skills and potential of aspiring athletes, empowering them for success both on and off the field.



Community-based narrative and relationship

Companies can connect with local communities by participating in grassroots initiatives, fostering youth development and facilitating essential infrastructure support. This helps create a visible presence beyond urban centres, resulting in greater brand recognition and support for the corporation's primary services and products from a broader audience.



Brand reputation and positioning

Considering the influence of sports on communities, the sector presents an opportunity to redefine its presence and brand reputation. This perception can resonate with consumers and the media, using verticals within the sports industry to offer a more socially driven perspective.



Audience and customer-base targeting

Engaging in sports across regions enables organisations to target new audiences and gain consumer insights, expanding their presence and cultivating a loyal customer base in new markets.

Potential avenues for CSR investment in sport

The avenues for CSR work and investment in sports encompass a range of options, such as enhancing sports accessibility through infrastructure, fostering grassroots development, supporting holistic youth programmes, implementing educational initiatives and contributing to community growth. These options provide corporations with opportunities to substantially impact the development of the sporting ecosystem in India.

CSR through sports: A Deloitte perspective

Our end-to-end delivery framework



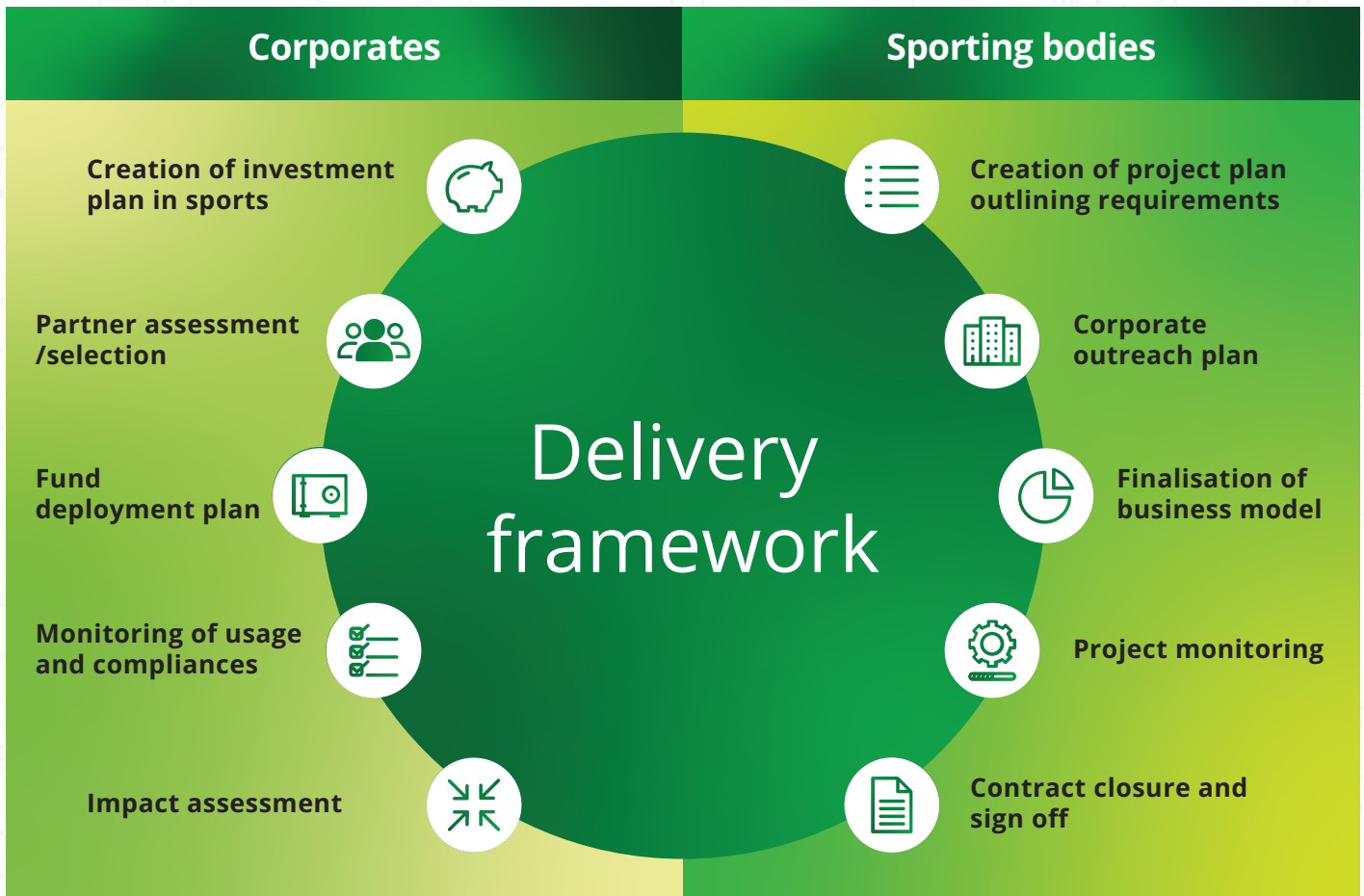
Identify stakeholders



Understand needs



Set context



For corporates



Creation of investment plans in sports:

We collaborate with corporates to develop a comprehensive investment plan tailored to their CSR objectives and budget. This involves identifying key areas within the sports landscape where their contributions can yield significant social and developmental impact.



Partner assessment/selection:

We use our extensive network and expertise to identify suitable sports organisations, trusts and initiatives that align with their CSR goals. Through rigorous evaluation and due diligence, we ensure that collaborations are forged with entities capable of maximising the value of corporate investments.



Fund deployment plan and contract signing:

Our team works closely with corporates to devise a robust fund deployment plan and outline the resource allocation and timelines for implementation. We facilitate and assist in negotiating and signing contracts between corporates and their chosen partners, ensuring clarity regarding expectations and deliverables.



Monitoring usage and compliances:

We employ advanced monitoring mechanisms to track the usage of funds by sports organisations, ensuring adherence to agreed-upon guidelines and regulatory compliances. Through regular audits and reporting, we provide corporates with transparency and accountability throughout the investment lifecycle.



Impact assessment:

We conduct thorough impact assessments to evaluate the tangible outcomes of corporate investments in sports. By measuring key performance indicators and assessing the socio-economic benefits generated, we enable corporates to gauge the effectiveness of their CSR initiatives and make data-driven decisions for future engagements.

For sports organisations/trusts



Creation of project plan outlining requirements:

We assist in developing detailed project plans, clarifying their funding requirements, objectives and implementation strategies. We also assist in refining these plans to align with potential corporate partners' expectations and preferences.



Corporate outreach plan:

We craft targeted campaigns to engage potential corporate donors. We provide strategic guidance on communication strategies and stakeholder engagement to enhance visibility and appeal.



Finalisation of business model:

We refine organisations' business models to ensure the sustainability and scalability of using CSR funds. We also help optimise resource allocation and revenue generation avenues through financial modelling and strategic planning.



Project management of funds deployed:

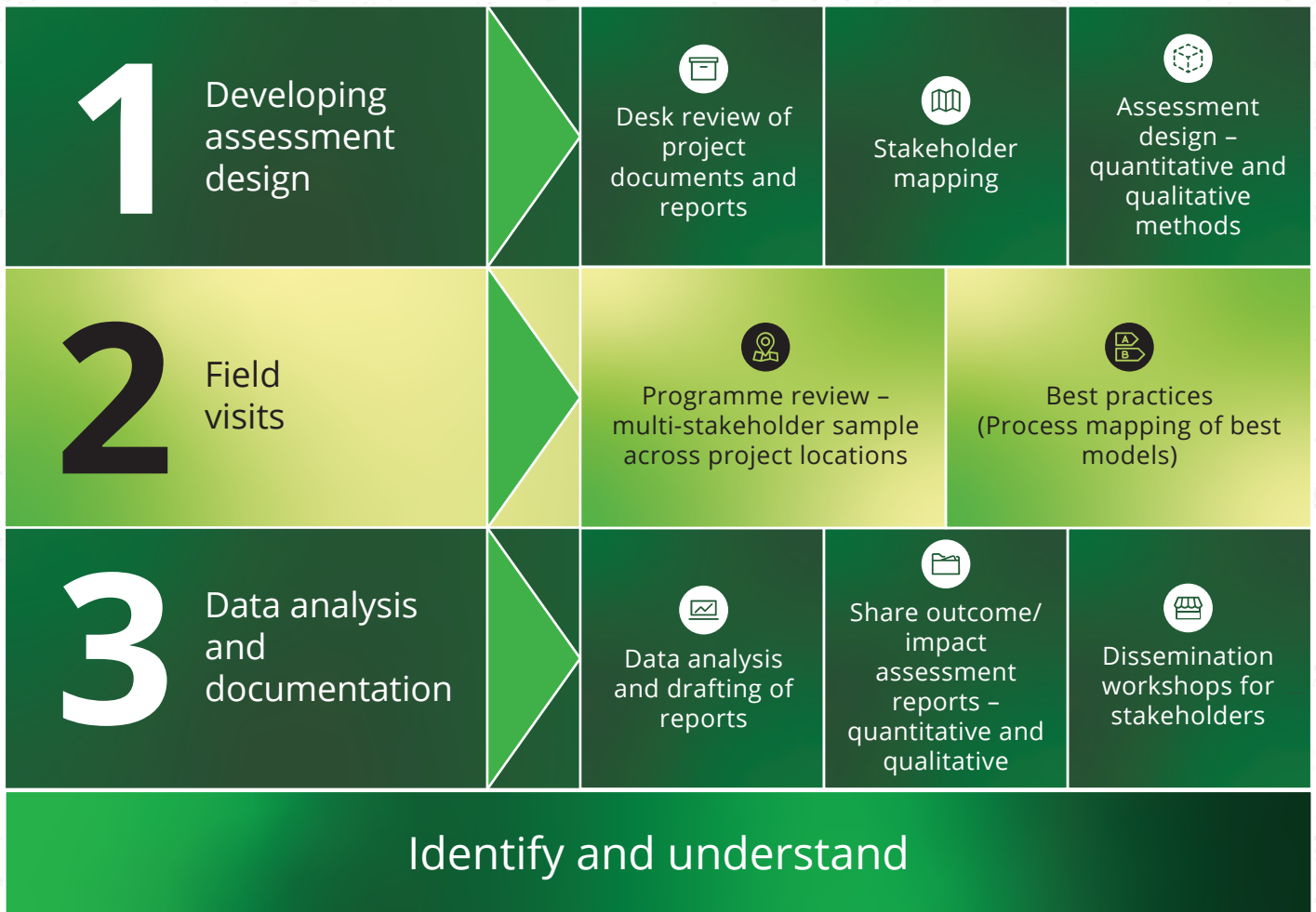
We track sports organisations' use of CSR funds. We assist in generating comprehensive reports and performance metrics, enabling transparent communication and accountability to corporate donors.



Contract closure and sign-off:

We oversee the seamless closure of contracts between sports organisations and corporate donors, ensuring that both parties fulfil their obligations and objectives. We facilitate the sign-off process, fostering positive relationships and paving the way for future collaborations.

The impact assessment exercise will adopt a mixed research design to ascertain the results of CSR grants. The focus will be on identifying impactful models for scale-up



Perceived impact across stakeholders



Models and initiatives for scale up



Evidence-based advocacy



The Deloitte difference

We are committed to providing comprehensive end-to-end solutions that empower corporates to maximise the impact of their social responsibility initiatives. Using our expertise in corporate and sports sectors, we offer tailored guidance and support throughout every stage of the CSR journey.

From the initial creation of investment plans to meticulously monitoring fund usage and impact assessment, our holistic approach ensures that corporates and sports organisations can achieve their philanthropic goals effectively.

We help you navigate the complexities of CSR in sports, knowing that you have a dedicated team driving meaningful change every step of the way.

Conclusion

We recognise the profound impact that CSR initiatives can have on the business world and society. Through strategic collaborations and meticulous planning, we empower corporates to channel their resources towards meaningful investments in sports while also assisting sports organisations and trusts to raise funds to drive positive change. We believe using CSR funding through sports presents a unique opportunity to foster tangible social impact. By investing in sports initiatives, corporations enhance their brand visibility and promote health, education and community development. Moreover, such collaboration empowers athletes, promotes inclusivity and contributes to society's well-being, aligning with corporate values and societal needs.



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