

# FY22 CSR SPEND NEAR TARGET, THANKS TO WHITE KNIGHTS



## **EYE on CSR** **PART – II**

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cumulative mandatory amount in 2021-22. Overall, CSR spending was ₹14,558 crore in FY22, just short of the cumulative mandated spending of ₹14,594 crore, according to figures collated by tracker *primeinfobase.com*. But many firms were found to be deficient in meeting their minimum CSR spending requirements.

**SACHIN P MAMPATTA** writes



The second of a three-part series on corporate social responsibility (CSR) looks at whether companies are meeting spending expectations

# FY22 CSR spend near target, thanks to white knights

SACHIN P MAMPATTA

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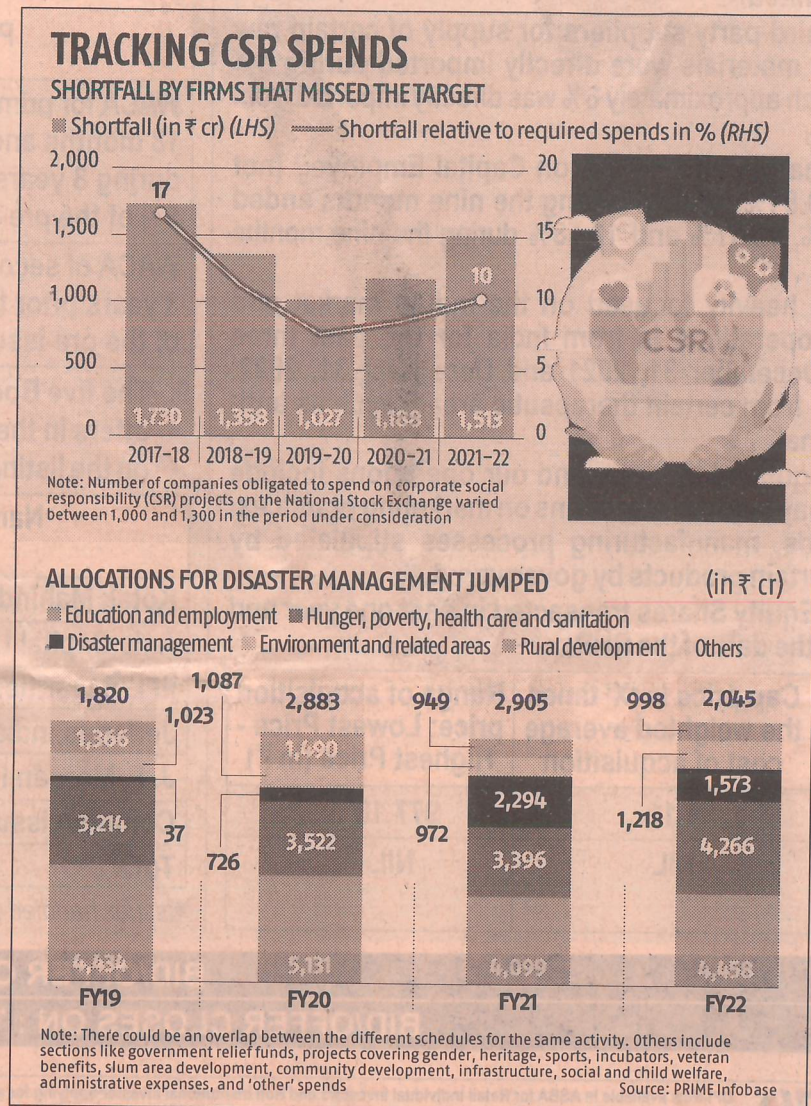
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The aggregate shortfall on account of companies that did not meet minimum charitable spending requirements was ₹1,513 crore in FY22. But excess spending of ₹1,477 crore by some companies that spent more than the required amount helped nearly bridge the gap.

Firms, according to the Companies Act, are required to spend 2 per cent of profit on CSR projects. The national portal for CSR spends has the data only until FY21. The FY22 numbers mentioned above are collated from the annual reports of 1,278 companies. The

number of companies has varied between 1,000 and 1,300 depending on the year under consideration. This is because more companies have attained the size that makes CSR spending mandatory. The current aggregate shortfall on account of those not meeting CSR requirements was equivalent to 10.4 per cent of the mandated amount – most since FY19 when there was a shortfall of 11.3 per cent. Previous years, too, witnessed high shortfalls as companies put together operational mechanisms to execute CSR programmes after they became mandatory in FY15. The FY22 figure is still 0.4 per cent less than ₹14,615 crore spent on CSR activities in FY21 and ₹14,840 crore in FY20.

Also, the nature of spending has changed since the Covid-19 pandemic. Companies have increased the share of capital they allocate towards segments that may help alleviate the effects of Covid-19. These sections include spending on countering hunger and poverty,



health care and sanitation, education and employment, disaster management, and government relief funds.

Pandemic-related segments saw their share in allocations rise from 65.7 per cent in FY19 to 76.4 per cent in FY22.

Other areas that were not considered directly affected by the pandemic saw a decline in their share of CSR allocations: Gender equality, rural development, sports, environment, arts and culture, benefits for veterans and their dependents, and other similar areas, witnessed their pie shrinking from 34.3 per cent to 23.6 per cent.

The following years are likely to see a shift in spending patterns, according to Shriram Subramanian, founder and man-

aging director of domestic proxy advisor InGovern Research Services. "In 2021-22, Covid-19 related spend was there.... that wasn't there in FY23," he said.

CSR spending is being tracked now because of increased focus on a company's environmental, social and governance (ESG) scores, according to Amit Tandon, founder and managing director of proxy advisory firm Institutional Investor Advisory Services India (IIAS). Companies are also taking a longer-term view of how they choose their priorities, moving towards fulfilling larger goals like rural education, rather than focusing on specific tasks like building a school.

"It has moved from projects to programmes," he said.