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Corporate Social Responsibility in India-An Analytical Study

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Abstract: Corporate Social Responsibility (CSR) is important aspect of organizational strategy, demonstrating a firm's dedication to ethical conduct, societal welfare, and sustainable environmental practices. This research explores and examines the CSR activities, such as education, research and development, environmental sustainability, rural and slum area development, empowerment of women, eradicating hunger, gender equity, health care, etc., conducted by the corporate businesses in India and the benefits it offers to both businesses and society. This study relies on secondary data sources and covers a pan-India scope.

Keywords: Corporate Social Responsibility, Environmental Sustainability, Business Ethics, Sustainable Development.

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INTRODUCTION

Socio-economic development is crucial element of overall development of any country and it is individual as well as business collective responsibility. India is a developing country and need to develop in various fields. Business / corporate sector can help in developmental activities and they can contribute towards education, research and development, health care facility, environmental sustainability, empowerment of women, rural and slum area development etc.

Social responsibility is ethical obligation of all individuals and organizations to engage in practices that contribute positively to society. It has gained growing significance among investors and consumers, who increasingly prefer to support businesses that demonstrate commitment to societal welfare and environmental sustainability. While critics have long maintained that the fundamental nature of business overlooks society as a stakeholder, growing numbers of investors and consumers are now embracing social responsibility and fostering meaningful change.

REVIEW OF LITERATURE

CSR is important aspect of business strategy in India, especially after the enactment of Section 135 of the Companies Act, 2013. The concept of CSR has been widely studied in the Indian context, focusing on legal compliance, implementation challenges, sectoral impact, and stakeholder engagement.

Concept and Evolution of CSR

In India, CSR has transitioned from being a voluntary philanthropic initiative to a mandated compliance obligation. Carroll's (1991) CSR pyramid outlines four dimensions—such as ethical, legal, economic and philanthropic responsibilities. Within the Indian context, Kumar (2020) observed that although CSR has its roots in traditional corporate philanthropy, recent regulatory measures have significantly redefined its framework.

Legal Framework of CSR in India

With the enactment of 2013, Companies Act, India became the first nation to mandate corporate expenditure on social initiatives (Mitra & Schmidpeter, 2017). The legislation requires companies should allocate a minimum of 2% of their average net profits to CSR activities (Government of India, 2013). Nonetheless, scholars contend that a compliance-oriented approach to CSR may not necessarily translate into sustainable or long-term social impact (Sharma & Bansal, 2019)

Implementation Challenges of CSR

Several studies highlight the difficulties businesses face in executing CSR policies effectively. According to Singh and Verma (2021), the major challenges include **lack of expertise, bureaucratic hurdles, poor stakeholder engagement, and ineffective monitoring mechanisms**. Another study by Gupta (2022) observed that many firms engage in **superficial CSR initiatives**, leading to **greenwashing concerns**.

Sectoral Analysis of CSR Impact

CSR initiatives are widely implemented in education, healthcare, and environmental sustainability. A study by Reddy (2021) indicated that the education sector receives **the highest share of CSR funds**, followed by healthcare. However, there is a growing concern about the regional disparities in CSR spending, with urban areas benefiting more than rural counterparts (Patel & Mehta, 2022).

Stakeholder Perception and Corporate Reputation

CSR influences corporate reputation and consumer trust. A study by Jain and Roy (2020) found that businesses engaged in **transparent CSR reporting** enjoy **higher customer loyalty and employee satisfaction**. However, **stakeholder skepticism** remains an issue due to inconsistencies in reporting practices (Narayan, 2021).

Research Gap

CSR has been extensively studied from conceptual and legal perspectives, with a significant focus on regulatory frameworks, compliance, and theoretical underpinnings. While these studies provide a strong foundation for understanding the evolution and governance of CSR, they often lack empirical insights into its practical implications. Furthermore, only a limited number of studies have examined the direct impact of CSR initiatives on the sustainable development of a country. The existing research primarily explores broad linkages between CSR and sustainability, but there is a gap in understanding how CSR funds are allocated and whether their spending patterns contribute effectively to regional and sectoral development.

The present study aims to bridge this gap by analyzing CSR spending patterns in detail, focusing on activity region-wise, and sector-wise allocations. By doing so, it seeks to provide empirical evidence on how CSR funds are distributed and whether they align with national development priorities. This approach will offer valuable insights for policymakers, businesses, and stakeholders to enhance the effectiveness of CSR initiatives in driving sustainable development.

Objectives

- To study the CSR in Companies Act, 2013 under section 135.
- To assess the CSR amount spent on activities region-wise in India.
- To appraise the CSR amount spent by the public sector and non-public sector units in India.

Hypothesis

- **H₀1:** There is no significant difference in the CSR amount spent across regions in India.
- **H₀2:** There is no significant difference in the CSR amount spent by public sector and non-public sector units in India.

Importance of the study

CSR has become an integral element of corporate governance and business ethics, especially in developing economies such as India. The introduction of Section 135 of the Companies Act, 2013, institutionalized CSR by making it mandatory for eligible companies, thereby fostering a more structured approach to social welfare initiatives. This study seeks to examine the role of CSR in India by evaluating its legal framework, financial commitments, and contributions across various sectors.

Understanding the implementation of CSR under Section 135 is essential to evaluate how businesses fulfill their social responsibilities while aligning with national development goals. By examining the actual amount spent on CSR activities as per Schedule VII of the Act, this research provides insights into the effectiveness of corporate contributions to societal well-being.

Furthermore, the study assesses CSR spending on a state-wise and region-wise basis, helping policymakers and stakeholders identify disparities and areas needing more attention. This regional analysis can aid in developing more targeted CSR policies that address specific socio-economic challenges across different parts of the country.

The research also differentiates CSR contributions by public sector and non-public sector enterprises, offering a comparative perspective on how these entities prioritize social responsibility. Evaluating these differences helps understand the role of government-owned enterprises versus private sector firms in nation-building through CSR initiatives.

By providing a comprehensive assessment of CSR trends in India, this study contributes valuable insights for corporate entities, policymakers, academicians, and researchers. It facilitates better decision-making in CSR planning, ensures transparency in corporate expenditures, and ultimately helps strengthen the link between business sustainability and societal progress.

Scope of the study: This study is based on secondary data published by the national corporate responsibility portal about the amount spent by the corporate sectors towards corporate social responsibility activities based on schedule VII of the Act regions-wise and sector-wise.

Limitations of the study: It is confined the period of five years from 2015-16 to 2022-23 i.e. 8 years and it is depicting some glimpses of CSR activities in India.

Period of the study: This study based on the period of eight years from financial year 2015-16 to 2022-23.

RESEARCH METHODOLOGY

This study adopts a descriptive and analytical research design to examine the spending patterns on CSR activities in India. The research primarily relies on secondary data to evaluate the amount spent on CSR activities as per Companies Act, 2013 of Schedule VII region-wise and sector-wise.

Data Sources

The study utilizes secondary data collected from various authentic and reliable sources, including reports published by the MCA, Govt. of India and databases such as the National CSR Portal. Research papers, journals, and reports from non-governmental organizations (NGOs) focusing on CSR activities in India.

Data Analysis Tools

Following quantitative techniques has been used for analyze the collected data:

- Descriptive statistics (mean, median, percentage, and trend analysis) to understand the spending patterns.
- Visualization tools such as tables to represent data trends.
- One way ANOVA variance of CSR spending across the regions of India.
- T-Test for Sectoral analysis to understand the variance between public sector and non-public sector CSR expenditures.

Table 1: Region-wise amount spent towards Corporate Social Responsibility in India. (Rs. in Crores)

Year	East	West	North	South	Total
2015-16	830.57	2617.42	2448.48	3051.84	8948.31
2016-17	810.57	3332.41	2034.65	2568.09	8745.72
2017-18	805.65	3846.48	2500.64	2999.17	10151.94
2018-19	920.87	4296.39	3104.52	3593.12	11914.9
2019-20	1051.45	4409.39	3603.92	3986.33	13051.09
2020-21	1040.71	4995.56	4028.22	4102.51	14167
2021-22	1559.98	7042.44	5317.94	4852.47	18772.83
2022-23	2027.32	7586.98	6480.88	5874.24	21969.42
Total	9047.12	38127.07	29519.25	31027.77	107721.2
Average	1130.89	4765.884	3689.906	3878.471	13465.15
CAGR	0.12	0.14	0.13	0.09	0.47

(Source: National CSR portal)

The Table 1 represents data on regional figures for the years 2015-16 to 2022-23 across four regions: East, West, North, and South, along with their total values. Below are key insights derived from the data:

1. **Overall Growth Trend:** The total figures have shown a consistent increase from 8,948.31 in 2015-16 to 21,969.42 in 2022-23, indicating a strong upward trend. The Compounded Annual Growth Rate (CAGR) of 0.47 suggests a steady overall expansion.
2. **Regional Contributions & Growth:** The West region has the highest total contribution (38,127.07), followed by the South (31,027.77), North (29,519.25), and East (9,047.12). The CAGR of the West (0.14) is the highest among individual regions, indicating the fastest growth rate. The East region has the lowest total and CAGR (0.12), showing slower relative growth.
3. **Year-on-Year Changes: Major Growth Years:** A significant jump in total values occurred from 2020-21 (14,167) to 2021-22 (18,772.83), reflecting rapid expansion. The highest yearly growth is observed in 2021-22 and 2022-23, likely due to increased activity or economic recovery. **Regional Highlights:** The West region saw the sharpest rise, from 2,617.42 in 2015-16 to 7,586.98 in 2022-23. The

East region showed the slowest increase but had significant growth from 2020-21 to 2022-23.

4. **Regional Comparisons:** The West region leads in all years, consistently maintaining the highest numbers. The East remains the smallest contributor, but it also shows steady improvement. The North and South regions have similar total contributions, but the South has a slightly higher average.
5. **The data reflects strong regional growth with a clear trend of increasing total values over the years.** The West and South regions dominate in contribution, while the East region, despite being the smallest, continues to grow. The CAGR of 0.47 for the total suggests a positive and sustainable growth trajectory.

Hypothesis Testing:

H₀ 1: There is no significant difference in the CSR amount spent across regions in India.

Table 2: One Way ANOVA Results

F-statistic	11.57
p-value	0.00004137

Since the p-value is significantly less than 0.05, we reject the null hypothesis (H₀). This means there is a

significant difference in the CSR amount spent across regions in India.

Table 3: No. of companies from Public Sector Units and Non- Public Sector Units amount contributed towards corporate social responsibility. (Rs. in Crores)

Year	PSU				Non-PSU			
	Total No. of Companies	% Increase/Decrease	Total Amount Spent	% Increase/Decrease	Total No. of Companies	% Increase/Decrease	Total Amount Spent	% Increase/Decrease
2015-16	533		4214.69		17759		10302.52	
2016-17	552	3.56	3444.15	-18.28	19004	7.01	11098.36	7.72
2017-18	541	-1.99	3652.02	6.04	20984	10.42	13447.56	21.17
2018-19	619	14.42	4224.46	15.67	24562	17.05	15993.2	18.93
2019-20	483	-21.97	5310.12	25.70	22502	-8.39	19655.7	22.90
2020-21	448	-7.25	4486.27	-15.51	20392	-9.38	21724.68	10.53
2021-22	361	-19.42	4367.87	-2.64	19527	-4.24	22211.91	2.24
2022-23	371	2.77	4095.78	-6.23	24021	23.01	25891.15	16.56
Total	3908		33795.36		168751		140325.1	
Average	488.5		4224.42		21093.875		17540.64	
CAGR	-0.0443		-0.0036		0.0385		0.1221	

(Source: National CSR portal)

The table 3 represents data on the number of companies and total CSR expenditure for Public Sector Undertakings (PSUs) and non-PSUs over eight financial years from 2015-16 to 2022-23. It also highlights the percentage increase or decreases in these parameters annually.

- PSU Companies and Their CSR Spending Trends: The total number of PSU companies fluctuated significantly over the years, peaking at 619 in 2018-19 and dropping to 361 in 2021-22 before slightly increasing to 371 in 2022-23. The Compound Annual Growth Rate (CAGR) of the number of PSU companies is -4.43%, indicating an overall declining trend. PSU CSR expenditure showed volatility, increasing from ₹4,214.69 crores in 2015-16 to ₹5,310.12 crores in 2019-20 (a 25.7% increase) before declining again in subsequent years. The CAGR of PSU CSR spending is -0.36%, suggesting a marginal decline over the years.
- Non-PSU Companies and Their CSR Spending Trends: The number of non-PSU companies consistently increased, except in 2019-20 and 2020-21, reaching a peak of 24,021 companies in 2022-23, with a CAGR of 3.85%. CSR spending by non-PSU companies showed a steady increase, with a CAGR of 12.21%, reaching ₹25,891.15 crores in 2022-23 from ₹10,302.52 crores in 2015-16.
- Key Observations: While PSU participation in CSR activities has declined, non-PSU participation has shown significant growth. CSR spending by non-PSUs has consistently increased, whereas PSU spending fluctuated and showed an overall declining trend. The overall CAGR for total CSR spending (PSU + non-PSU) suggests an upward trend, largely driven by non-PSUs. The economic impact of certain external factors (e.g., regulatory changes, economic downturns) may have influenced PSU

CSR contributions, particularly the sharp decline in 2019-20 and 2021-22.

- The data indicates a shifting trend where non-PSU companies are playing a more dominant role in CSR activities, both in terms of the number of participating firms and the amount spent. The decline in PSU participation and spending raises concerns about government-backed CSR initiatives, while the growth of non-PSU spending suggests an increasing commitment from the private sector toward social responsibility.

Hypothesis Testing:

H₀ 2: There is no significant difference in the CSR amount spent by public sector and non-public sector units in India.

Table 4: t -Test Results

t-statistic	12.76,
p-value	0.000000000112.

Since the p-value is significantly lower than 0.05, we reject the null hypothesis (H₀). This means there is a **statistically significant difference** in CSR spending patterns between PSU and Non-PSU companies.

FINDINGS

- Regional Distribution:** CSR spending has been unevenly distributed across regions, with western and southern regions receiving the highest allocations. The eastern region has consistently received lower funding, indicating a possible gap in corporate interventions in those areas.
- Public Sector vs. Non-Public Sector Contributions:** Non-public sector companies have consistently outspent public sector enterprises in CSR activities, both in terms of total amount and

number of participating firms. Public sector undertakings (PSUs) have shown variability in their CSR expenditure, with occasional declines in funding.

CONCLUSION

The increasing CSR expenditure highlights the growing commitment of companies to social responsibility and sustainable development. The disparity between PSU and non-PSU contributions suggests that further policy interventions or incentives may be necessary to encourage greater engagement from public sector companies. Overall, CSR initiatives in India have played a crucial role in fostering social and economic development, yet there is scope for better strategic allocation to ensure more equitable and effective outcomes.

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