

A STUDY ON THE CHANGING LANDSCAPE OF CSR ACTIVITY IN INDIA

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Abstract: To run a business resources are required, and society is the place where from these resources has come. So, every business enterprise is obliged towards society. Corporate Social Responsibility (CSR) is a concept through which a company can contribute to the stakeholders and society. Over the past twenty years, sustainable development has emerged as a key global priority. India has been actively contributing to this cause and has played a significant role in shaping the Sustainable Development Agenda 2030. To track progress toward these goals, NITI Aayog introduced the SDG India Index, which highlights how various States and Union Territories are advancing in implementing the 2030 Sustainable Development Goals (SDG India Index and Dashboard 2020-21). In this context, the SDGs offer a strong foundation for businesses to align their corporate social responsibility (CSR) initiatives. This paper aims aimed to study the changing patterns of CSR practice in India.

Keywords: Corporate Social Responsibility (CSR), CSR activities, CSR amendments, Development sectors, State CSR activities.

Introduction

Over the last ten years, Corporate Social Responsibility (CSR) in India has experienced a remarkable shift, especially in regional areas. What was once voluntary philanthropy has evolved into a mandated, well-structured approach, redefining how businesses engage in social development. Today, CSR is an integral part of corporate strategy, emphasizing sustainability, measurable impact, and enduring transformation. The scenario of Corporate Social Responsibility (CSR) in India has undergone significant transformation over the years, particularly after the

introduction of the Companies Act, 2013, which made CSR mandatory for certain companies.

The changing scenario of CSR in India reflects a dynamic shift from traditional philanthropy to a strategic and structured approach that addresses both societal needs and business goals. As CSR continues to evolve, it will play a critical role in shaping India's socio-economic landscape.

Impact of Covid on Indian Business and Economy

Along with the world economy Indian

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GDP also fall down to negative due the breakout of corona virus. In India, most of the raw materials are imported from China, as China being the epicentre of corona virus, all the factories were closed for a long period of time. All kind of communication has been stopped with China to control the spread. This caused in scarcity of the raw materials in India which has lead to the increase in price of mask, sanitizaers, medicine, electronic devices and consumer’s durables. Travelling industry also impacted very badly due to the complete shutdown of aviation service throughout the world.

The share market also faced a very bad time during the pandemic. Both Sensex and NIFTY has fall down close to 8000 points within a month. Indian Stock market investors lost aaroud Rs. 33 lakh

crores in a single month in 2020. Due to the outbreak 80% of companies faced huge liquidity crunch and forced to stop production and other related activities which impacted very badly to their profitability, except IT industry.

CSR Rules & Regulations

The concept of CSR is universally accepted. India was the first country in the World to impose a statutory obligation on Corporate Social Responsibility. As per Section 135 of the Companies Act, 2013 companies with a net worth of Rs. 500 crores or more, or an annual turnover of Rs. 1000 crores or more, or net profit of Rs. 5 crore or more, to spend two per cent of their average net profits of last three years on CSR.

Pic 1: Permitted Activities with Schedule VII of the Companies Act, 2013



Amendment in CSR in 2021

The Ministry of Corporate Affairs (MCA) clarified that expenditures for COVID-19 relief qualify as permissible Corporate Social Responsibility (CSR) activities. In line with this, the Government of India amended the Companies (Corporate Social Responsibility) Rules, 2014, and Section 135 of the Companies Act, 2013, on January 22, 2021.

Following the amendment, certain activities can no longer be considered CSR initiatives by companies, including:

- i. Activities conducted as part of a company's regular business operations or those benefiting only its employees.
- ii. Political donations.
- iii. Sponsorship activities.
- iv. Compliance with statutory obligations and activities carried out outside India.

Additionally, new activities have been incorporated into the CSR framework, such as:

- i. COVID-19-related initiatives undertaken during the normal course of business.
- ii. Acquisition or development of a capital asset, provided the company does not retain ownership of it.

Literature Review

Research has been conducted on top marketing companies in India and their implementation of Sec 135 of the CSR Act (Beerannavar 2012). Through this research, the author has shown that highly profitable companies are more

responsible and committed to CSR activities. Kansal. et.al (2014) focused on the differences in CSR practice and the disclosure between private and public companies in India. Another study done by Prakash (2019) has identified that CSR practice helped to establish a bond between the company and its employees. The author also recommended that the company should publish its CSR report both in national and regional newspapers to make common people aware of their contribution to society. Multiple reports have been found where the changing CSR activities have been described. Out of which one report published by The Indian Institute of Corporate Affairs (IICA 2020) has been based on 57 public sector companies and 43 public sector companies. This report tells us how the sample companies contributed towards the achievement of SDGs. Recently (Naik.et.al 2020) in a paper showing the trend by Indian corporate houses towards CSR activities and how the activities has been changed due to the COVID-19 outbreak.

Objectives of the Study

The primary objective of this paper is to study the changing trend of CSR practice in India. To fulfil the primary objective the following secondary objectives have been considered:

- i. To study the CSR trends in India.
- ii. To study the CSR trend followed in various states in India
- iii. To study the development sector-wise CSR expenditure in India.

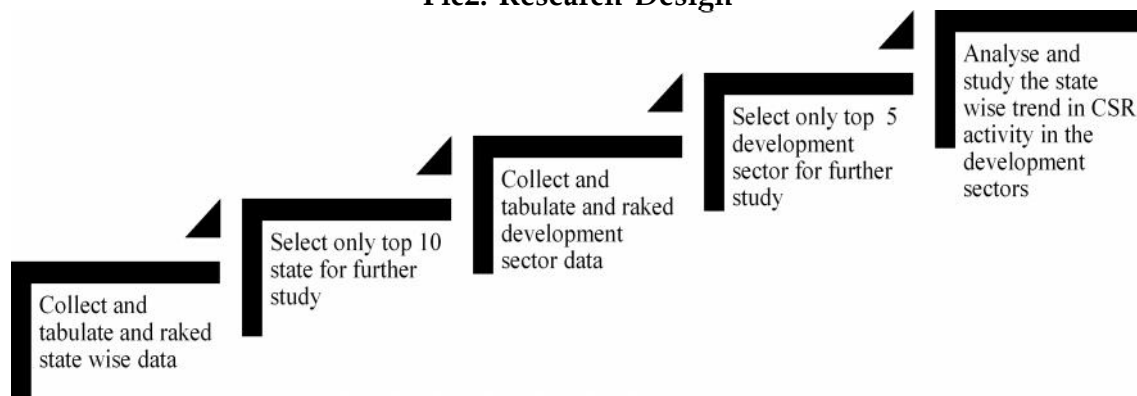
- iv. To study the CSR practice of PSU and Non-PSUs for last nine
- v. To study and compare the state wise CSR activities in top development sectors in India.

Research Methodology

This research is based on secondary data collected from various sources related to the topic.

Due to the constrain associated with data availability, this study considers the period of nine years starting from 2014-15 to 2022-23. To keep the authenticity of the data, all numerical data has been collected from central government publication reports. The following research design has been adopted in this study:

Pic2: Research Design



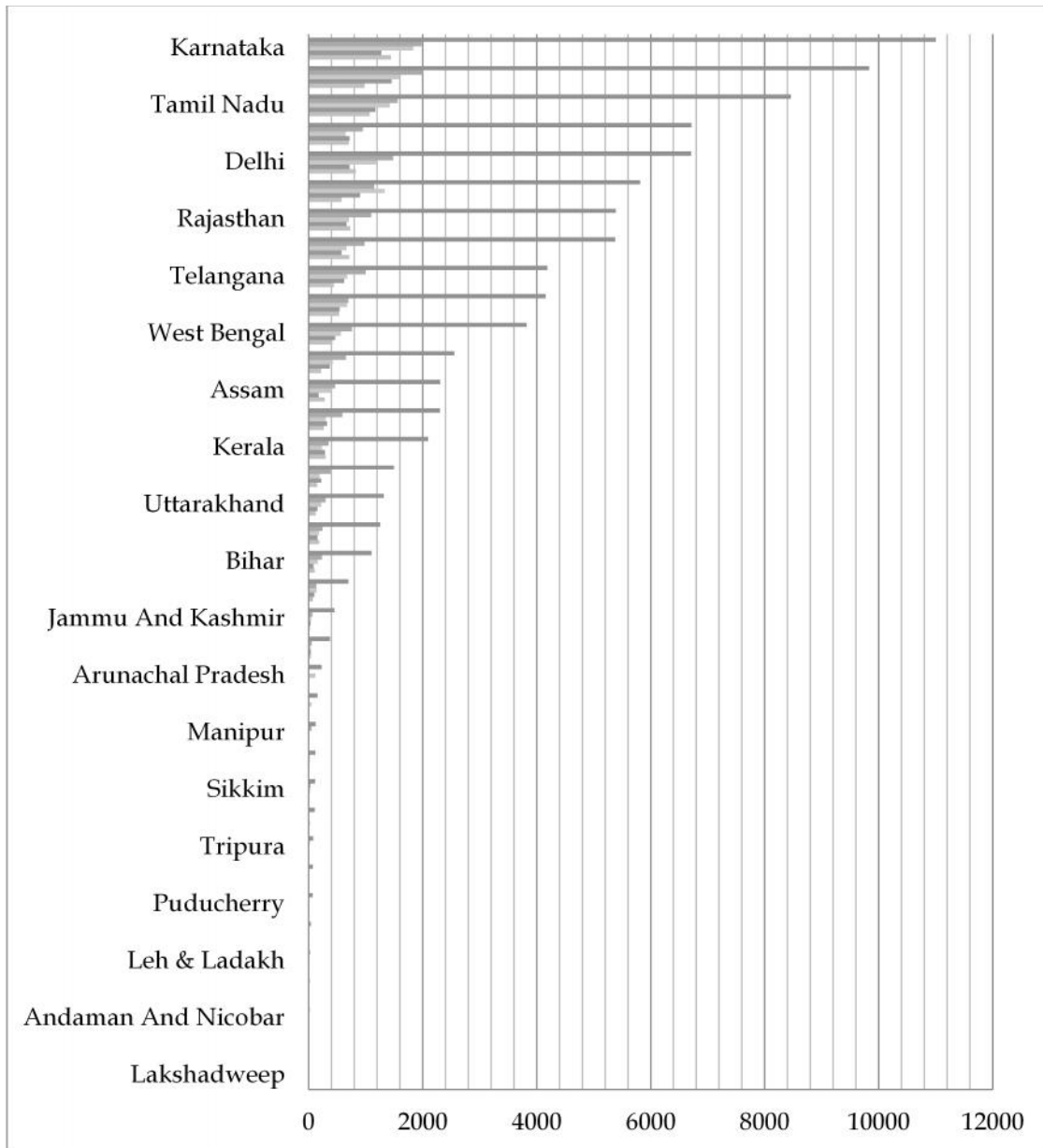
Analysis and Findings

CSR Trend in India

CSR become mandatory in India in 2014 for eligible companies. Since that year the spending on CSR activities has increased rapidly. The gap between the prescribed

amount for CSR and between amounts actually spent on CSR is also reducing year by year. The below graph showing the last nine years data regarding the actual expenditure amount on CSR state wise:

Pic 3: CSR Expenditure in last 9 Years (State-wise) from 2014-15 to 2022-23



Source: National CSR data portal

The above graph shows the CSR expenditure state-wise data for the last nine years starting from 2014-15 to 2022-

23. As per the above graph, the top 10 states for CSR spending are:

Table 1: Top 10 States for CSR Spending from 2014-15 to 2022-23

State Name	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21	2021-22	2022-23
Maharashtra	1445.92	2026.91	2420.35	2797.53	3147.72	3353.24	3464.81	5375.26
Karnataka	403.47	771.59	876.84	1145.79	1257.69	1448.16	1277.81	1836.86
Gujarat	313.41	547.94	865.81	967.97	1082.18	984.37	1461.6	1603.51
Tamil Nadu	539.64	588.22	548.28	669.65	877.08	1072.26	1174.07	1428.84
Andhra Pradesh	414.28	1276.73	745.24	575.07	665.97	710.23	719.81	656.05
Delhi	237.44	455.17	460.71	579.37	750.85	830	724.59	1190.39
Uttar Pradesh	148.9	416.99	321.63	435.21	521.32	577.98	907.32	1338.23
Rajasthan	299.76	483.99	353.75	443.35	595.49	734.12	670	709.85
Odisha	252.18	618.69	355.32	504.22	697.91	717.39	578.16	670.23
Telangana	101.96	263.6	256.39	380.57	428.06	445.8	627.71	681.46

Source: National CSR data portal

Maharashtra has been the highest CSR spending state in India in the last nine years. In 2014-15, it spent '1445.92 crore on CSR-related activities. This figure increased to '5375.26 crore in 2022-23. This means that within these nine years, 271.75% growth has been noted for CSR spending by Maharashtra state.

Karnataka placed second in CSR spending. Its CSR spending has increased from '403.47 crore to '1836.86 crore in the last nine years with a growth rate of 355%.

The third state for the highest CSR spending is Gujarat with a growth rate of 411% in the last nine years. Its CSR

spending has increased from '313.41 crore to '1603.51 crore just in nine years.

Other than these top three states the other state with significant increase in CSR spending is Tamil Nadu. Andhra Pradesh, Delhi, Uttar Pradesh, Rajasthan, Odisha and Telangana.

From the graph, it has been identified that all northeast states are lagging in terms of CSR spending. One of the reasons is the lack of industrial development in those states.

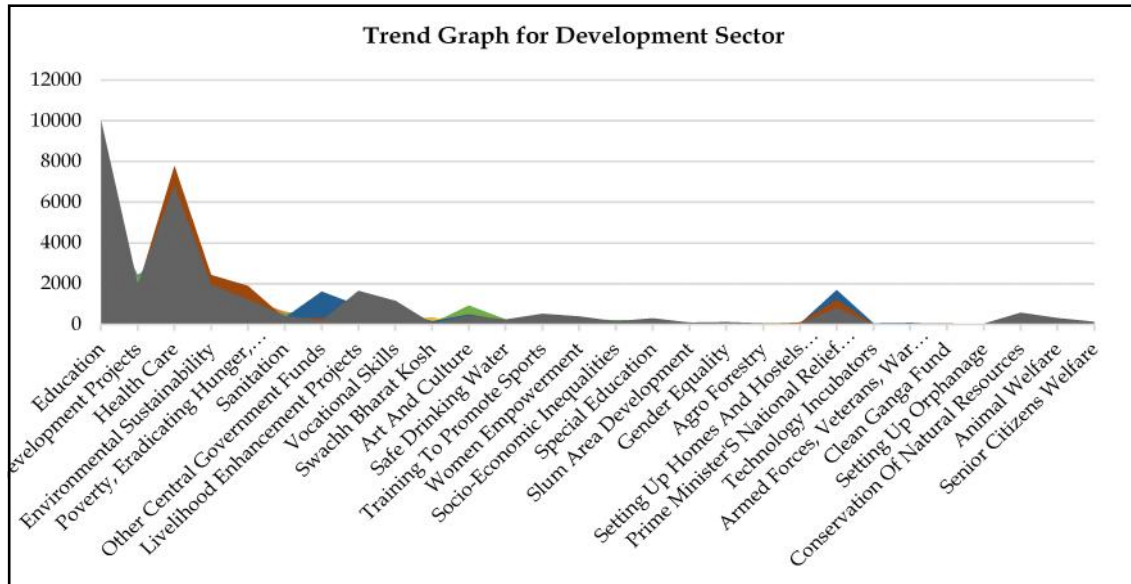
Indian Government has identified 28 different development sectors for CSR activity. These sectors are:

Table 2: Name of Development Sectors under CSR Activity

Education	Socio-Economic Inequalities
Rural Development Projects	Special Education
Health Care	Slum Area Development
Environmental Sustainability	Gender Equality
Poverty, Eradicating Hunger, Malnutrition	Agro-Forestry
Sanitation	Setting Up Homes And Hostels For Women
Other Central Government Funds	Prime Minister’s National Relief Fund
Livelihood Enhancement Projects	Technology Incubators
Vocational Skills	Armed Forces, Veterans, War Widows/ Dependants
Swachh Bharat Kosh	Clean Ganga Fund
Art And Culture	Setting Up Orphanage
Safe Drinking Water	Conservation Of Natural Resources
Training To Promote Sports	Animal Welfare
Women Empowerment	Senior Citizens Welfare

The corporates are eligible to report expenses done under any of these categories as CSR spending. The below graph shows the trend of corporate houses in India for spending on CSR activities for the development of society. From the graph, it has been identified that education is the most used sector for CSR activities by the corporate houses in India. In the last nine years, a total of Rs. 3071.24 crores has been spent on this sector by corporate houses as CSR activity. After education, rural development is the second most used CSR activity by corporate houses where they spent Rs. 1376.58 crore in the last nine years. The third place has been secured by healthcare-related activity where total Rs. 1303.9 crores have been in the last nine years by corporates. The trend is growing after the COVID-19 pandemic. Environmental sustainability is the next in a row with Rs. 709.76 crores of total spending in the last nine years. Poverty, Eradicating Hunger, Malnutrition, and sanitation come in next with Rs. 580.79 crores and Rs. 474.94 crores, respectively. Other than that, Other Central Government Funds, Livelihood Enhancement Projects, Vocational Skills and Swachh Bharat Kosh are the development sectors that comes on the bottom of the list.

Pic 4: CSR Activities in Development Sectors (₹ in crore)



Source: National CSR data portal

In 2021, the central government announced many amendments in the CSR Act. These amendments helped to channel more funds towards CSR activity. Other than that, the central government also encouraged noncompliance companies to report voluntary CSR activities. One of the points under these amendments is, that all unspent amounts of CSR cannot be shown as profit in the Balance sheet and that excess funds are only allowed to channelize the same ongoing project or any other CSR activity within six months of the expiry of the financial year. From the below graphs, we can say that, the number of companies reporting CSR has increased significantly in the past nine years. But the trend is different in PSU and Non-PSU sector. If we look carefully

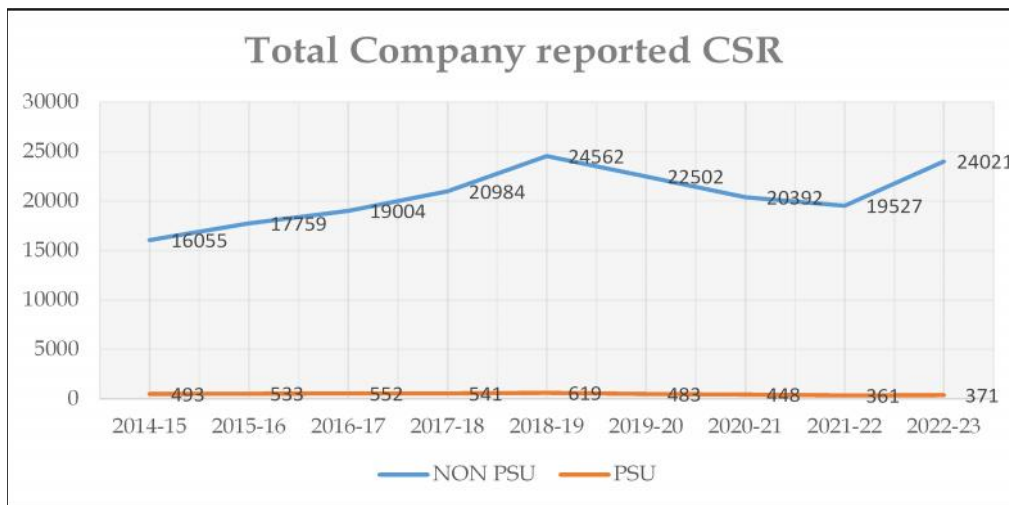
it has been seen that, for PSU sector the number of company reporting CSR activity has increased in first four years, i.e 2014-15, 2015-16, 2016-17, 2017-18, and 2018-19. The number was increased from 493 companies in 2014-15 to 619 companies in 2018-19. But after that the number is following a decreasing trend. From 619 in 2018-19 the number was drop down to 483 in 2019-20 and further it is dreasing in every year. In 2021-22 the number was reduced to 361 and in the next year 2022-23 there was a little increase in the figure and it stood at 371 in the record.

On the other hand, non-PSU companies are increasing year after year and maintain a positive trend. In 2014-15 the number of companies were 16055 which was increased to 17759 in the next FY

2015-16. In 2016-17 again this number has increased to 19004 and it was continuing to grow till 2018-19. After that there was a fall in numbers and in 2019-20 this value decreased to 22502 from

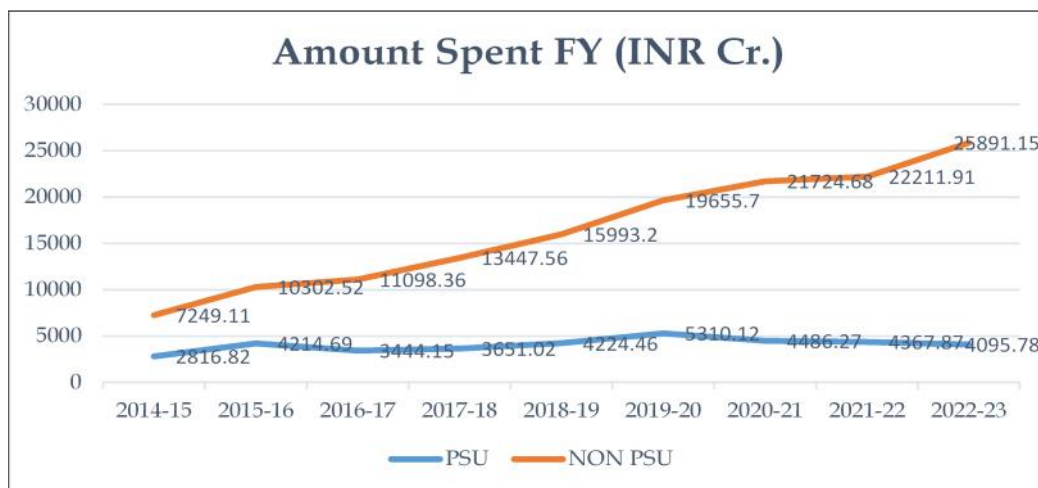
24562. Again, it was decreased in the next year 2020-21 to 20392 and in the next FY 2021-22 again it fall down to 19527. But in 2022-23 the number was increased to 24021 from the previous year value.

Pic 5: Total Company Reported CSR from 2014-15 to 2022-23



Source: National CSR data portal

Pic 6: Amount Spent by PSU and Non-PSU in Nine FY (INR Cr.)



Source: National CSR data portal

**Table 2: State-wise Classification and Trend in CSR Spending in FY
Starting from 2014-15 to 2022-23 (INR Cr.)**

State Name	Education, Differently Abled, livelihood	Environmental Sustainability	Health, Poverty and Sanitation	Rural Development
Maharashtra	12296.82	14041.81	26022.05	27475.74
Karnataka	5267.83	1818.1	2633.56	496.34
Gujarat	3922.97	812.68	3531.62	717.09
Tamil Nadu	3950.81	669.68	2690.73	536.81
Andhra Pradesh	2059.88	913.32	2411.81	863.56
Delhi	2742.31	635.83	2426.95	120.24
Uttar Pradesh	2412.05	492.06	1700.06	782.51
Rajasthan	2128.64	636.53	1484.35	540.24
Odisha	2217.28	309.43	1368.81	1116.81
Telangana	1798.85	262.53	1294.37	391.47
TOTAL	38797.44	20591.97	45564.31	33040.81

Source: National CSR data portal

Education, Differently Abled, livelihood, Environmental Sustainability, Health, Poverty and Sanitation and Rural development are the top development sectors for CSR activity. Most of the states in India have contributed a major part of its CSR spending in the above-mentioned sectors. Let's analyze state wise contribution towards the prominent development sector for CSR activity.

1. Education, Differently Abled, livelihood

Education is the second highest sector among the selected sectors for this study. The total amount of funds spent towards this sector amounted to Rs. 38797.44 crores. Out of the top ten states,

Maharashtra spent the maximum amount Rs.12296.82 crores towards the development of this sector followed by Karnataka and Tamil Nadu. Telangana spent a minimum amount Rs. 1798.85 crores out of the selected states in the list towards this sector.

2. Environmental Sustainability

Though the Indian Government continuously encourages Indian corporate houses to improve their sustainable activities still this sector cannot be considered the top sector for CSR spending. Out of the top development sector, it is the least preferred sector by corporate houses and spent only Rs. 20591.97 crores for this

sector. Out of the top ten states, Maharashtra is the state that spent the maximum amount of Rs.14041.81 crore of funds towards sustainability followed by Karnataka (Rs. 1818.10 crore) and Andhra Pradesh (Rs. 913.32 crores). Odisha and Telangana have spent the least amount of money towards this sector Rs. 309.43 crores and Rs. 262.53 crores respectively.

3. Health, Poverty, and Sanitation

Health, poverty, and Sanitation are the most prominent sectors for CSR activities. It has been identified that all top states have contributed significantly to the development of this sector. Maharashtra spent Rs. 26022.05 crores towards this sector whereas Gujrat spent Rs. 3531.62 crores for the development of this sector. It has been seen that after COVID pandemic hits India, the corporates are

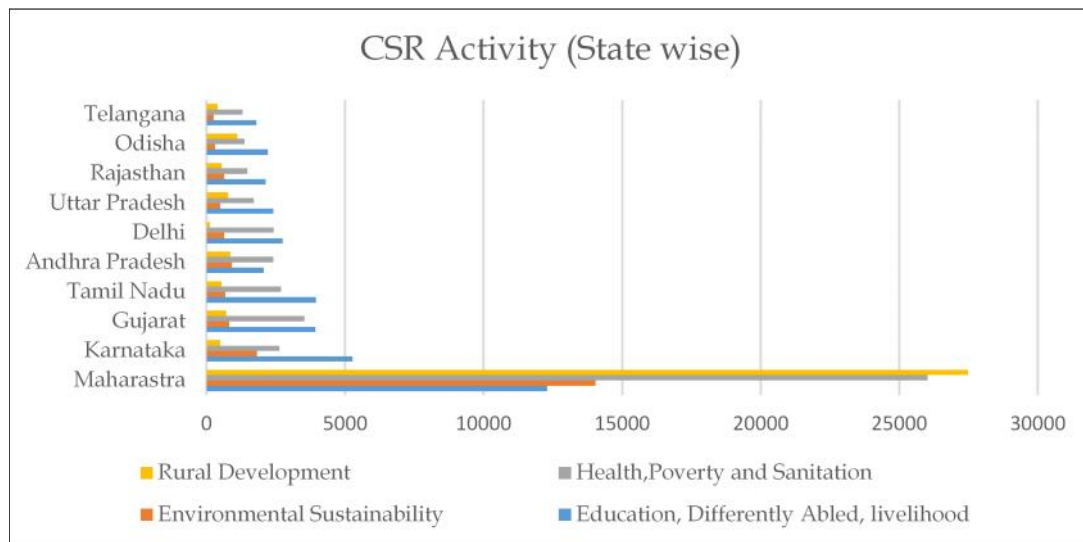
tends to spend more towards to development og health and sanitation in urban, sub-urban areas. Total Rs. 45564.31 crores have been spent by the top ten states for this sector. Whereas Telangana, Odisha, and Rajasthan are the least states out of the top ten states to contribute to this sector.

4. Rural Development

Rural Development is the 3rd most prioritized sector under CSR activity. From FY 2014-15 to FY 2022-23 total Rs. 33040.81 crores have been spent by the top ten states of India for rural development. Rural development includes multiple activities like,

Maharashtra spent Rs. 27475.74 crores for rural development in the past nine years from 2014-15 to 2022-23. Odisha plays a significant role for rural development through CSR initiatives.

Pic 7: State-wise CSR Activities (INR Cr.)



Source: National CSR data portal

Conclusion

Corporate Social Responsibility (CSR) has evolved significantly over the years, with trends reflecting the shifting priorities of businesses, consumers, and global challenges. Here are some key changes and emerging trends in CSR, previously CSR mainly associated with charitable donations and philanthropy, often disconnected from the core business. But now the trend has been shifted to integrate CSR into their business strategy to create shared value, aligning social impact with profitability. ESG framework is one of the main reasons for this change. The government of India has implemented the BRSR reporting system under the sustainability reporting standard which makes corporate houses contribute funds in more diverse ways for the development and betterment of the society.

Previously CSR have been considered a voluntary activity but the times and scenarios have changed and now CSR is no longer a peripheral activity but a core component of modern business strategy, reflecting the growing demand for ethical, sustainable, and impactful corporate practices. Let me know if you'd like to explore any of these trends in detail! Importance of CSR is increasing day by day as its proper implementation.

Conflict of Interests

The author declares that there is no conflict of interests that are directly or

indirectly related to this research work.

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