



## RESEARCH ARTICLE

### MACRO LEVEL EXPLORATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA

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#### ABSTRACT

Social Responsibility (CSR) means Companies promising to do business in a way that's good for the economy, Society and the Environment. The core of the Indian businesses adhered towards their social responsibilities since ancient times. Ancient Indian literatures promoted this concept on several occasions. However, it is the Companies Act, 2013 which formalised the same in the compulsory spend on CSR activities. As a result, during the post mandate period, CSR landscape in India has changed permanently. In this context, an effort will be made to explore the macro trends in CSR in India during the period of 2014-15 to 2021-22. The study will effort to bring out trends in some important aspects of CSR activities undertaken by Indian Companies which may have important policy implications.

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## INTRODUCTION

Corporate Social Responsibility (CSR) means Companies promising to do business in a way that's good for the Economy, Society and the Environment. The core of the Indian businesses followed towards their social responsibilities since ancient times. Ancient Indian literatures promoted this concept on several occasions. The mention of social responsibilities is available in ancient literatures. According to *Rig Veda*, the affluent community must share their wealth with those who lack it (Gouda & Sharma, 2018). Religious traditions like *dan*, *seva* (among Hindus) *zakat* (among Muslim) and *dashant* (among Sikhs) that exist in India over centuries speaks about the tradition of sharing wealth by affluent with those who lack it. *Manu Smriti* says that a business must also pay attention to the resources they use from the society while making profits. However, during the British period, while formalizing legislation for corporate form of organizations, regulators largely overlooked the necessity of a legislation recognizing the need for mandatory initiatives on the part of the corporates for social goods. Even the post independent version of Companies Act, 1956, hardly had any provision requiring the corporations to mandatorily take steps or spend money towards their social responsibilities. The issue was rather left for the business conscience. As a result, corporate social responsibility became a voluntary initiative in India practiced by a few large corporate houses only.

Fortunately, things changed in a positive way with the introduction of Companies Act, 2013 which dedicated part of the Act (Section 135) for corporate social responsibilities. The Act requires a minimum spending (2% of the profits) as well as an organized effort on the part of the Indian corporations towards discharging their social responsibilities. But whether this mandate has really lived up to the expectations, whether the activities of corporate towards discharging social responsibilities have resulted into a balanced distribution of resources across the country. These issues adequately form a research agenda. In this context, the present study attempts to explore the macro trends in different aspects of corporate social responsibility activities undertaken by corporate India.

## REVIEW OF LITERATURE

There has been ample research work on corporate social responsibility in India during the post mandate period. Mention of such research literatures are as follow. *Sawant and Patil* (2017) find significant departure in actual CSR spend from the mandated 2% among companies from GAS, FMCG and chemical industries. *Bansal and Rai* (2014) opine that CSR spending in India has been growing steadily over the years even in the absence of any law. However, there is hardly any pattern observable across industries with respect to CSR spending. *Norwal and Sharma* (2016) apply factor analysis to assess the perception of CSR in India. They opine that in market driven economies, societies are sceptical about the impact of CSR though they do value CSR in a positive way.

Susruth (2017) assesses the impact of CSR initiatives undertaken by Indian companies on their performance. He finds a positive association between CSR with firm performance. *Krisnan* (2018) finds that firms under manufacturing industries prefer environmental sustainability over other areas of CSR.

From the above reviews of the literature on CSR in Indian perspective, it is seen that the focus was given on the micro level analysis. Significant studies were attempted to explore the relationship between CSR initiatives and firm performance. So, there is ample scope for study the macro level CSR data to explore the trends in CSR activities with relation to aspects like State – wise and sector – wise distribution of CSR resources with the major leading companies of India. The present study will attempt to explore macro characteristics of CSR activities by Indian corporate sector and infer relevant trends therefrom and which will be a great help for future policy decisions by the authority.

**Objectives of the Study:** The prime objective of the study is to explore the macro trends in CSR activities undertaken by Indian corporates. In this process, however, the study will attempt to address the following secondary objectives.

- To focus on the CSR trends State- wise.
- To highlight the CSR trends development sector- wise.
- To bring into light the CSR contribution of leading Companies of India.

## METHODOLOGY

The present study is primarily empirical in nature. The data used in the study is basically macro or aggregate level CSR data which is secondary in character. The study explores the macro level CSR trends during post mandate period in section 135 of companies Act, 2013.

Data are collected from the National CSR Portal (<https://www.csr.gov.in>), an initiative from the Ministry of Corporate Affairs of India.

**Growth of Aggregate CSR Expenditure and number of Projects:** The Indian corporations aggregate CSR spending have been increasing continuously during the mandate period. In the period of 2014 -15, the aggregate CSR expenditure was Rs.10,065.93 Crore, the same has reached its highest level of Rs. 26,210.95 crore in the financial year 2020 -2021. A slight reduction, Rs. 25,932.79 crore in aggregate spending was seen in the year 2021 -2022. This reduction was seen because most companies had contributed more than the mandated CSR requirement to support the nation to fight against Covid – 19. Overall, aggregate CSR expenditure grew at a CAGR of 14.47% during 2014 – 15 to 2021 -22. The growth was also significant in terms of number of projects undertaken. The number increased from 2,658 in 2017 – 18 to 42,440 in 2021 – 22.

**State – wise CSR Trends:** Even if, the aggregate CSR expenditure has been increasing more than double during 2014 -15 to 2021 – 2022, but all the States were not benefited to the same extend. Union territories and few North- Eastern States like Manipur, Meghalaya, Mizoram Nagaland, Sikkim, Chandigarh, Pudhucherry have largely been ignored by the companies. Among the North- Eastern States, Assam stands – out while Arunachal Pradesh has got a bulky share of CSR resources as compared to other north – eastern states. Top twelve states' relative contribution have been shown in the table- 1. From the table shown above revealed that Maharashtra has been on the top rank during all the years. Tamil Nadu, the state has received the CSR contribution, next of Maharashtra and this contribution has been increasing from 2014-15 to 2021-22, except the year 2016-17. Among these twelve states, Telangana receives lowest contribution of CSR through the years but with an increasing trend.

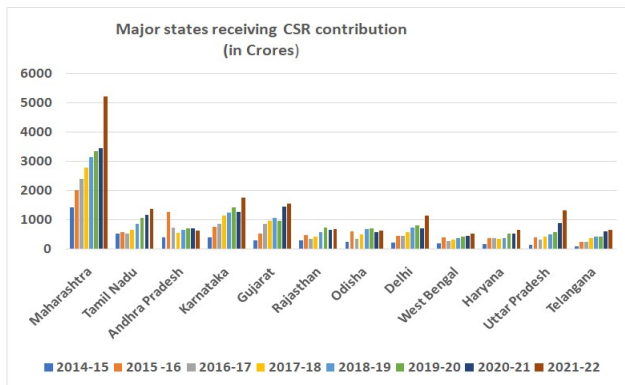
**Table 1. Major States receiving CSR Contribution (in Crore)**

States	2014-15	2015 -16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Maharashtra	1445.92	2026.91	2420.35	2797.53	3147.72	3353.24	3464.81	5229.31
Tamil Nadu	539.64	588.22	548.28	669.65	877.08	1072.26	1174.07	1371.91
Andhra Pradesh	414.28	1276.73	745.24	575.07	665.97	710.23	719.81	640.70
Karnataka	403.47	771.59	876.84	1145.79	1257.69	1448.16	1277.81	1761.39
Gujarat	313.41	547.94	865.81	967.97	1082.18	984.37	1461.60	1554.16
Rajasthan	299.76	483.99	353.75	443.35	595.49	734.12	670	700.44
Odisha	252.18	618.69	355.23	504.22	697.91	717.39	578.16	652.01
Delhi	237.44	455.17	460.71	579.37	750.85	830	724.59	1158
West Bengal	194.86	412.14	276.59	338.32	382.23	423.85	471.48	541.46
Haryana	187.41	373.44	386.65	363.43	378.11	537.91	550.86	654.88
Uttar Pradesh	148.90	416.99	321.63	435.21	521.32	577.98	907.32	1321.36
Telangana	101.96	263.60	256.39	380.57	428.06	445.80	627.71	670.06

**Table 2. Development Sector – wise CSR Contribution (in Crore)**

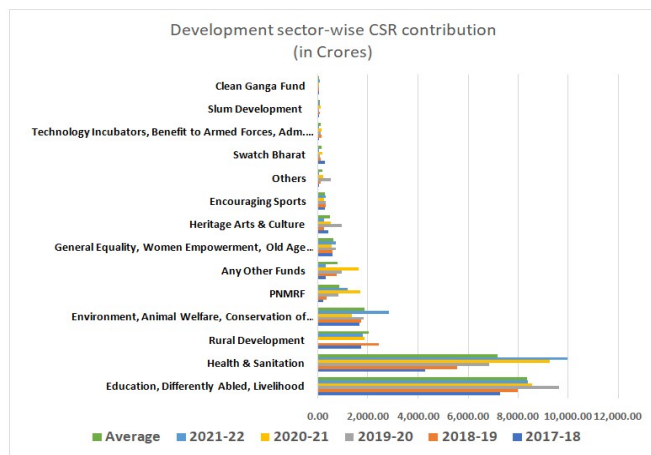
Development Sectors	2017-18	2018-19	2019-20	2020-21	2021-22	Average
Education, Differently Abled, Livelihood	7,282.32	8004.12	9,635.35	8559.05	8381.99	8372.566
Health & Sanitation	4,269.70	5,547.83	6840.56	9,275.51	9,987.44	7,184.208
Rural Development	1,724.07	2,434.17	2,301.02	1,850.71	1,801.43	2,022.280
Environment, Animal Welfare, Conservation of Resources	1,660.41	1,704.90	1,804.64	1,336.60	2,836.79	1,868.668
PNMRF	200.42	322.19	798.43	1,698.38	1,190.86	842.056
Any Other Funds	292.73	731.06	932.16	1,618.17	303.34	775.492
General Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	581.87	572.73	694.71	522.52	707.18	615.802
Heritage Arts & Culture	395.22	225.94	933.57	493.13	241.24	457.82
Encouraging Sports	285.41	310.16	304	243.39	286.69	285.93
Others	15.20	87.61	502.79	203.14	0.59	161.866
Swatch Bharat	272.07	95.5	53.47	161.35	32.92	123.062
Technology Incubators, Benefit to Armed Forces, Adm. O/H	46.03	122.28	115.55	146.66	49.88	96.08
Slum Development	39.16	51.06	42.94	88.95	58.14	56.05
Clean Ganga Fund	33.96	8.11	6.63	13.39	54.31	23.28

**Development Sector – wise CSR Trends:** Companies Act, 2013, Schedule VII suggests certain areas eligible for CSR contribution.



The national CSR Portal has sub-divided these areas into 14 development sectors. The table-2 has shown the CSR contribution by eligible companies into fourteen sectors from 2017-18 to 2021-22. The above Table-2, reveals that in terms of average CSR expenditure, Education, Differently Aabled, Livelihood has been the leading sectors followed by Health & Sanitation.

These two sectors are the most preferred areas for CSR spending by the companies. On the other hand, Rural development and Sanitation are the next two preferred areas receiving more than Rs.1500 crore each year. Among various funds, PMNRF has been the most preferred. Unfortunately, Slum Development and Clean Ganga Fund are the least preferred areas for CSR expenditure by companies.



**Leading Companies of CSR Contribution in India:** There are some leading top most companies in India who contribute CSR expenditure.

The CSR contribution of these companies have been shown in the Table-3 from the financial year 2015-16 to 2021-22. A summarization of CSR expenditure of five top most leading companies in India has been depicted in the above Table-3.

The Reliance Industries (RIL) has contributed CSR in highest level among the other companies of India and remarkable growth in CSR contribution especially by TCS and ITC Companies are revealed. It is seen from the table that CSR contribution have been slowly and steadily getting increased in the corporate culture of Indian society.

## CONCLUSION

The Company Act was initiated in India in 2013 and it has given CSR requirements a formal shape and the Central Government is constantly striving to streamline the CSR legislation and CSR reporting by taking timely initiatives. The figure as have been available so far is clearly indicating that these efforts have been largely been successful. CSR in India has slowly and steadily been increasing in the corporate culture of India is a good sign but CSR resource distribution is still not balanced rather skewed to some states and some development sectors while others are still been neglected. The regulators, therefore, need to take certain. needful steps to minimize this imbalance and inequalities among the states.

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