

How Indian firms spent on CSR in FY22, in charts

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Indian firms' spending on corporate social responsibility (CSR) remained flat in 2021-22, a new analysis by primeinfobase.com showed. The combined CSR expenditure by 1,205 listed firms required to spend under the law stood at ₹14,801 crore, similar to ₹14,763 crore in 2020-21. This was despite a 6% rise in the net profit benchmark used to decide how much a firm should spend on CSR. However, at an aggregate level, firms have been spending more than they are mandated to since 2019-20, said Pranav Haldea, managing director, Prime Database Group. To be sure, this doesn't mean all firms are doing so.

CSR spends by Indian companies remained flat in FY22



1 CSR Kitty

IN ANY given year, the law requires companies that fall within a set of criteria to spend at least 2% of their average net profit of the preceding three years on CSR projects. This 2% mark for the 1,205 companies that were analysed added up to ₹13,977 crore in 2021-22. The actual spending of ₹14,801 crore was around 6% more. (The data for a bulk of companies for 2022-23 is not yet available.)

The surplus came not only from increased spending, but also from the unspent amounts of previous years that some companies put to use. Yet, not all companies met their mandates: Among companies that didn't, the unspent amount totalled ₹1,225 crore, compared to ₹913 crore in 2020-21.

Overall, firms spent nearly 2.01% of their net profit in 2021-22, against 2.13% in 2020-21. On average, each company spent ₹12.03 crore, down from ₹13.03 crore and ₹12.68 crore in 2019-20 and 2020-21, respectively.

2 Pick Your Cause

SIMILAR TO previous years, education-related sectors and healthcare segments continued to find favour with companies. These sectors received close to 60% of the CSR expenditure in 2021-22. This was accompanied by spending on disaster management, which received ₹1,556 crore, and environmental sustainability, with ₹1,227 crore—these two fields had a 10.5% and 8.3% share, respectively, the data showed.

In comparison to 2020-21, spending on national heritage rose the most (27%), followed by a 26% rise in healthcare expenditure and a 25% higher payout towards environment sustainability. Besides, contribution to the Prime Minister's Relief Fund fell the most (48%), followed by spending on armed force veterans (43% decline). Further, nearly 817 firms have disbursed ₹9,365 crore over a three-year period on covid-related relief activities. The sectors are classified as per the provisions of the CSR law, which has 12 scheduled kinds of activities on which firms may spend.

Education-related sectors received the highest CSR spend in FY22



This is a list of the top nine among the 12 kinds of activities that companies may spend on under the CSR law. "Others" also includes spends outside these 12 sectors, such as administrative expenses and impact assessment.
Source: primeinfobase.com

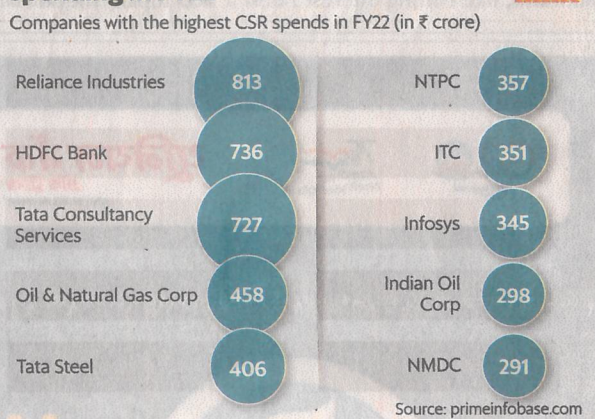
3 Top Spenders

RELIANCE INDUSTRIES Ltd continued to lead the charge by shelling out ₹813 crore. HDFC Bank Ltd took the second spot, with an expenditure of ₹736 crore. The top 10 firms, including four public sector undertakings (PSUs)—Oil and Natural Gas Corp. Ltd, NTPC Ltd, Indian Oil Corp. Ltd, and NMDC Ltd—accounted for almost a third of the total CSR spends.

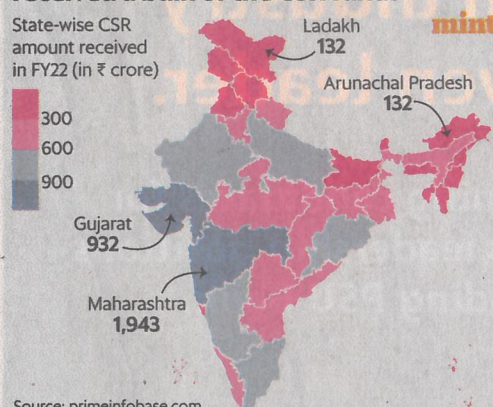
In terms of spending as a share of net profits, Sundaram Clayton Ltd and Setco Automotive Ltd led the way, giving away over 150% of their three-year average net profit for such activities. Meanwhile, there were 42 firms that contributed to CSR projects despite reporting a loss. (Loss-making firms were not part of the list of 1,205 firms as they were not obligated to spend.)

Half of the firms in the analysis saw a rise in their CSR spending. PSUs, however, saw an 8% decline.

Reliance Industries, HDFC Bank led CSR spending in FY22



The country's wealthiest regions received a bulk of the CSR funds



4 State Split

COMPANIES' CSR payouts across states were uneven. The biggest beneficiaries of CSR funds were large and industrialized states, while smaller ones received smaller amounts. Maharashtra, Gujarat, Delhi, Karnataka, Tamil Nadu, Uttar Pradesh, Rajasthan and Andhra Pradesh—some of the biggest state economies—together received nearly 50% of the funds. Maharashtra accounted for 13.4% of the total spends, retaining its top slot from past years. Gujarat had a 6.4% share. Two relatively smaller state economies—Odisha and Jharkhand—also managed to figure in the top 10, with a 5.2% and 3.7% share in funds. Delhi received the biggest jump of ₹366 crore in CSR funding, followed by Odisha and Maharashtra, with a rise of ₹196.9 crore and ₹155.9 crore, respectively. The ones witnessing a major decline included Puducherry, where CSR funds dropped from ₹189.7 crore to ₹127.3 crore, and Lakshadweep with a ₹59.7 crore fall in the absolute amount.

5 Preferred Routes

COMPANIES CARRY out CSR activities either on their own, or through eligible external agencies. Data indicates that a little less than half of the firms used a combination of both means—an external implementing agency and the direct mode—for their CSR spends. Around 29% of the companies spent directly on CSR-related activities, while 20% used an external implementing agency. The remaining 3% did not specify the route chosen by them.

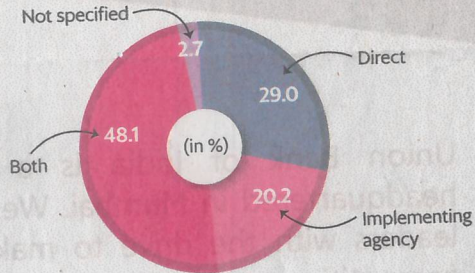
However, in terms of amount spent, the maximum amount was spent through the direct route (₹8,795 crore) which had a 61% share in the total, while the amount spent through engaging external agencies had a 27.2% share. The share of the amount of firms preferring to route their CSR funds through both these modes was just at 6.4% in 2021-22. The ones not specifying the mode again had a minuscule share of 5.7%.

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Firms spent on CSR directly as well as through implementing agencies

Share of companies, by method of carrying out CSR activities, FY22

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Data for 1,205 companies.

Source: primeinfobase.com

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