



## India's Mandatory CSR: New Opportunities or Challenges for NGOs?

It was 1:45 p.m. and Jaya Moodley had just finished preparing the presentation she was to give in 15 minutes at the annual planning meeting of GraamSudhaar, an Indian non-governmental organization (NGO) where she was manager of stakeholder relations. She was going to brief the senior management team on the provisions and implications of Section 135 of the Companies Act, 2013, which mandated that companies spend at least 2% of their average net profit on corporate social responsibility (CSR) activities. Although excited about the prospect of more funds for CSR projects, Moodley could not help but worry about how companies could now change the nature of projects undertaken by NGOs. It was disquieting to see Schedule VII of the Companies Act list areas of spending that did not include some of the traditional areas GraamSudhaar worked in. "Will we have to revisit our mission and vision?" Moodley thought to herself. Arranging sheets of the printout of the section into a folder, she sighed, thinking of the enormous challenge that lay before NGOs if they were to benefit from the new provision. "Is this an opportunity or is it going to create more issues?" she asked herself.

### GraamSudhaar (GS)

With an annual budget of approximately 100 crores (approximately USD 15.8 million)<sup>i</sup> and over 3,000 employees in 2014, GraamSudhaar (GS) was among the largest NGOs in India. With headquarters in Coimbatore, India, GS was a 20-year-old organization with operations in 12 states across India. Its mandate was poverty alleviation among the marginalized people of India.

GS's mission was simple: sustainable development of the marginalized people of India. It was built on the vision of uplifting those people by focusing on creating lasting sustainability in the areas of livelihood and health. The organization was founded on two distinguishing features: 1) All of its projects would contribute toward achieving long-lasting sustainable development in the regions where they were undertaken, and 2)

<sup>i</sup> 1 crore = 10 million and 1 lakh = 0.10 million. 1 U.S. dollar = approximately 63.07 crore as of April 21, 2015.

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