THE CHANGING LANDSCAPE OF CSR IN INDIA DURING COVID-19
The Changing Landscape of CSR in India
During COVID-19

Invest India
Social Impact Initiative

OVERVIEW

The Social Impact Initiative of Invest India endeavors to ensure that the Invest India team is an active, positive contributor to society. By undertaking philanthropic projects and assisting companies with CSR facilitation, we aim to ensure that Invest India remains a socially conscious organization.

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Assistant Manager

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Associate

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Assistant Vice President

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The coronavirus pandemic has disrupted lives, communities and businesses worldwide. The virus has accentuated the exigency and significance of aligning public and private efforts.

The response to the Government’s call to support COVID-19 relief efforts has been monumental. It has been encouraging to witness how companies have proactively channelised their resources and come forward to support front line healthcare workers, daily wage earners and the underserved sections of our society. Corporate Social Responsibility (CSR) in India has thus provided an effective platform to help catalyse and integrate corporates, nonprofits, government and other stakeholders towards collaborative action.

Invest India has a dedicated CSR assistance cell. As part of this initiative, Invest India assisted corporates channel CSR funds and protective healthcare equipment to various governmental departments as well as Central and State level funds set up for COVID-19 relief.

This report highlights a broad overview of the changing landscape of CSR in India especially during COVID-19, learning from our engagements and insights into key trends. It also features the role of CSR for technological incubators as an instrumental stride in the battle against COVID-19.

Through this endeavor, we wish to highlight the power of CSR to deliver value on ground – an aspect of FDI and corporate altruism that deserves much more attention.

Deepak Bagla
MD & CEO
Invest India
The Changing Landscape of CSR in India During COVID-19

Corporate Social Responsibility (CSR) does not have a universally accepted definition, the core of the concept however, is structured around the belief that businesses have a sense of responsibility towards society and the people from whom they derive their success. In countries such as India, where economic integration and social inclusion are imperative forces that drive the masses towards growth and development CSR has become an integral and impactful part of corporate landscape.

India was the first country in the world to impose a statutory obligation of CSR for corporations meeting certain criteria. As per Section 135 of the Companies Act, companies with a net worth of INR 5 Bn (USD 70 Mn) or more, or an annual turnover of INR 10 Bn (USD 140 Mn) or more, or net profit of INR 50 Mn (USD 699,125) or more, to spend two per cent of their average net profits of three years on CSR. This provision makes India the only country in the world that makes both the spending and reporting of CSR obligations mandatory. Furthermore, the Companies Act and subsequent amendments have expanded and clarified activities for which the two per cent funding can be used. The Government of India has made it clear that CSR spending is not charity or mere donations without any strategic benefits. In fact, there has been a concerted effort to define broad areas (Schedule VII of the Companies Act 2013) under which the funding can be channelled, thereby visibly and positively impacting society. Moreover, there has been a conscious attempt to keep the CSR legislation aligned with India’s commitment to the United Nations Sustainable Development Goals (UN-SDGs). Schedule VII of the Companies Act 2013 defines broad areas of intervention that are intended to be interpreted liberally with the eventual focus being on ensuring sustainable development of the country.

A total of INR 71,277 Cr have been spent on 1,05,358 CSR projects till FY2019. The top three domains receiving maximum funding are education, health and rural development. Another area receiving significant funding is environmental sustainability. Another interesting trend is that significant amounts of funding go to higher industrialised states. Since FY 2015, Maharashtra, Karnataka, Gujarat and Tamil Nadu have received more than 30 per cent of the total CSR spend. This could be for multiple reasons like the company is looking to have a positive social impact in their areas of operation, as well as deeper connects with social impact organisations operating in the same area. This can also be seen in data on CSR expenditure modes where almost 44 per cent of all spending is done by the companies themselves or via trusts/societies/ Section 8 companies set-up by them. Another 43 per cent is done through various implementation partners. However, the concentration of spending in these states, means that states such as Jharkhand, Bihar, Chattisgarh, Madhya Pradesh and Uttar Pradesh which account for more than 55 per cent of the aspirational districts (states with poor socio-economic indicators), receive only 9 percent of the total expenditure towards CSR. In fact, no state, apart from Uttar Pradesh (#9), from the list above feature in the top 10 state beneficiaries. For CSR to be truly effective, this imbalance would have to be corrected. Invest India’s ‘Corporate Social Responsibility Projects Repository’ on the India Investment Grid (IIG) is an effort in this direction. It is hoped that by giving a platform to all states to list potential CSR projects at a central level, companies and their implementation partners would be able to assess where their CSR funds would be most impactful across India. Currently, the portal has over 650+ projects across eight diverse domains.
The Changing Landscape of CSR in India
During COVID-19

Government of India declared the novel coronavirus outbreak in the country a “notified disaster” to enable state governments to mobilise resources from the State Disaster Response Funds (SDRF). Following the notification, the Ministry of Corporate Affairs (MCA) clarified that spending of funds for COVID-19 relief would be a permissible activity under CSR. Again, the MCA advised that the activities should be interpreted liberally so as to capture the essence of the activities permitted under the Schedule. The government has also set up the ‘Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund’ (PM CARES) to respond to the COVID-19 crisis and provide relief to those affected. Further, Schedule VII was amended to include contributions to PM CARES as CSR along with the existing Prime Minister’s National Relief Fund. Tapping into its vast network and relationships, Invest India set up a CSR specific assistance cell to assist corporates to channel their CSR funding into various governmental and non-governmental organisations as well as central and state-level funds set up for the specific task of COVID-19 relief. To support contributions to relief funds across both the centre and states, Invest India created an online repository of 30+ relief funds as well as developed a pipeline of INR 163 Cr in donations and CSR contributions from corporates. This enabled corporates and volunteers to locate and connect with organisations needing monetary or other support in their activities. Another key enablement function for Invest India’s COVID-19 response was the facilitation of donations of essential supplies, over 10,86,100 pieces of PPEs, critical care equipment and other commodities to frontline organisations.

To shed light on an aspect of corporate India that is often overlooked Invest India has written this report. It presents a broad overview of the changing landscape of CSR in India especially during COVID-19 along with learning from our engagements and insights into key trends. It also features the role of CSR for technological incubators as an instrumental stride in the battle against COVID-19. This report is based on our analysis from primary research, through a survey of companies and government incubators. The secondary data was collected through company annual reports, MCA notifications, and reports on CSR in India.

CSR as defined by the Ministry of Corporate Affairs, Government of India

CSR is the process by which an organisation thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus, CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company’s operations and growth.

Government of India declared the novel coronavirus outbreak in the country a “notified disaster” to enable state governments to mobilise resources from the State Disaster Response Funds (SDRF). Following the notification, the Ministry of Corporate Affairs (MCA) clarified that spending of funds for COVID-19 relief would be a permissible activity under CSR. Again, the MCA advised that the activities should be interpreted liberally so as to capture the essence of the activities permitted under the Schedule. The government has also set up the ‘Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund’ (PM CARES) to respond to the COVID-19 crisis and provide relief to those affected. Further, Schedule VII was amended to include contributions to PM CARES as CSR along with the existing Prime Minister’s National Relief Fund. Tapping into its vast network and relationships, Invest India set up a CSR specific assistance cell to assist corporates to channel their CSR funding into various governmental and non-governmental organisations as well as central and state-level funds set up for the specific task of COVID-19 relief. To support contributions to relief funds across both the centre and states, Invest India created an online repository of 30+ relief funds as well as developed a pipeline of INR 163 Cr in donations and CSR contributions from corporates. This enabled corporates and volunteers to locate and connect with organisations needing monetary or other support in their activities. Another key enablement function for Invest India’s COVID-19 response was the facilitation of donations of essential supplies, over 10,86,100 pieces of PPEs, critical care equipment and other commodities to frontline organisations.

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The Changing Landscape of CSR in India during COVID-19

Highlights of the work undertaken by Invest India for COVID-19 related CSR engagements:

- Created a repository of 32 relief funds for companies to access to meet their CSR compliance for the year
- Made 60+ connections for COVID-19 donations
- Developed a pipeline of INR 163 Cr to be channelled to COVID-19 relief funds (state and central level)
- Assisted in the donation of over 10,86,100+ essential supplies donation from corporates as part of their CSR activities
- Reached out to 289 tech incubators across India in an effort to channel CSR funds into the developing technology space
- Received 190 COVID-19 technology solutions approved for CSR funding through national incubators across India
Section 2: Past CSR Trends in India

Contribution by the corporate sector:

According to the Report of the High-Level Committee on Corporate Social Responsibility 2018, the number of reporting companies that carry CSR obligation has steadily increased in 2014-15 to 2016-17 and then declined in the year 2017-18. The total CSR expenditure by these companies increased substantially by 44 per cent from 2014-16 and thereafter marginally declined in 2016-17. This has been highlighted in the table below.

It has also been observed that the average spend by a government enterprise on CSR varied between INR 8-10 Cr per company between 2014-15 to 2017-18 whereas the average spend by a private company steadily increased from INR 72 Lakh per company in 2014-15 to INR 95 Lakh per company in the year 2017-18.

CSR EXPENDITURE BY COMPANIES REPORTING ON CSR

Figures as per the fillings received as on 31st March, 2019

<table>
<thead>
<tr>
<th>Year of filing</th>
<th>FY 2014-15</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Companies</td>
<td>Total CSR Amount spent (in INR Cr)</td>
<td>No. of Companies</td>
<td>Total CSR Amount spent (in INR Cr)</td>
</tr>
<tr>
<td>NON PSU</td>
<td>10,083</td>
<td>7,249.11</td>
<td>12,551</td>
<td>10,302.39</td>
</tr>
<tr>
<td>Average spend by NON PSU</td>
<td>0.72</td>
<td>0.82</td>
<td>0.86</td>
<td>0.95</td>
</tr>
<tr>
<td>PSU</td>
<td>335</td>
<td>2,816.82</td>
<td>404</td>
<td>4,201.26</td>
</tr>
<tr>
<td>Average spend by PSU</td>
<td>8.40</td>
<td>10.40</td>
<td>8.83</td>
<td>9.40</td>
</tr>
<tr>
<td>Grand Total</td>
<td>10,418</td>
<td>10,085.93</td>
<td>12,955</td>
<td>14,503.85</td>
</tr>
</tbody>
</table>

Note: Number of the companies in the above table include companies which are liable and reporting on CSR

PSU: Public Sector Undertaking

Source: Report of the High-Level Committee on Corporate Social Responsibility 2018
According to the Report of the High-Level Committee on Corporate Social Responsibility 2018, it may be observed that most of the CSR expenditure has been done through an implementing agency. Even though the percentage of projects implemented through trust/society/Section 8 companies set up by the company has been quite low, the CSR expenditure made via this mode has been high.

While a substantial proportion of companies spend their CSR funds directly, NGOs are becoming the most popular channel for others. This upward trend can be attributed to implementing agencies being a more suitable model for the companies to execute CSR projects, due to their presence in the target areas, local connections and knowledge based experience in executing social projects which a company may typically lack in.

States with a relatively higher level of development are where the concentration of CSR-led activities is the highest and is seen to be increasing over the years. Maharashtra, Karnataka, Andhra Pradesh, Gujarat, Tamil Nadu and Delhi received 40 per cent of the total CSR expenditure from 2014-15 to 2017-18, even though they account for 11 per cent of the total number of aspirational districts.
This bias exists not only towards relatively well developed states but also within a state itself. An analysis of data for FY 2016-17 shows that even in Maharashtra, which received the largest volume of funding, certain districts such as Pune and Mumbai (suburban) received the highest amount in CSR funding (more than INR 200 Cr each), while those which were farther away from industrialised areas such as Hingoli, Buldhana and Parbhani received less than INR 1 Cr of funding.

### State-wise CSR expenditure (in INR Cr.), 2014-15 to 2017-18 (Fig. 2)

<table>
<thead>
<tr>
<th>State</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>208.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td></td>
<td>49.4</td>
<td></td>
</tr>
<tr>
<td>Chandigarh</td>
<td>287.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Punjab</td>
<td>1196.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Haryana</td>
<td>1773.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delhi</td>
<td>1395</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rajasthan</td>
<td>768.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>2498.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gujarat</td>
<td>552.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>8468.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maharashtra</td>
<td>144.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karnataka</td>
<td>3014.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lakshadweep</td>
<td>2.3</td>
<td></td>
<td></td>
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<tr>
<td>Kerala</td>
<td>497.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>2330.5</td>
<td></td>
<td></td>
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<tr>
<td>Puducherry</td>
<td>21.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jharkhand</td>
<td>1184.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>331.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>290.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bihar</td>
<td>2727.7</td>
<td></td>
<td></td>
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<tr>
<td>Sikkim</td>
<td>1385</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meghalaya</td>
<td>1184.5</td>
<td></td>
<td></td>
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<tr>
<td>Arunachal Pradesh</td>
<td>48.4</td>
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<td>Nagaland</td>
<td>3.3</td>
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<td>Assam</td>
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<tr>
<td>Manipur</td>
<td>2.4</td>
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<tr>
<td>Mizoram</td>
<td>5.8</td>
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<td></td>
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<tr>
<td>Tripura</td>
<td>338.1</td>
<td></td>
<td></td>
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<tr>
<td>West Bengal</td>
<td>1177.8</td>
<td></td>
<td></td>
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<tr>
<td>Jharkhand</td>
<td>1660.2</td>
<td></td>
<td></td>
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<tr>
<td>Odisha</td>
<td>913.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telangana</td>
<td>2727.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Report of the High Level Committee on Corporate Social Responsibility 2018
The Changing Landscape of CSR in India During COVID-19

Out of the total expenditure incurred on Schedule VII areas, the projects related to education and health have received maximum CSR funds. The cumulative figure from 2014-15 to 2017-18 for total expenditure incurred on projects related to education is INR 15,612.20 Cr, followed by INR 9,020.47 Cr spent on projects related to healthcare.

KEY AREAS OF CSR

Activities that are specified in Schedule VII as the activities which may be included by companies in their CSR policies are:

Out of the total expenditure incurred on Schedule VII areas, the projects related to education and health have received maximum CSR funds. The cumulative figure from 2014-15 to 2017-18 for total expenditure incurred on projects related to education is INR 15,612.20 Cr, followed by INR 9,020.47 Cr spent on projects related to healthcare.

CSR Expenditure (%) towards areas or subjects mentioned in schedule VII, 2014-15 to 2017-18

Source: Report of the High Level Committee on Corporate Social Responsibility 2018
Besides Schedule VII activities, CSR funds can be also contributed to PM National Relief Fund, Swachh Bharat Kosh, Clean Ganga Fund and any other fund set up by the Government of India for socio-economic development. The contributions to these funds have been in a small proportion (approx. 5.6 percent) of the total CSR expenditures for the years 2014-15 to 2017-18.

**SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND CSR**

SDGs are a collection of 17 global goals designed to be a blueprint to achieve a better and more sustainable future for all. These 17 goals consist of 169 targets which must be achieved by 2030.

India played a prominent role in the formulation of the United Nations Sustainable Development Agenda 2030 and much of the country’s National Development Agenda is linked to achieving Sustainable Development Goals (SDGs). India ranks 115 out of 162 on the SDG Index. This slow progress calls for immediate action through a collaboration between the corporate sector, civil society organisations and the government. Corporates are seen as the key drivers of SDGs as they can apply their creativity and innovation to achieve sustainable development and facilitate the implementation of these goals.

CSR and SDGs together have tremendous potential to develop an interconnected model for sustainable growth. Many companies are aligning their CSR focus areas according to SDGs to meet their CSR mandate. For example, when an organisation defines its CSR focus area on enhancing livelihoods through skill development training of women and youth, it is contributing to various SDGs such as creating means to end poverty, zero hunger, provide quality education, promote gender equality and economic growth.
FDI AND CSR

Foreign companies comprise a significant part of the CSR expenditure in India. According to KPMG’s, India’s CSR Reporting Survey 2017, which analyses and brings together findings from CSR reporting of the top hundred listed companies as per market capital as on 31 March 2017, companies have spent INR 7215.9 Cr which is 41 per cent higher as compared to 2014-15. This is a significant rise, clearly demonstrating higher expenditure towards CSR activities from the mandated year. Additionally, the average spending per company has also gone up by 25 per cent.

Comparing CSR activities by Indian origin and non-Indian origin companies, it is observed that 35 per cent of Indian origin and 22 per cent of non-Indian origin companies are executing CSR projects exclusively through implementing agencies. In case of non-India origin companies, only 95 projects (five per cent) were executed with an expenditure to the tune of only three per cent.

As shown in the graphs below, in 2016-17, against the prescribed CSR expenditure, Indian origin companies have spent 96 per cent while non-Indian origin companies have spent 145 per cent.

(Fig. 5)

Indian Origin
(INR IN CR.)

Prescribed Expenditure
Amount spent

Non-Indian Origin
(INR IN CR.)

Prescribed Expenditure
Amount spent

Source: KPMG’s India’s CSR Reporting Survey 2017
Section 3: Key Government Announcements Regarding CSR for COVID-19

Declaration of the Coronavirus Outbreak as a “Notified Disaster”

In a move termed as a “special one-time dispensation”, the Government of India declared the novel coronavirus outbreak in the country as a “notified disaster” on 14 March 2020. This was done to enable the state governments to provide assistance and utilise funds from the State’s Disaster Response Fund (SDRF) towards avenues like temporary accommodation, food supplies, and medical care for patients and people in quarantine facilities. The notification allowed for states to not only deploy these funds as part of their containment measures, but also channel funds towards efforts geared towards screening such as setting up procurement of essential equipment/testing laboratories within the government.

Classification of Funds Spent on COVID-19 as Eligible CSR Activity

On 23 March 2020, the MCA declared that the funds spent on COVID-19 management would be treated as eligible CSR activity. “Keeping in view the spread of COVID-19 in India, its declaration as a pandemic by the World Health Organization (WHO), and the decision of the Government of India to treat this as a notified disaster. It is hereby clarified that spending of CSR funds for COVID-19 is eligible under CSR activity”, the MCA order said. Companies’ CSR funds can now be used towards promoting preventive care healthcare infrastructure and disaster management. The order was treated as a welcoming step by many who believed this would help the government and industry to join forces and alleviate the distressing impact of the virus outbreak.

The MCA circular also stated that the CSR funds can be spent by companies for various activities related to COVID-19 as enlisted under item nos. (i)- eradicating extreme hunger and poverty and (xii)- disaster management, including relief, rehabilitation and reconstruction activities of Schedule VII appended to the Companies Act, 2013 and relating to the promotion of health care, including preventive healthcare and sanitation and disaster management. MCA also notified that items under Schedule VII are broad-based and shall be interpreted liberally in the wake of the crisis.
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**SETTING UP OF PM CARES FUND**

Keeping in mind the need for having a dedicated national fund with the primary objective of dealing with any kind of emergency or distress situation, such as the COVID-19 pandemic, and to provide relief to the affected, a public charitable trust under the name of ‘Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund’ (PM CARES Fund) was set up on 28 March 2020. The Prime Minister is the Chairman of this trust and its members include Defence Minister, Home Minister and the Finance Minister. In a tweet, PM Modi said, “People from all walks of life expressed their desire to donate to India’s war against COVID-19. Respecting that spirit, the Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund has been constituted. This will go a long way in creating a healthier India.”

The MCA, in a subsequent notification issued on 28 March 2020, clarified that all donations and contributions to the PM-CARES Fund will be counted towards a company’s mandatory corporate social responsibility spend. This was done by amending Schedule VII of the Companies Act, 2013 by including PM-CARES Fund as a permissible CSR activity along with the Prime Minister’s National Relief Fund.

**AMENDMENT OF CSR NORMS TO INCLUDE R&D SPENDS ON VACCINE, DRUGS AND MEDICAL DEVICES RELATED TO COVID-19**

On 26 August 2020, the Government amended the CSR norms to include research and development (R&D) spending on new vaccines, drugs, medical devices related to COVID-19. “Any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to the conditions,” said the gazette notification.

These conditions are “such research and development activities shall be carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act. And, details of such activity shall be disclosed separately in the Annual Report on CSR included in the Board’s Report”, according to the corporate affairs ministry notification.

While the relaxation is applicable for three years till 2022-23, it comes with the caveat that such R&D activity must be carried out in collaboration with specified public institutions. This step is expected to enhance manifold the flow of funds towards the COVID-19 vaccine and drug development.
On 10 April 2020, MCA issued FAQs on CSR related to COVID-19 via its General Circular No. 15/2020 which helped clarify a few concerns regarding the deployment of CSR funds for COVID-19 relief.

The FAQs state clearly that contributions made towards the PM CARES Fund shall be covered under CSR, while funds given to Chief Minister’s Relief Fund or State Relief Fund for COVID-19 shall not qualify as admissible CSR expenditure. However, the notification adds that contributions made to the State Disaster Management Authority to combat COVID-19 shall qualify as CSR expenditure under item no (xii) of Schedule VII.

The notification also allows for ex-gratia payments made to temporary/casual/daily wage workers to qualify under CSR as a one-time exception. This is possible, provided there is an explicit declaration to that effect by the board of the company which is duly certified by the statutory auditors.

(Fig. 6)

<table>
<thead>
<tr>
<th>Admissible CSR expenditure</th>
<th>Non-admissible CSR expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Contributions made to PM CARES Fund</td>
<td>• Contributions made to Chief Minister’s Relief Fund</td>
</tr>
<tr>
<td>• Contributions made to State Disaster Management Authority</td>
<td>• Contributions made to State Relief Funds for COVID-19</td>
</tr>
<tr>
<td>• Spending of CSR funds for various activities related to COVID-19 relief under items nos. (i) and (xii) of the Schedule VII relating to promotion of health care including preventive health care and sanitation, and disaster management</td>
<td>• Payment of salary to employees and workers, during lockdown period</td>
</tr>
<tr>
<td>• Ex-gratia payments to temporary/casual/daily wage workers for COVID 19 relief, over and above the disbursement of wages</td>
<td>• Payment of wages made to casual/daily wage/contractual labour, during lockdown period</td>
</tr>
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</table>
The Changing Landscape of CSR in India
During COVID-19

Healthcare institutions, governments, not-for-profit organisations and corporates play an extremely important role in addressing the current global pandemic. As a global leader in health and hygiene, RB is stepping up and reaching out to not-for-profit organisations and Central/State governments in India to fight this virus by providing products that help break the chain of this deadly infection. RB has donated 10 million bars of Dettol soaps, 3.5 million N95 masks and 1 Mn L of disinfectant products like Lizol and Harpic to empower frontline workers and healthcare institutions across India who are working tirelessly to keep our fellow Indians safe. We are determined to educate people on the importance of health and hygiene and to work towards living up to our purpose, “to protect, heal and nurture in the relentless pursuit of a cleaner, healthier world”.

Reckitt Benkiser
Spokesperson
Section 4: Key CSR Trends During COVID-19 – Survey by Invest India

The response to this changing CSR landscape has been demonstrated not only by companies of Indian origin but even foreign corporations who have mobilized support and initiated targeted campaigns to mitigate the impact of this unprecedented crisis. While the Government’s PM-CARES Fund has witnessed monumental support from corporates, some companies have also contributed by individual programs and relief efforts. Some have also partnered with local authorities of respective state governments to donate medical/food supplies and scale other initiatives to cater to the needs of local communities.

Invest India conducted a survey of select corporates actively spending CSR funds during the current pandemic to gather insights into their COVID-19 CSR strategy, methodology of identification of projects, experience with implementation during the pandemic, and any persistent obstacles to efficient operations of their CSR teams. One significant observation was that a majority of companies (75%) foresee a dedicated programme for COVID-19 in some capacity. In fact, the pandemic has led to companies pivoting their CSR priorities to address more pertinent social issues caused by the pandemic. It is hoped that this experience will lead them to expand their CSR footprint to other hitherto, unexplored areas. In terms of identification of sectors and projects, currently, companies focus on direct beneficiaries for their social welfare projects, and these tend to be done in partnership with NGOs in the geographical proximity of their centres of operations.

The announcement by the Government of India, to recognise the funds spent on COVID-19 relief work as CSR spend, is an extremely welcome step. ATC India has responded rapidly by extending support to the Government (with a contribution of INR 7.5 Cr to the PM Cares Fund) and also reached out to vulnerable communities to ensure that relief measures and safety protocols for COVID-19 were fed down to the grassroots. At ATC, social responsibility starts with its employees and every possible precaution has been taken to safeguard the safety of its employees. ATC’s mission for CSR activities post COVID-19 will be “Digital Solutions for the Vulnerable”. ATC will also direct its efforts at enhancing its current digital village program to include innovative models on digital literacy, e-health, and telemedicine, and to launch livelihood programs for vulnerable communities.

Amit Sharma  
EVP and President- Asia  
American Tower Corporation
Some of the key obstacles faced by companies include: logistical challenges (39 per cent), inadequate clarity regarding the ambit of CSR (21 per cent), and lack of due diligence on implementation projects (14 per cent). On the funding to technology incubators, the survey found that there was significant lack of information in the ecosystem on the modes and processes to be considered for funding technologies being incubated around the country, even while ~75 per cent of the respondents were aware of the fact that this channel of spending CSR funds was available.

**Q1. Where are your key COVID-related CSR efforts aligned?** (Fig. 8)

- **18.5%** Preventive healthcare
- **14.6%** Employee Safety & Hygiene
- **19.2%** Food security
- **19.2%** Ex-gratia payments to temporary/casual workers
- **18.5%** Government funds (Donations made to PM CARES/State Relief Funds)
- **8.5%** Women/child welfare
- **3.8%** Rehabilitation
- **3.1%** Mental Health
- **2.3%** Funding support to technology incubators for COVID-related innovations
- **6.9%** Others

**Q1 Key Learnings**

- Preventive healthcare, food security and donations to government funds comprised of the top three sectors where companies aligned their CSR funds. Most of the companies aligned their efforts to more than one welfare domain, indicating that they are following a hybrid approach.

- Responding to the COVID-19 pandemic has provided corporates the opportunity to expand their CSR footprint and engage with sectors. It is encouraging to see how corporates have pivoted their CSR models to best address the urgent societal challenges.

- Some corporates have also creatively deployed their funds towards initiatives aligned with unconventional areas of relief such as promoting mental health and harnessing technology to create awareness.
The consequences of the current pandemic on the citizens and the economy are grave. We are contributing by augmenting the public health system, providing technology interventions to state governments, food for migrant workers and caring for the vulnerable, geriatric population. As the MSME sector is the backbone of the Indian economy, we have aligned with the Government’s call on ‘Aatma Nirbhar Bharat’ to support the MSME industry. Through our recently launched ‘Global Bharat’ program, we will enable Indian MSMEs to become globally competitive by equipping them with digital technologies. Also, our award-winning ‘Code Unnati’ initiative offers relevant digital technology topics via a mobile app to help MSME workforce and youth of the country upskill and reskill to stay relevant.

Sindhu Gangadharan
Senior Vice President and Managing Director
SAP Labs India

Q2. What are your top strategies to identify COVID related CSR projects? (Fig. 9)

- Identification of direct beneficiaries (women, daily wage earners, children, healthcare workers, etc.) 28%
- Impact metrics 15.2%
- Ease of implementation 12.8%
- Geographical proximity to company plant/office/headquarters 23.2%
- Government organized programs 14%
- Others 5.8%

Q2 Key Learnings
- The top strategy for companies for COVID-19 related projects has been to invest in projects and initiatives driven by social welfare through the identification of direct beneficiaries.
10 organisations contributed toward CSR initiatives through their company foundations of which 70 per cent or seven were Indian entities while two were from the USA and one was from Germany.

Companies have been fairly agnostic with respect to the methodology of their contributions as NGO’s, government bodies and direct contributions have a similar weightage.

Amongst foreign entities ~40 per cent organisations prefer to route CSR funds through NGO’s/implementation partners. Amongst Indian organisations – all four means of CSR project implementation are fairly equally distributed. Besides, ~60 per cent of the surveyed companies followed a multifaceted approach in utilising their CSR funds.

In addition to the COVID-19 update to the act, the introduction of the PM-CARES fund and its consideration as CSR expenditure also saw an increase in CSR expenditure through government bodies. The PM-CARES fund reportedly received around Rs.9677.9 crores out of which Rs.4308.3 crores were from Government agencies and around Rs.5369.6 Crores to the fund.
During this epidemic, Bayer has supported 400,000 smallholder farmers, by providing them free Agriculture Inputs Kits (Seeds and CP products) along with training and hand-holding. We have also supported the Maharashtra state government in developing mobile application ‘BNP Cares’ to track and mitigate the COVID-19 crises. We are trying to keep our commitments to our long-term NGO partners by continuing our support to COVID-19 related efforts through this allocation. Bayer also has collaborated with organisations like FICCI-SEDF to combat COVID-19 by providing masks, coverall and PPE kits to the frontline health workers and ration kits and food packets to the marginalised and migrant workers.

Suhas Joshi
Head – Sustainability and Business Stewardship
(South Asia)
Bayer

Q4. What obstacles did you face/are facing while undertaking CSR activities during a crisis? (Fig. 11)

- **38.9%** Logistical challenges
- **13.0%** Lack of due diligence on implementation projects
- **7%** Others
- **11.1%** Lack of availability of suitable NGO/implementation partners
- **20.4%** Inadequate clarity regarding the ambit of CSR
- **9.3%** Difficulty/delays in approvals from company management

### Q4 Key Learnings

- Amongst the issues faced in contributing funds towards CSR initiatives, ‘logistical challenges’ emerged as the most common response among respondents, implying difficulties mainly pertaining to the physical aspects on contribution to CSR funds.
- Lack of suitable funds/NGO’s was less than 10 per cent of an issue – implying a wide range of suitable implementation partners/funds for organisations to partner with. Additionally, the diligence of implementation projects/ NGOs too was not flagged as a major concern.
with only 14 per cent of the respondents citing the same, implying NGO's/implementation partners had well-defined projects and actions plans.

- Another key challenge that emerged was ambiguity pertaining to interpreting current CSR laws as formulated by the MCA. Even though the MCA has issued a clarification that all funds spent on COVID-19 management would be treated as eligible CSR activity, these guidelines remain broad-based. While the government has also subsequently released notifications providing further clarity, over 20 per cent of respondents felt that unambiguity clarity regarding the ambit of CSR remains a challenge while undertaking CSR activities during a crisis.

Q5. Are you aware that funding innovations under technology incubators count as CSR? (Fig. 12)

- Approx 75 per cent participants were aware that the funding of innovations under technology incubators counts toward CSR too.

Q6. Have you considered funding technologies being developed at incubators during the crisis and/or otherwise? (Fig. 13)

- 32% Yes
- 24% No
- 45% Lack of Information
Q6 Key Learnings

- Less than 40% of the organizations indicated that they have considered funding technologies that are being developed at incubators during the crisis, while ~50% indicated that they lack the necessary information for these technology initiatives.

- ~50% of the organizations that indicated a lack of information with respect to funding technologies are from the Healthcare/Medical and Technology sectors. These respondents have indicated an appetite to invest in higher budgets for CSR initiatives in the next fiscal year, indicating an opportunity for incubators to pitch their technologies to these organizations.

- Amongst the organizations that indicated a lack of awareness, ~50% are HQ’d in the USA, indicating an opportunity to build awareness among these organizations for future funding of technologies.

Q7. Do you anticipate an increase in your CSR budget for the next fiscal? (Fig. 14)

- 13.0% Maybe
- 9.3% Yes
- 11.1% No

Q7 Key Learnings

- Although the full impact of COVID-19 is yet to be determined, it is likely to negatively impact most companies’ revenue streams. Companies will be faced with the crucial question of whether to reduce, maintain, or even expand their CSR activities.

- While ~50 per cent of the companies indicated that they ‘maybe’ foresee an increase in their CSR budgets, we anticipate that the key challenge for them shall remain using funds in an innovative and impactful way without increasing the corpus size at large. Over 50 per cent of the total organisations that have indicated an increase in CSR budget for the next fiscal are foreign companies with Indian subsidiaries.

- Of the companies that have indicated an increase in CSR budget in the next fiscal – 17 per cent of the companies are from the Middle East/GCC region and comprise of more than 30 per cent of the total foreign companies that have indicated the increase in budget.
Q8. Do you foresee a dedicated program for COVID relief in your CSR strategy for the next fiscal? (Fig. 15)

- **24%** Yes
- **5.2%** No
- **73.6%** Maybe

Q8 Key Learnings

- Approximately, 75 per cent of the companies indicated that they ‘maybe’ see a dedicated program for COVID-19 relief in their CSR strategy for the next fiscal. Around 25 per cent of the total respondents are certain that these programs will be implemented.

- Amongst the organisations that are certain of launching a dedicated program toward COVID-19 in the next fiscal – 75 per cent of them are Indian entities.

- Healthcare/Medical and Technology organizations represent ~50% of the companies that have indicated dedicated programs toward COVID-19 relief in their CSR strategy for the next fiscal.

> "We are facing unprecedented times where COVID-19 has changed the face of normal. IBM’s CSR focus on education and skills has also transformed its shape and form with the introduction of digital online platforms for learners and job seekers. Problems disguised as opportunities can only be solved by skills disguised as education. We at IBM are ‘Investing for Good’ through skilling across the value chain – by collaborating with the academia, government and industry bodies. I believe that the entire ecosystem needs to work in conjunction.

- Manoj Balachandran
- Head-CSR
- IBM India & South Asia
Q.9 Do you have any suggestions for the Government to scale-up CSR activities for COVID-19 in India? (Fig. 16)

KEY RECOMMENDATIONS FROM THE SURVEY

“COVID treatment/hospitalisation support beyond regular medical cover provided to company employee (his/her dependents), business partners (manufacturing, extended supply chain members, distributors, frontline staff, etc.) should qualify as CSR spend.”

“Collaborative CSR should be promoted where multiple companies/foundations can combine resources/funds and undertake a joint initiative.”

“The biggest challenge with getting approval from the CSR board for Govt approved entities / GOI is to ensure that the project is not seen to be directly or indirectly influencing the Govt. Although big-ticket projects may be aligned to the national imperatives yet company auditors may not always approve them as valid CSR spends. The fundamentals of CSR audit which is seen only from the lens of cash outflow has to change. The focus must shift to sustainable impact assessment.”

“Any industry/industry foundation promoted SHGs must have equal weightage in the manufacturing of preventive essentials like face cover, hand wash, sanitizers, etc. Government should support the industry foundation to augment the facilities of treatment of respiratory problems in their hospitals. COVID tests can be more accessible in collaboration with industry promoted foundation like that being done in the case of HIV screening (ICTC model). Life Support Ambulance can also be procured by industry supported foundations at 50 per cent subsidy.”

“More frequent announcements of proposals from the technology development board for fighting COVID, the last announcement in March had limited time for participation. Not many are aware. Marketing campaigns (emails, social media platforms, etc.) for better participation from MSME and other companies. Allot dedicated time in media for discussion of COVID solutions for public awareness, especially in regional languages. Encourage regional media to provide a platform for innovators to convene a technology pitch for COVID solutions. (Encourage participation of judges from reputed companies, scientists, etc.)”
“Targeted intervention shall be required for up-skilling and re-skilling of contingent and external workforce especially of MSMEs. CSR programmes need to align with employment creation, make MSME more digitally-savvy, and ready for imminent changes. The government can help identify MSME clusters, industrial zones, etc. for programme implementation. Further, virtual training and capacity building through mobile applications, etc. need to be created and encourage. If possible, CSR spending on public health, preventive health, health infrastructure, capacity building, etc. should be given 100 per cent tax exemption under 80G.”

“For prime and subcontracting companies who voluntarily provide incremental funding to vendors to enable them to provide their employees with safety, health, or protective gear, or underwrite alternate transport costs, government should not consider those benefiting employees as employees of the companies providing voluntary support. For example, companies should be allowed to use their CSR funds for extra protective gear for contractors without assuming actual liability or employment or responsibility in any subsequent forum, arbitration, mediation, or circumstance. These activities could be encouraged by allowing 2x CSR credit for providing such support.”
In September 2019, the government expanded the scope of CSR with a view to spur the Research & Development (R&D) and innovation ecosystem in the country. The Schedule VII of the Companies Act now recognises any contribution to incubators funded by Central or State Government or any agency or Public Sector Undertaking of Central or State Government, and, making contributions to public funded Universities, IITs, National Laboratories and Autonomous Bodies (established under the auspices of ICAR, ICMR, CSIR, DAE, DRDO, DST, MeitY) engaged in conducting research in science, technology, engineering and medicine aimed at promoting SDGs) as falling within the ambit of CSR. It is important to appreciate that the amendment focuses on both the pillars of innovation ecosystem – startups, by funding support to incubators and research across science, technology, engineering and medicine. Even though funding to technology incubators, albeit under a narrower definition, has been allowed for a while, the sector hasn’t seen significant funding, less than 0.2% of total CSR spending from 2014-15 to 2017-18. This was due to ambiguity around permitted activities and institutions as well as a lack of information about projects which required funding across the country. To help solve the problem of information asymmetry, the CSR repository on IIG has a dedicated section for projects from technology incubators. Invest India activated the same network of 275+ incubators to gather solutions across diagnostics, preventive, and other support technologies against COVID-19. Some of these solutions from a pool of 150+ are being actively deployed to help mitigate the current pandemic.

In light of the COVID-19 pandemic, the Government of India further expanded the scope of Corporate Social Responsibility (CSR) to include funds spent on COVID-19 related activities as CSR (Circular No 05.01.2019-CSR). The Ministry of Corporate Affairs (MCA), for example, now allows companies to channel their mandatory Corporate Social Responsibility (CSR) spending towards helping fund new innovative technologies that will aid in the fight against the COVID-19 pandemic.

Technology innovation will play a significant role in the fight against COVID-19, as well as strengthen the country’s preparedness for combating future such epidemics. World over, science, technology, and innovation has come at the forefront of the battle against COVID-19. The Indian innovation ecosystem has risen to the challenge, with all stakeholders including public and private laboratories, startups, funding agencies and government bodies nimbly pivoting their strategies and operations to meet the COVID-19 threat head-on.

This section of the report will focus on trends pertaining to CSR for technology, the impact of tech during the times of COVID-19, and how companies can channel their CSR funding towards new technologies that are at the forefront of the COVID-19 battle. Our team collected data on 183 innovative start-ups in the COVID-19 space as well as 106 additional projects from government incubators that showcase the tech incubator ecosystem requirements. We collected data by utilising a vast network of technology incubators and Government Agencies and came up with our findings below.
Technological innovations have played a pivotal role in the fight against COVID-19. The government has worked in tandem with stakeholders across corporates, startups, funding agencies, and non-governmental organisations to help address this crisis through deployment of technology.

Another key aspect of our response has been the rapid mobilisation of CSR coupled with other fiscal and infrastructure resources for augmenting the capacity of frontline responders. It is heartening to see that the regulatory regime including the amended CSR rules have allowed corporates to diversify their contribution through funding of research and technology incubators to support the development and deployment of suitable innovations across Personal Protective Equipment (PPE), Critical Care Equipment (CCE) including resuscitators and ventilators, Diagnostics/Testing kits, and Digital Health tools, to deliver measurable impact on the ground.

The Office of the Principal Scientific Adviser to the Government of India through its various initiatives has supported the diverse set of healthcare technologies by enabling effective partnerships across government, academia and industry to ensure greater resilience during these tough times. Invest India has been a great partner and collaborator in this journey.

I’d like to congratulate the Invest India team on effectively mobilising CSR support during the pandemic. Moreover, the sustained focus on facilitating CSR contributions to innovations in healthcare and to achieve the broader Sustainable Development Goals through Science, Technology & Innovation (STI) is commendable. I wish the Sahyog team all the very best for their efforts in this regard in the coming months!

Dr. Arabinda Mitra
Scientific Secretary,
Office of the Principal Scientific Adviser to the Government of India

WHAT Qualifies as CSR Funding to Support Technologies?

- The scope of the CSR spending includes contributions to public-funded Universities, IITs, National Laboratories and Autonomous Bodies (established under the auspices of ICAR, ICMR, CSIR, DAE, DRDO, DST, MeitY) engaged in conducting research in science, technology, engineering, and medicine.
- As well as incubators funded by Central or State Government or any agency or Public Sector Undertaking of Central or State Government.
Various research bodies in India are now focusing their attention on solutions that can help combat the COVID-19 pandemic. Technology companies have taken the onus on developing and releasing new products centered around combating the COVID-19 pandemic. The table below highlights the key areas of research, key organizations conducting the research, and product areas in which new COVID-19 solutions are being released:

### TECHNOLOGY FOR COVID-19: KEY TRENDS

<table>
<thead>
<tr>
<th>Key Research Bodies Focusing on COVID-19 Solutions</th>
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<tbody>
<tr>
<td>• Biotechnology Industry Research Assistance Council (BIRAC): COVID-19 Research Consortium</td>
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<tr>
<td>• Technology Development Board: Fighting COVID-19</td>
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<tr>
<td>• Science and Engineering Research Board:</td>
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<td>o COVID-19 Intensification of Research in High Priority Areas (IRHPA) Call</td>
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<td>o Short-term Core Research Grant special call on COVID-19</td>
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<tr>
<td>o India Science and Technology Endowment Fund (USISTEF): Special Call for COVID-19 Ignition Grants</td>
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<tr>
<th>Product Areas</th>
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<tbody>
<tr>
<td>• Telemedicine</td>
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<tr>
<td>• Ventilators</td>
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<tr>
<td>• COVID information dissemination services</td>
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<tr>
<td>• COVID Self-Assessment tools</td>
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<tr>
<td>• Contact Tracing Tech</td>
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<tr>
<td>• COVID Test Kits</td>
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<th>Tests/ Diagnostics</th>
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<tbody>
<tr>
<td>Treatments/ Vaccines</td>
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<tr>
<td>Personnel Protective Equipment (PPE) Critical Care Equipment and others including hardware/software tools for healthcare professionals/researchers/government/law enforcement</td>
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Technology incubators are a key aspect of the nation’s technological innovations and tech start-up ecosystem. Of the over 250 government incubators in India, there are over 148 government incubators dedicated to technological innovations. The top technology incubators in the nation are housed in Universities and Government departments:

- 15 out of 23 IIT’s have Technology incubators
- 12 out of 20 IIM’s have Business and Technology Incubators
- Department of Science and Technology: 118 incubators
- Indian Institute of Science, Bangalore has 3 business incubators
The chart below showcases 76 Government incubators across the nation that are working to fight against the COVID-19 pandemic. Any CSR mandated company can fund the incubators around their locality or can look to fund incubators across the nation, the chart below highlights the potential in each state/union territory.

State Wise Tech Incubated Startups  (Fig. 18)

Another interesting trend currently taking place is the collectivizing of funding for startups looking to develop products relevant for the COVID-19 crisis. India’s top venture capitalists, which include Sequoia Capital, Accel, Matrix Partners, Kalaari Capital, and others, along with prominent angel investors, and successful startup founders have set up a Rs 100 crore
grant fund to support startups developing products and services aimed at helping contain the virus. This is a welcome sign for the startup community severely impacted by the pandemic due to various factors such as disruption of supply chains and lack of funding.

Infineon Technologies is a leading provider of semiconductor and software solutions. Our presence in India is among our largest anywhere in the world. We strongly believe in the Indian government’s vision to develop India into a global center for innovation in hardware solutions. We continue to play our part in enabling the development of a vibrant ecosystem of universities, incubators and startups across the country. During the ongoing COVID-19 crisis, Infineon Technologies has supported leading educational institutes to develop technology-based solutions to mitigate the impact of this pandemic.

Rohit Girdhar, Vice President, Infineon Technologies

New technology development requires many different kinds of assistance; however, the most effective way to help this development along is through the funding of specific activities undertaken by incubators in India.

**Infrastructure & facilities** is the most basic requirement for incubators and R&D labs. Institutions around the nation require funding for labs, equipment, and research facilities. This produces physical and intellectual capital which can benefit many generations of startup founders.

**Programs & Partnerships** is another important area of funding. This can be through investing in pre-incubation support, funding for organizing accelerator camps, skill development programs, seed funding, etc. These programs can help in enhancing the entrepreneurship ecosystem of the country.

**Technology Validation** is the most important aspect of a startup’s success. Technology validation or de-risking is needed to address the risks associated with development of new technologies. This is done through creating opportunities for systematic identification of potential barriers to commercialization, and addressing them via necessary funding, technical, and regulatory support throughout the development cycle.

After collecting data* (Data collected from a pan India network of Government Technology Incubators) on 106 innovations throughout the nation, the average range of the funding requirement varies from INR 10 lakhs to INR 30 lakhs, all these amounts vary according to the requirements of the organizations. But it is clear that even a small amount of funding to an incubator has a multiplier effect on the impact in the larger innovation ecosystem.
Here is a summary of the various categories in which the projects require funding:

**Funding Categories for Tech Incubators** *(Fig. 19)*

- Infrastructure & Facilities: 35%
- Programs & Partnerships: 33%
- Technology de-risking: 32%

Source: Data collected from a pan India network of Government Technology Incubators

**COVID-19 INTERVENTIONS**

In a special effort to understand the funding requirements of startups working to combat COVID-19, we gathered data from a multitude of government incubated startups. These Government Incubated startups are keen on utilizing CSR funds donated by companies and partnering with companies that provide the donations. We have divided the solutions according to pain point categories. Here are our findings:

**COVID-19 Intervention Categories** *(Fig. 20)*

- Support: 80%
- Preventive: 70%
- Diagnostic: 60%
- Treatment: 50%
- Recuperative/assistive: 40%

Source: Data collected from a pan India network of Government Technology Incubators
Preventive: The demand for preventive equipment such as masks, sanitizers, and PPEs has been adequately well met by the supply of innovative solutions. These technologies which also include large area sanitization and other contact-less devices have helped to prevent the spread of the pandemic. Moreover, there has been a steady supply of AI/ML solutions to help ensure social distancing and public order.

Diagnostic: The diagnostic technologies included test kits, and secondary testing devices. Testing kits of all varieties such as RT-PCR kits, portable kits, and antibody testing kits were produced by startups and R&D institutions on a war footing to meet the nation’s requirements. Additionally, various secondary testing devices such as IR thermometers and other contact-less solutions were also created.

Support: Almost half of all innovations are included in this category consisting of a wide spectrum of technologies ranging from respiratory support devices, hospital augmentation devices, IVR/IT/remote health management as well as mental wellness solutions. These technologies particularly highlight the agility of Indian innovators, who pivoted rapidly to meet the particular demands of the COVID-19 pandemic.

Treatment: Some startups and laboratories have also submitted initial ideas for therapeutic solutions. However, these were found to be at quite an early-stage.

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**Preventive Category Solutions** (Fig. 21)

- **38.9%** Logistical challenges
- **38.9%** Large area sanitization / sterilization
- **13.0%** Hospital Augmentation Devices
- **9.3%** Contact Tracing / Management
- **20.4%** Contactless Devices
- **20.4%** Disinfectants
- **11.1%** Equipment / PPE Sterilisation
- **9.3%** Contact Tracing / Management

Source: Data collected from a pan India network of Government Technology Incubators

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**KEY EMERGING COVID-19 TECHNOLOGIES FROM GOVT-FUNDED INCUBATORS**

**HuWel**– the Quantiplus COVID-19 detection kit received INR 50 lakhs through ACT Grants initiative. This product has RT-PCR capabilities and has CDSCO and ICMR clearance for manufacturing and commercialisation. They are working with Telengana State Govt. for supplying testing kits and several other States as well

**Nocca Robotics**– An invasive mechanical ventilator capable of operating in a pressure-controlled mode received INR25 Lakhs via ACT Grants. Bharat Dynamics Ltd, a leading defence PSU under the Ministry of Defence, Govt. of India, joined hands with Nocca for the large-scale production of the device
Mylab created an RT-PCR kit that is manufactured domestically, has a local supply chain and is approved by ICMR. This kit is cheaper, more accurate and faster than its international peers. Deployed at ICMR approved labs and Hospitals across the nation. Grant provided by ACT Initiative: INR 1 CR

Cargo FL – APEX - Cargo FL’s APEX app helps businesses and Organizations get Covid-19 Compliant. They can push their Covid-19 SOP’s, Guidelines, Circulars to employees and gather metrics as well as get employees to report symptoms, food ration shortages, safety issues, etc, all in real-time. It is deployed in 9 companies in Pune with 10K+ employees including Pune Road Transport Corporation. Received funding from Hindustan Petroleum.

Office of PSA initiatives and other innovations scouting initiatives (Fig. 22)

- DPIIT Startup India United Against COVID-19 Challenge
- AGNIii, Office of the Principal Scientific Adviser to the Govt. of India
- Centre for Augmenting WAR with COVID-19 Health Crisis (CAWACH)
- UNE: Federation of Indian Chambers of Commerce and industry.
- Covid-19 solution challenge- MyGov
- National Innovation Foundation– India (NIF)- Challenge Covid-19 Competition (C3)
- A Government of India task force is actively scouting for innovative preventive, assistive, curative deployable/scalable solutions within the next 1-3 and 3-6 months to beat the COVID19 crisis in India
- Indo US Science and Tech Forum (IUSSTF)
- COVID-19 Research Consortium Program by Department of Biotechnology-BIRAC
- Technology Development Board: Fighting COVID-19

Different funding channels/grants for technologies during COVID-19 (Fig. 23)

NAME OF THE ORGANIZATION(S) AND FUND

- Biotechnology Industry Research Assistance Council (BIRAC): COVID-19 Research Consortium
- United States – India Science and Technology Endowment Fund (USISTEF): Special Call for COVID-19 Ignition Grants
- Technology Development Board: Fighting COVID-19
- Science and Engineering Research Board: COVID-19 Intensification of Research in High Priority Areas (IRHPA) Call
  Short-term Core Research Grant special call on COVID-19
BIRAC and DBT announced COVID-19 Research Consortium with a focus on diagnostics, vaccines, novel therapeutics, repurposing of drugs, or any other intervention for the control of COVID-19. Our CSR team in collaboration with BIRAC set up a CSR funding channel to fund innovations that are at the forefront of the battle against COVID-19 and are ready for deployment.

### Accountability mechanism for a corporate donating to an incubator (Fig. 24)

1. Incubators create a fund and set-up a committee to select startups that will qualify for funding. A portion of this fund is the management fee for Incubators.

2. The Selection Committee comprises representatives of the corporate looking to fund to ensure transparency in the process. There is an agreement with the startups and the corporate via the Incubator.

3. The agreement should include certain milestones defined by mutual consent, only upon fulfillment of the milestone should the next trench of funding released to the Incubator.

4. The reports of govt-funded incubators such as IIT Kanpur are audited quarterly and annually. They are also covered under the RTI. The teams of Incubators and Institutions consists of internal auditors and CAs. The Internal Audit team comes out with a quarterly report and the external auditor gives the yearly report. The Company can also request for the annual utilization report from the incubators based on mutual agreement.

5. Finally, set-up mechanisms to gather and study the impact of the CSR funding on the objectives highlighted in the agreement and identify areas of improvement.
FAQs

What is not constituted as CSR -

• The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities under section 135 of the Act.

• One-off events such as marathons/ awards/ charitable contribution/ advertisement/sponsorships of TV programs etc. would not be qualified as part of CSR expenditure.

• Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act, etc.) would not count as CSR expenditure under the Companies Act.

• Contribution of any amount directly or indirectly to any political party shall not be considered as a CSR activity.

• CSR Committee of the company should formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII. Contribution of any amount to activities that are not mentioned or related to the Company’s CSR policy will not be considered as CSR. Eg: If a company mentions Healthcare camps as an activity in the CSR policy of the company then they cannot use CSR funds in other ways unless the policy is amended.
Section 6: Conclusion

It is clear that the CSR obligation is a game changer for ensuring that the gains made by corporations in India can be transferred back to society in a meaningful manner. The government's efforts to keep the activities permitted under the obligation broad based is commendable. Moreover, linking the CSR activities to the SDGs both explicitly and implicitly will ensure that CSR spending aligns with and augments national priorities. However, there are several shortcomings observed in the implementation of the CSR regulation which need to be resolved proactively for ensuring maximum impact on the ground. Firstly, a shift in mindset from one that focuses on meeting a statutory obligation to one where companies actively identify and create sustained impact projects aligned to their values. Secondly, streamlined information on activities that are permitted under the regulation as well as timely clarifications. Thirdly, creation of channels for identification of projects on a pan-India basis. This will help spread the deployment of CSR funds to areas where maximum impact would be possible. A welcome step in this regard is the proposal for a ‘Social Stock Exchange’ by the Securities & Exchange Board of India. The SSE will allow for more efficient deployment of CSR funding, verification of the impact of projects and trading of excess/deficient CSR-spends between companies. Finally, there is an urgent need to ensure that CSR-spending has a multiplier effect on social, economic and environmental impact on the ground. This will have to be achieved by measuring outcomes of CSR spending over time, as well as engaging in activities with larger impact potential. Funding research and technology incubators could be one such area where the impact could be highly diversified.

In conclusion, the COVID-19 pandemic has brought Corporate Social Responsibility to the forefront. Corporates, both large and small, headquartered in India or abroad, have risen to the challenge and augmented the government's efforts by re-orienting their CSR strategies. It is hoped that the same zeal and mission-mode orientation carries over to activities beyond the pandemic. Invest India, on its part, will endeavour to facilitate corporates looking for impactful CSR opportunities under the larger effort to enhance the ease of doing business in India by strengthening initiatives such as the CSR repository on the IIG, and facilitating knowledge transfer between different stakeholders.
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