White Paper

on

Unlocking CSR for Startup Innovation in India

Organized by AIC-IIIT Hyderabad

And

Artha Samarth Consultancy

on

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Artha Samarth

SUPPORTING THE SERVING HANDS

Table of Contents

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Executive Summary[1]

The roundtable on *"Unlocking CSR for Startup Innovation in India,"* organized by AIC-IIITH in partnership with Artha Samarth Consultancy, convened key stakeholders across corporates, incubators, Industry associations, and ecosystem stakeholders to address a persistent paradox — despite India having over 90,000 registered startups and nearly 1,000 incubators, less than 0.2% of its annual CSR funds are directed toward startup innovation. While Schedule VII of the Companies Act explicitly allows funding for technology incubators, this pathway remains largely underutilized due to structural, cultural, and interpretive barriers.

Key Themes and Insights

1. Compliance, Risk, and Law

Participants noted that CSR compliance is typically interpreted through annual spending cycles and risk-averse legal frameworks. Startup innovation, which requires multi-year gestation and uncertain outcomes, does not align with this short-term compliance mindset. Local area preferences, normative biases (viewing CSR as charitable, not catalytic), and lack of clarity around "who qualifies as a startup" further restrict participation. Public Sector Undertakings (PSUs), which hold a large CSR corpus, are especially constrained by rigid compliance and political pressure, leaving little scope for innovation-linked spending.

2. Awareness and Leadership Gaps

A striking insight was the lack of awareness — not only of the legal allowance for funding incubators, but also of how startup innovation can achieve scalable social impact. CSR decision-makers often come from HR or finance backgrounds, lacking exposure to innovation ecosystems or social entrepreneurship. Internal hierarchies exacerbate this issue: even when CSR officers advocate for startup programs, senior leadership may resist due to limited understanding or fear of delayed impact.

[1] The executive summary was generated with support by OpenAI's ChatGPT

3. Culture and Institutional Orientation

Organisational culture emerged as a decisive factor. Corporates with engineering or innovation-oriented cultures are more open to supporting startup programs, while others remain tied to traditional welfare-oriented CSR. Similarly, mature organisations with a strategic view of CSR, see CSR as an extension of corporate purpose rather than compliance, enabling greater experimentation.

4. Framework Deficit and Communication Divide

The absence of shared frameworks to define and measure impact in startup innovation is a major barrier. Without clear metrics to translate innovation outcomes into CSR language, alignment between corporates, incubators, and startups breaks down. Standard CSR metrics—focused on immediate, countable beneficiaries—do not suit long-term innovation programs. For example, an education startup addressing neurodevelopmental delays may take two years to demonstrate outcomes, yet CSR cycles typically demand six-month results. This disconnect, coupled with limited feedback loops, erodes trust and learning.

5. Alignment and Alternate Models

Participants stressed the need to reposition startup innovation not as a competing activity but as an enabler of CSR objectives—bridging gaps in areas like youth employment, agriculture, or health. Incubators can serve as implementation partners for CSR missions rather than as separate entities. Flexible models—such as direct product deployment instead of long fellowships—can help corporates demonstrate short-term impact while still supporting early-stage startups.

6. Role of Associations and Ecosystem Building

Industry associations can play a catalytic role by bringing CSR and innovation leaders to the same table, showcasing impact case studies, and facilitating policy dialogue. Closed-door dialogues and masterclasses for CSR leaders were proposed to deepen understanding of compliance, logistics, and impact measurement.

7. Policy and Systemic Reform

Finally, there was consensus that CSR policy must evolve to reflect the changing innovation landscape. The CSR law, drafted over a decade ago, does not define “startup” and fails to account for the rapid diversification of technology-led impact. A more enabling policy

environment—clarifying definitions, allowing multi-year CSR commitments, and recognizing startup innovation as a legitimate form of development investment—is needed.

Conclusion and Next Steps

The roundtable revealed that the challenge is not the absence of regulatory permission, but the absence of confidence, clarity, and common language between CSR and innovation ecosystems. Startups offer the speed, creativity, and scalability needed to solve India's development challenges, while CSR offers risk-tolerant capital with social legitimacy. The two, however, remain disconnected by compliance frameworks and cultural inertia.

Next Steps proposed include:

1. **Develop a Shared Framework for Measurement:**
   There is a need work toward creating an "Impact Framework for Startup Innovation," drawing from SDGs and Social Return on Investment (SROI) models to quantify innovation-led outcomes.

2. **Curate Leadership Dialogues and Masterclasses:**
   Create structured forums for CSR boards and senior executives to explore startup collaboration models, including successful case showcases and compliance clarifications.

3. **Pilot Co-designed CSR–Startup Programs:**
   Launch co-created programs where corporates and incubators jointly define goals, metrics, and execution timelines—bridging short-term CSR imperatives with long-term innovation cycles.

4. **Policy Advocacy for Definition and Flexibility:**
   Engage with policymakers to advocate for inclusion of a clear definition of "startups" in CSR rules, encourage multi-year funding windows, and remove ambiguity around local area preference.

Unlocking CSR for startup innovation is less about rewriting the law and more about redesigning trust, language, and leadership alignment. By connecting corporate purpose with entrepreneurial energy, India can transform CSR from compliance to catalytic impact—enabling innovation to scale where it matters most.

Context

Despite being a nation of over 90,000 registered startups and nearly 1,000 incubators, India sees **less than 0.2%** of its annual CSR funding channelled into startup innovation—particularly under the legally permitted category of "Technology Incubators" (Schedule VII, Companies Act). This striking insight, highlighted in AIC-IIITH's recent research *Less than 0.2% CSR Powered Innovation: A Missed Opportunity to Amplify Impact*,[2] underscores a significant missed opportunity for creating scalable, sustainable social impact.

The GIZ Handbook on CSR for Startups (2017) and **NITI Aayog–AIM's CSR Guidebook** (2024)[3] also call attention to this underutilized pathway, citing the need for better alignment, communication, and trust between CSR funders and the innovation ecosystem. While the regulatory space allows for such funding, the disconnect between intent and action persists across multiple levels—strategic, operational, and cultural.

In response to these findings, AIC-IIITH, the social-tech incubator of IIIT Hyderabad with Artha Samarth Consultancy convened a closed-door roundtable on "Unlocking CSR for Startup Innovation in India". The objective of the roundtable was to have a multi-stakeholder dialogue to explore the reasons for limited CSR engagement with startup innovation and identify barriers, surface practical insights, and explore pathways that enable CSR to become a catalytic force for scalable, innovation-led impact. The list of participants who attended the round table discussion is appended [Annexure I].

[2] https://aic.iiit.ac.in/less-than-0-2-csr-powered-innovation-a-missed-opportunity-to-amplify-impact/
[3] https://www.giz.de/de/downloads/giz2017-en-handbook-csr-supporting-startups%20and%20soci....pdf; https://aim.gov.in/pdf/AIM-CSR-Guidebook.pdf.

Format and Methodology

The discussion was structured in 2 parts with each part having a focused discussion on specific topics listed below where panellists share their inputs, observations & suggestions. Sub-topics for Discussion:

I. **What is hindering CSR Support for Innovation?**
Exploring structural and cultural barriers such as lack of leadership buy-in, information asymmetry, absence of social proof, and the pressure for short-term, visible outcomes in CSR programs.

II. **Bridging the Disconnect: Why CSR Has Low Engagement with Startup Innovation? What needs to be done?**
Is the legal allowance for CSR funding of incubators widely known and understood? Are policy signals strong enough to build confidence and lower perceived risks? Is matchmaking infrastructure adequate? Lack of Ecosystem Coordination?

The sub-topics were shared with participants in advance via a concept note. In preparation for the roundtable discussions, a presentation deck prepared for the roundtable with discussion pointers included were intended as a scaffold to support the deliberations. These were communicated to the participants to guide them towards the key themes without prescribing specific viewpoints or outcomes. [Annexure II]

I. What is hindering CSR Support for Innovation?

A. Ecosystem Risk /Compliance

There are structural constraints for low CSR funding in startups. Participants highlighted some of them.

1. Constraints, Compliance and Nature of the Law:

There are some procedural and normative constraints which limit CSR participation in Startup innovation.

i. Nature of the law

Startup/Innovation provision of the law seems force fit to the nature of the law, tagged on as the last item in the schedule 7 list. Legal, procedural and compliance-related challenges remain.

ii. Compliance

CSR is driven from a HR or Legal lens and thought of on a yearly basis. The annual nature of compliance [as set out by the law] and CSR impact assessment cycle [as adopted by Corporates] make Startup/Innovation a misfit as impact from support to Startup Innovation can take a few years to actualise.

iii. Local area Constraints

CSR laws set out recommendation like “preference shall be given to the local area”. While this is not mandatory, at times it is treated as such by CSRs. Due to the nature of Incubation/Acceleration program, they generally don’t meet this criterion. This constraints CSR funding in Startup Innovation. Incubation is generally seen as a last option among CSRs when local are preference is strongly adhered to by CSRs.

iv. Normative and Impact Constraints

CSRs tend to have some norms and impact criteria they use to judge proposals, which limit the acceptance of Startup innovation programs. Some of the constraints that were discussed are

- CSR is normatively seen as a local activity done to support the poor and marginalised people. Startups which are for profit entities, don't fit these criteria and hence are not seen as options in many cases.
- Definition: Also, CSR law does not define startup and who is a startup is not clear to CSRs at times. This limits CSR participation. For e.g. a lot of the roundtable discussion itself tended to focus on Social /Impact Startups which are generally preferred by CSRs. However, CSR laws and rules itself allow CSR to support all types of Startup innovations, not just impact-oriented ones.
- Corporates are looking for direct and immediate impact – especially PSUs and as a result incubation centres come last in term of programs options discussed by the CSRs for support.

v. External Constraints

CSRs also face a lot of political pressure on CSR spending which determines where the CSR money is spent, thus limiting funds available to Startup innovations.

vi. PSUs

Participants pointed out that due to compliance issues listed above, PSUs which constitute among the largest CSRs pools in country, generally do not support Startup programs.

These compliance related challenges also limit the amount of funds deployed.

2. Risk

CSR funding towards Startup Innovation is seen as risky, and CSRs see Non-Profits as a safe bet rather than supporting a for-profit startup.

3. Ecosystem

Also, it was observed that while an ecosystem level approach is needed to support more CSR engagement with Startup Innovation, the startup ecosystem itself is very fragmented in its approach.

B. Lack of awareness

1. Surprisingly, despite the CSR law being more than a decade old, there is still a lack of awareness, especially among decision makers, of the fact that CSR money can be deployed to support Startup innovation.
2. The lack of awareness is not just limited to legal or compliance domains. CSRs also lack awareness in terms of potential of scalability and impact of Startups support programs, its employee engagement opportunities [like mentorship]. Corporates fear that they may not have the right mentors to support the programs.
3. Also, as mentioned above there is a lack of awareness in terms of the nature of startups that can be supported through CSR programs.

C. Leadership buy-in

Leadership buy-in or lack thereof within a corporate can be major concern and/or obstacles in driving CSR support for Startup Innovation. There is a lot of nuance and intersectional connection in this broad point, which were explored in the roundtable discussion.

1. Social Background and Life experiences:

Majority of corporate employees involved in CSR at corporates learn by experience. While some have the necessary education like Social Work or ESG, most are given CSR as an additional responsibility and have background in fields like HR. With limited domain expertise and/or social background they

- are not aware of the possibility of funding for Startup innovation
- lack confidence to look at social return of investment as a means to judge program support for Startup innovation
- have limited preferences/experience within the social service space, their personal experiences drive the focus areas of CSRs.

In these cases, they tend to play safe and go for traditional programs in health, education as options for their CSR programs.

2. Internal Hierarchy

Even in cases where CSR personnel of a corporate have the necessary background and/or are an internal champion for supporting the Startup innovation, there is always an internal hierarchy within the corporates. The decision maker for the CSR proposal may not be the CSR personnel or champion. Those making the final decision may lack background, experience or interest to support startup innovation.

3. Fear/ Playing it Safe

Lack of understanding or buy-in may also reflect fear on the part of the decision maker stemming from the other issues highlighted earlier and in subsequent points. They may fear that a Startup program may not be able to produce or showcase necessary impact as laid down by their boards in their CSR policy in relevant timeframe.

4. Importance

It was emphasised that the role of leadership is essential. Bottoms-up approach is not working for the promotion of Startup innovation and without buy-in from the top, options like Social Stock Exchange have not been successful.

D. Culture

During the discussion, culture emerged as one of the most important factors in determining the support and lack thereof for startup innovation by CSRs. This factor plays a role at multiple levels as enunciated below

1. System level

Many participants emphasised that culture in the country itself is a challenge. There is a distinct lack of support for research and research institutes, which in turn translated into a lack of support for Startup Innovation. Force fit of research and Startup Innovation in Schedule VII of the Companies Act [CSR law] is reflective of that.

2. Corporate level

i. Cultural Orientation of the organisation

Culture also plays a role at an organisational level – whether the organisation culture is one of meeting basic needs of the organisation or if it is one that focuses on the core values of the organisation- can be determinative of the choices they make. This flows into their support of innovation via CSR too. For instance, if a corporate had core engineering value, then it connects with startup innovations and the organization is more open to supporting startup innovation programs through its CSR. [EPAM's Social Impact Innovation Program (ESIIP) for Green Tech Startups is a good example.][4]

ii. Maturity of Organization

Similarly, maturity of an organization and its CSR operations also has an impact. A more mature organisation may have CSR as part of its core organisational culture. They see CSR not just as compliance, but also an opportunity to promote its core values. For instance, a company centred around design can see CSR as a way to bring that element to Startup innovation by making social design an important element of their program. They can work with incubators to make it is an integral part of startup innovation programs they are supporting and also provide support in the form of mentorship and other resources. [Titan's Design Impact Movement is a good example].[5]

E. Framework deficit, Alignment and Communication Divide

An interesting line of inquiry that emerged from the discussion is that there is a lack of common framework to talk about Startup innovation as it pertains to impact metrics and that this in turn is a cause of lack of Alignment (as discussed above) and the communication divide between CSRs, Incubators and Startups.

[4] https://www.epam.com/about/newsroom/in-the-news/2024/iiiths-social-incubator-graduates-12-social-startups-and-selects-10-greentech-startups-for-the-epam-social-impact-innovation-program
[5] https://designimpactmovement.titan.in/

1. Framework deficit

Even when there are champions within Corporates for supporting Startup innovations, there is a lack of framework - like how to define metrics that can help them match the objectives from CSR and Startup – which hinders the process. While broad areas of actions are defined – but specific metrics with in an area are lacking. The point of divergence includes

- What are the terms of Impact that can be used?
- Timescale of impact [CSRs tend to have a short-term horizon]
- Scope of what is considered as impact

CSR funds and process are designed to engage with startups as operating partners, but their metrics to judge success don't match with this approach. The metrics used for assessing startups should be set in conversation with the startups and matched with the objectives of both startups and corporates.

For instance, when working with a child who is behind due to neurodevelopmental delays, it generally takes up to 2-2.5 years to show impact. In such cases, a 6-month metric/program timeline typically designed for health sector may not work as they do for a health screening project, even though both projects may fall under the broad area of healthcare. In fact, Startups have at times received approval and funding faster from Government departments who can have longer time frames compared to corporates.

Another mismatch is the fact that startups are for-profit oriented and CSR funding is social impact oriented, which are 180 degree away from each other. Startups need to think of the impact they create directly/indirectly on society in terms of numbers with their proposed innovation/product. Corporates as well should be able to transform the startup success into tangible impact on the society (KPIs play a major role from both sides).

2. Collaborative approach to framework

When frameworks are built or adopted, they need to take a long-term view and must be designed to take into account the needs of all stakeholders. Frameworks like UN

Sustainable development Goals [SDGs] can be used for monitoring and evaluation. Also, open communication with Incubators to define problem statements can also feed into setting frameworks for assessment of the program. While Innovation & Impact are used as jargon – one needs to consider that standard metrics like valuation may not be relevant for all startups, especially for social startups.

Persistent design gaps and missing foundational aspects in CSR program structures often result in the force-fitting of for-profit startups into frameworks originally intended for NGOs. These gaps include:

- Defining clearly by all stakeholders of what they want – what they can do?
- A more open and realistic approach to target setting before program is design. For instance, for Startups working in the Culture Space, valuation becomes relevant much later if at all, while initial survival itself is a challenge. Also, it is unrealistic to aim for impacting, say 20,000 people. Incubators need to educate/communicate to CSRs that such numbers are not possible in areas like Culture. When targets are set purely in numerical terms, startup innovation programs are likely to lose out.
- Identify gaps and then design programs to provide necessary support to fill these gaps. There is a better chance to make impact in such cases.
- Co-create Incubation programs with CSRs for better results
- Adoptions of entrepreneurial approach by stakeholders is essential. Every stakeholder needs to think entrepreneurially, like what sort of support other than funds can be given to startups. When done right, small funds coupled with other support will go a long way to make impact.
- Conversely all stakeholders need to recognise that Funds needed to support research-based startups are substantial. At present the amount of grant can be too low to make a meaningful difference when dealing with research/Deep tech startups.
- Startups need to understand that the primary metrics used by CSRs and incubators are
    - Founders' capacity

- Vision of the startup and plan for execution of the same.
- Path both for success for Startup in market [market-readiness of their product] and for the impact startup is claiming to make.
- Good ideas lacking executions plan are generally not selected.

3. Alignment

A crucial element when discussing framework is its usage as a tool of alignment with the CSR leadership and CSR policies.

i. Nature and alignment of CSR

There tends to be a misalignment of CSRs goals and Startups goal i.e. Profit vs Impact especially in cases where a framework is missing or not well developed. CSR board need to see impact – which is not a statutory requirement [not all startups need be social impact startups and CSRs can support innovative Startups whose primary motive is profit]. Following from above, CSR leaderships also tend to look for direct impact and beneficiaries. Startup's primary goal is to make profit. This can lead to compatibility issues. CSRs looks at the end user i.e. beneficiary – like skill development in rural areas.

There are multiple types of startup Incubators – Tech incubator, Business incubators social incubators, women focused incubators etc. Issue of alignment of CSR depends on the type of incubator. There can be a mismatch of synergies between a tech incubator and a CSR – rather than Social/Women-focused incubators. CSRs need to see return on money they are spending in terms of impact which can be difficult to showcase in a tech incubator, especially if there is no proper framework to measure impact.

ii. Bridging the gap

CSR support for Startup funding needs to be seen not in terms of direct impact number, but as bridging societal gap and meeting societal needs. CSRs need to focus on these areas like youth, farmers which meets the societal needs. Incubators can bridge gaps in programs supporting these groups by creating infrastructure to support innovation by youth, for example, and CSRs can fund such a program. CSR strategy

can, for example, set a goal of helping the Farmers and then support Agri Tech Incubator/Startups to achieve this goal.

iii. Flexible approach

A more flexible approach to program design by all stakeholders can bring about better alignment and draw more CSRs to support. CSRs many times want to support startups but cannot support startups and incubators directly for a variety of reasons. Alternative CSR program designs which align with CSR policies can help in this case [explored below]

4. Communication

Communication has a dynamic interplay with elements of Framework and alignment, i.e. it can be both cause and effect. Lack of communication can lead to misalignment and bad frameworks for program design and at the same time misalignment and bad frameworks can lead to miscommunication. There is an obvious and clear need for better communication channels so that CSRs can better understand Startups and their objectives. This can bring about alignment between startups and its objectives and CSR goals. Some of the factors to keep in mind are:

i. Define Problem Statement

CSRs also should have better channel with Incubators to define problem statement they are looking for and the role of innovation to meet these goals. CSRs at times may focus on broad issues like skill development, which may align better with objectives of their funding. There is a need to bridge this compatibility gap. Companies need to have clarity on which areas they want to focus and from there develop clear guidelines for supporting startups. This can help in decision making.

ii. Openness to learning

Openness to learning is needed on both sides to help develop better designs. This can happen when there is an active exchange of information. At present, Incubators are not sure how their proposals are assessed and get little feedback on

the same. This means there is no way to address any lacunae and improve future proposals.

iii. Corporates Limitations

Other stakeholders also need to understand that corporates also have limitations of their own when dealing with proposals. If they openly give feedback, it can lead to follow up questions regarding their decision making and Corporates cannot necessarily speak frankly. Also, responding to every proposal may not be practical in terms of time limitations. This process can jam up a CSR department as they get a lot of applications.

iv. Framework as tools of communication

However, if corporates have a framework for the objective assessment of a CSR proposal, it can be used for effective communication. A good framework can enable CSR decision makers by talking to them about impact in terms of numbers. At present most CSRs are done via feelings and not actual impact. However, communicating impact via numbers is a better way to show results and can be used to convince the Corporate Board [and other CSR decision makers] of the potential impact of Startup Innovation programs. There are models like social return on investment (SROI) which can help with this, but these are not so widely practiced in India.

For instance: Education is a favourite sector of CSRs because established social return on investment numbers like 1:4, or 1:12 or even 1:16 based UN data. Similar frameworks for assessing startup innovation are missing.

v. Effective Showcases to create social proof

There is a need to bring the project to light and showcase the impact of support to startup innovation to a large audience. Incubators need to promote their startups and create visibility for them. This can create social proof and help draw more CSR support.

II. Bridging the Disconnect –What needs to be done?

While most of the discussions focused on understanding the reasons for low CSR funding towards startup innovation, the participants also proposed potential solutions and actions various stakeholders can adopt.

The various solutions and actions proposed are discussed below:

A. Role of Industry Association

Industry association can play an important role in facilitating an increase in engagement between CSRs and Startup innovation ecosystem. This can be done in the following manner.

- An important role Industry Associations can play is to leverage their access to decision makers to bring the discussion to the main table. As discussed above, internal hierarchy of corporates and social background of leadership can play an important role in deciding where the CSR funds are directed. Industry Associations have access to corporate leadership, which other stakeholders are lacking, and they can bring forward Startup Innovation as an option.
- Industry Associations can also provide a platform for showcasing the impact startup innovation can have to a large audience. This can create the requisite social proof necessary for CSRs.
- It was also noted that the format used for showcasing like panel discussions and exhibitions, etc. used in the past have limited effectiveness. Keeping this in mind, participants suggested that along with this, having closed door discussions with key decision makers can be more effective in pushing for more CSR support for Startup innovation.
- Another option highlighted was to have a masterclass on CSR and Startup innovation to help corporates understand possibilities offered by Startup support programs and clarify any doubts they may have about compliance, logistics, etc.
- Participants suggested the need for various stakeholders, especially Industry Associations, to have follow-up plans beyond closed-door discussions,

masterclasses etc. for their plans to be more effective and to not treat them as one-off events.

- In all the above actions, its was highlighted that other stakeholders, especially incubators can be necessary and effective partners.

B. Role of Corporates

As the final decision makers, corporates are the cornerstone in this the process. The participants discussed some of the best practises followed and actions needed from the Corporates to help in this regard.

- Creating a framework for proposals by CSRs that implementing agencies can check if they fit the CSRs objectives before applying, thus providing necessary clarity to all the stakeholders.
- Leveraging their (corporates') partnership with other impact players (Indian and International) to help develop culture of innovation especially student innovations.
- Using innovation programs to promote core values of the organisation, having an open dialogue with all stakeholders to ensure alignment of goals and objectives and co-designing programs with Incubators and Startups to ensure viable and effective program design.
- Similar opportunities for employees like mandate employee work hour to help with supporting innovation can help foster a culture of innovation within a corporate and also help startups gain access to expertise which otherwise are outside their reach. This can be done via mentorship, pro bono expert consultancy, masterclasses by corporate volunteers.
- Incubators and Startups expressed the need for a reasonable time scale for evaluation and decision-making by corporates after they receive proposals. They have faced a lot of delays in decision making leading to high opportunity costs.

C. Designing effective Frameworks

As discussed, an effective framework or lack thereof may lie at the intersection of many other factors hindering promotions of CSR support for Startup innovation. In relation to this, participants discussed the following action points:

- All participants need to develop frameworks with a long-term view designed around widely accepted standards like UN SDGs goals. This in turn can be used as M&E tools to align objectives of stakeholders and communication of the same.
- Another suggestion was for some stakeholders like Incubators to take up the mantle to develop a research paper on ROI of Startup Programs to capture the impact potential of such programs. This or similar research can also form the basis to develop a proper impact measurement framework for Startup Innovation Programs to capture their impact.
- Corporates have got their area of interest to create impact. In similar lines, corporates may define what makes them comfortable in funding startups. Incubators have to be short listed for application review and further process (Not all Incubators in the beginning, not all startups in the beginning). Startups may apply for the funding program through the identified Incubators based on the area of expertise and contribution. This practice will reduce hurdles for corporates to identify the right startups by leveraging the strong expertise of incubators.

D. Alternate models of Engagement between Stakeholders

A more flexible approach by stakeholders especially startups and incubators in exploring alternative models to the standard models like fellowships, incubation and acceleration programs can help increase CSR support for Startup Innovation. An interesting example illustrating this approach was discussed during the roundtable. An incubator had pitched a fellowship program to support research innovation to PSU that wanted to supported healthcare innovation. The PSU in question rejected this as they wanted direct and immediate impact in a very short timeframe. The stakeholders then came up with a direct deployment model for the Startup's products as an alternative. This was well liked by the PSU as they could show direct impact in a short

timeframe. Not only was this model approved, but appreciated and extended for more funding. Such direct procurement of startups' products filled a crucial gap by promoting a startup's product in the early stages of their journey.

Incubators need to be flexible with program design to be able to attract CSR support by giving alternate models which work around limitations of corporates.

E. Policy and Role

Another interesting area of discussion was changes needed in CSR policy and role of CSR in general. It was highlighted that in India VC funding is available to only limited type of startups. Investors have limited bandwidth. In this scenario startups need to support CSRs to bridge the gap left by the lack of other types of funding.

The CSR law itself needs a lot of changes. It was drafted 11 years ago and there has been rapid change in tech since then. A policy needs to be more friendly to allow for ease of funding Startups. From a policy point of view, the CSR law also needs to lay down what is a startup, which is currently lacking in the present CSR law. This lack of clarity means companies are reluctant to support well to do startups.

About

AIC-IIITH

AIC-IIITH Foundation is the Social-Tech Incubator of IIIT, Hyderabad. Set up exclusively for incubating and supporting tech-based social enterprises, it seeks to deploy entrepreneurial energy and technological innovation for social impact to help India achieve the SDGs. AIC-IIITH is part of the institute's Centre for Innovation and Entrepreneurship (CIE), IIITH's Deep-tech incubator. CIE is one of the oldest TBIs in the country and has supported over 400+ startups with incubation support and INR 6+ Cr of funding.

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IIITH

The **International Institute of Information Technology, Hyderabad (IIITH)** is one of India's premier institutions for computer science research. Founded as a not-for-profit public-private partnership in 1998, IIITH is known for its research excellence, applied solutions, and robust startup ecosystem. The institute houses CIE, one of the country's largest academic incubators, and AIC-IIITH, a social tech incubator focused on sustainable and social impact-driven startups. IIITH has supported over 400+ startups and engaged 10,000+ entrepreneurs.

Artha Samarth Consultancy LLP

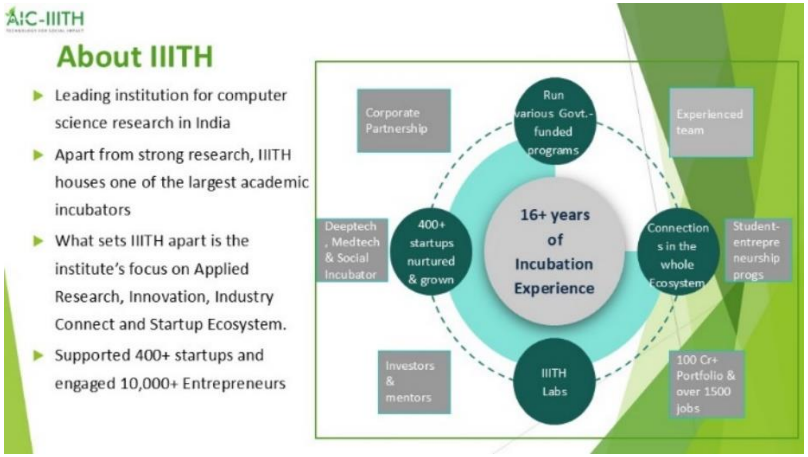
Artha Samarth Consultancy LLP works closely with CSRs and NGOs to strengthen the ecosystem of changemakers. We support corporates in designing CSR policies aligned with business strategy and end to end project management and help NGOs/social enterprises restructure and assess themselves for greater impact.

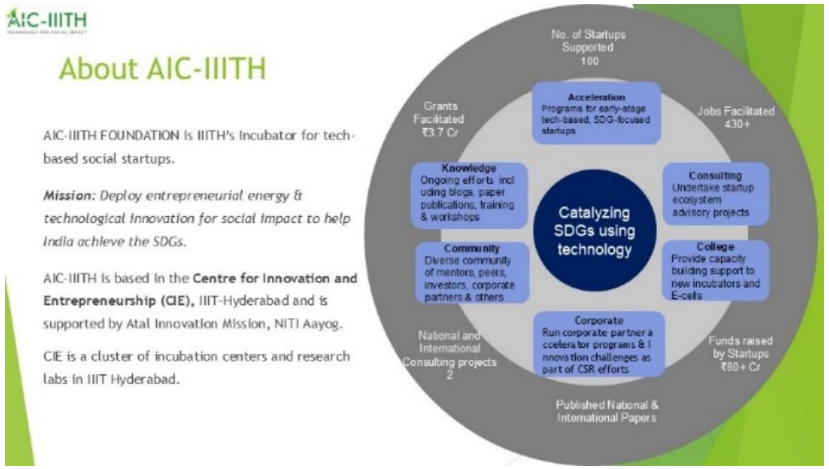
Annexure

Annexure I: List of List of Participants

Name	Sector	Organisation
Abhishek Ranjan	Ecosystem Stakeholder	ASSOCHAM
Chennapa Naidu Darapaneni	Ecosystem Stakeholder	TG10x
Dr. Meghana Khambam	Startup/Innovators	CarenGrow
Dr. Shaik Salman Asharaf	Incubator/Accelerators	WeHub
Emmanuel Gosula	Corporate	EPAM Systems
Kanchana KV	Ecosystem Stakeholder	NICEorg
Nishant Kumar	Corporate	Carrier
Nitin Sharma	Corporate	Qualcomm
Ravi Sarkunan	Incubator/Accelerators	AIC-IIITH
Ritika Gandhi	Corporate	Titan Company Limited
Sai Priyanka Sajja	Ecosystem Stakeholder	Artha Samarth Consultancy
Sarath Muthyala	Academicians	National Institute for Micro Small and Medium Enterprises (ni-msme)
Shilpa Reddy Mekapothula	Startup/Innovators	EcoKart Swadeshi
Vamshi Muthyapu	Ecosystem Stakeholder	South India's CSR Summit
Vijender Mogili	Incubator/Accelerators	Bala Vikasa - Center For Social and Responsible Business

Annexure II: Presentation deck



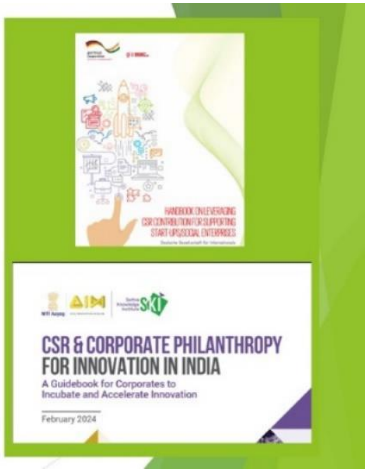


Background – CSR & Startup Innovation

- **Minuscule** - Less than 0.2% of CSR funds annually go to startup innovation (AIC-IIITH, 2024)
  - Mere INR 158.17 Cr out of INR 127,961.1 Cr [FY19-23
  - A secular decline
- **Missed opportunity**: Innovation offers high-leverage, scalable impact
  - Innovation is positively correlated to economic growth. (EELET, 2023)
  - Our experience
    - CSR investment of INR 1Cr, the direct gains made by the Startup beneficiaries is INR 19.81 Cr
    - 7,000+ tons of waste recycled; 33,600 Tones Carbon emission savings achieved, 10+ Million of plastic replaced, 30 Tons Carbon capture, Service support to 1,500+ PWDs

Effort to encourage

- Multiple attempts by major Ecosystem players to highlight and encourage the push for CSR contribution to Innovation sectors
- GIZ (2017) and AIM (2024) note incubators are eligible under CSR law but remain underfunded
- Give Grants (2025) highlights need for stronger trust, reporting frameworks, and visibility



What is Hindering CSR Support for Startup Innovation?

Structural and Cultural Barriers:

- Lack of leadership buy-in - focus on short-term outputs (AIC-IIITH, 2024)
- Information asymmetry - low awareness of incubator eligibility (GIZ, 2017)
- Absence of social proof - few visible success cases (Give Grants, 2025)
- Pressure for immediacy - annual CSR cycles prefer quick results (AIM, 2024)

Why CSR Has Low Engagement

Key Gaps:

- Regulatory awareness - Is incubator support widely known? (AIC-IIITH, GIZ)
- Weak policy signals - Guidelines exist but de-risking is unclear (AIM)
- Lack of matchmaking infrastructure - no national-level system (Give Grants)
- Ecosystem fragmentation - stakeholders working in silos (AIC-IIITH, GIZ)

The Roundtable Imperative

- Why this Roundtable?
  - To unpack why CSR is not flowing to innovation despite eligibility
  - To bring CSR heads, associations, incubators, startups, and platforms together
- Goal: Identify practical ways to align CSR with innovation for greater impact
- Next Step: Outcomes to be published as a White Paper

Pointers : What is hindering CSR Support for Startup Innovation?

(Structural & cultural barriers: lack of leadership buy-in, information asymmetry, absence of social proof, short-termism)

- Lack internal champions; is innovation a strategic CSR priority; high-risk or high-impact; lacking quick, visible outcomes (aligned to annual CSR reporting cycles) / absence of "proven models **[Corporates]**
- Roles of innovation in CSR discussion? Is discussion focused on compliance ? Industry specific hurdles for CSR-innovation partnerships? **[Industry Associations]**
- Reason for incubators underrepresented in CSR matchmaking systems? Is lack of awareness a hindrance? What mistakes/omission are Incubator making ? **[Experts/Ecosystem]**
- Limitations of incubators in aligning with accepted CSR models/goals **[Incubators]**
- What would be the ideal short-term metrics for an innovation program? **[All]**

Pointers : Bridging the Disconnect -What needs to be done?

- Changes needed in existing internal CSR policy guidance? Ecosystem support need for Innovation Champions ? **[Corporates]**
- Is advocacy needed or possible, and is there support to normalize 'CSR for Innovation'? What are industry level issues or clarification need? **[Industry Associations]**
- Is any redesign needed in current matchmaking and reporting systems? **[Expert]**
- Communication of legal eligibility and policy alignment, and access to CSR for promoting innovation programs - what works and what doesn't? **[Incubators]**
- How to overcome trust deficits when evaluating innovation projects (case studies/social proofs/impact demonstration) **[All]**

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Final Thoughts and Announcements

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References

- AIC-IIITH (2024) *Less than 0.2% CSR Powered Innovation* 【1a】
- GIZ (2017) *CSR Handbook: Supporting Startups & Social Enterprises* 【1b】
- AIM (2024) *CSR Guidebook* 【1c】
- Give Grants (2025) *CSR Impact Report* 【1d】
- EELET (2023) The Economics of Innovation: Analyzing the Relationship between R&D Investment and Economic Growth 【1e】

Thank You

Gallery


16 Years
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Chennapa Naidu