

# CSR spend in N-E anything but generous

Region received 7.7% share of funding in FY22 – second-lowest since CSR became must in FY15

## SKEWED SPENDING

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Companies spent a smaller share of their mandatory charitable spending in the Northeast than before.

The Northeast got a 7.7 per cent share in corporate social responsibility (CSR) funding in 2021-22 (FY22), reveals an analysis of data collated by *primeinfobase.com*. This is the second-lowest since CSR spending became mandatory in 2014-15 (FY15). It had been as high as 10.1 per cent at its peak in 2016-17.

Companies are required to spend 2 per cent of their profits on CSR projects. The analysis considered spending in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura.

Assam was the biggest recipient of CSR funds. It got ₹319 crore in FY22. The other states got an average of between ₹100 crore and ₹130 crore each. This is a fraction of the amount received by

the top five states.

Maharashtra, Tamil Nadu, Uttar Pradesh, Gujarat, and Karnataka together got more than 35 per cent of the overall CSR spending of ₹14,558 crore. These five states were the largest states by pre-pandemic (2018-19) economic size, in terms of

gross domestic product at current prices. This translates into a total amount of ₹5,136.5 crore, compared to ₹1,125.8 crore in the Northeast. The amount involved had doubled over time. It was just under ₹2,500 crore for the top five states in FY15 and under ₹650 crore for the Northeast. Both have increased in absolute terms, but the share of allocation remains broadly similar.

Some of this skewed allocation is said to do with the fact that most companies are located in a few commercial centres

within India. These include metros like Mumbai and Delhi. These states consequently receive a higher share of CSR spending.

Regions like the Northeast, which have a lower share of industry, are less able to tap into CSR funds for development goals.

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## EYE on CSR PART-III

### Share of Northeast in overall CSR allocation



Note: Includes Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura

### Share of top 5 states



Note: Top states by pre-pandemic (2018-19) economic size in terms of GDP at current prices include Maharashtra, Tamil Nadu, Uttar Pradesh, Gujarat, and Karnataka

Sources: *primeinfobase.com*, *Business Standard* calculations

## CSR...

“The manufacturing sector in the region has a small share of the net domestic product of states (except for Tripura) at below 20 per cent. For all the Northeastern Region (NER) states together, the secondary sector contributes just over 18 per cent to the income, while the primary sector contributes 31.4 per cent and the tertiary sector around 50 per cent,” said a 2021 NITI Aayog report on the region’s development.

The skew has been noted in earlier reports, such as consultancy KPMG’s India’s CSR reporting survey 2019 report noting that states with more aspirational districts received a smaller share of funds than richer states. This may also have something to do with the structural issues with CSR, where companies do not have as much of a redistribution incentive as would be the case in government spending where politicians make decisions based on votes. “...public allocation is more evenly spread out and focused on need-based spending, with the government

providing 32 per cent of its social sector budget to six states with net domestic product per capita of less than ₹1 lakh, compared to just 17 per cent for CSR,” observed the India Philanthropy Report 2023 from non-governmental organisation Dasra and global consul-

Series concludes