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Gujarat, Maharashtra gain maximum from CSR

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Vadodara: Gujarat and Maharashtra have gained the maximum when it comes to corporate social responsibility (CSR) spending by companies.

In fact, over 50 per cent of CSR spending by nearly 1,181 companies, listed on BSE, has come to the two neighbouring states of western India. Gujarat alone counts for around 25 per cent of the total CSR spending in the country.

This is what a report 'A billion dollars story of CSR spends in FY 15' recently released by Confederation of Indian Industry (CII) and CII ITC Centre of Excellence for Sustainable Development has revealed.

As per the Companies Act, 2013 all companies are required to spend at least 2% of their average net profits on CSR. The report suggests that in the first year of legislation, listed companies taken in the sample spent US \$ one billion or Rs6,400 crore - a majority of which was invested in Maharashtra and Gujarat.

In contrast, the North-East region of the country, which includes states like Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura, is at the lowest end of the spectrum with only three per cent companies choosing to make CSR investments there.

"The very logical reason for this is that most companies would prefer to make their CSR spends in the places of their operations. Gujarat and Maharashtra are home to major industries and hence the companies have made their CSR spends in their work areas first," said Niraj Lal, chairman of CII CSR Gujarat State Council and head CSR of Arvind Limited.

"Also, the concept of social responsibility is not new to these two states which have a history of social movements since the time of Independence," added Lal.

The companies have spent majority of the chunk - Rs1,800 crore - in the field of education and skills through construction and improvement of academic facilities, providing vocational skills and livelihoods training while nearly Rs1,700 crore has been spent towards healthcare sanitation, including initiatives such as health campus, construction of medical facilities, building toilets and providing safe drinking water.

Contrary to popular perception, Prime Minister's Relief Fund is not the most favoured area when it comes to CSR spending.

Only two per cent of the total Rs6,400 crore went to PM's Relief Fund as only 13.5 per cent companies (or 119 companies) contributed to the relief fund.

While a majority 58 per cent companies spent CSR funds through third party implementing agency, 56 per cent companies did it directly. The rest - 16 per cent - made the CSR spent through corporate foundations or trusts.