

# Evaluating CSR Spending Trends In India: Bridging Gaps In Education, Healthcare, And Youth Employment

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*The theoretical section of this paper is sourced from the first draft of CSR-FCRA report authored by Shruti Dayal, Ex Research and Documentation Associate - INHAF*

## ABSTRACT

**Purpose:** This study analyzes CSR spending patterns across various sectors in India over eight years, examining how corporations allocate funds and identifying potential areas for improvement in CSR utilization. It explores the alignment of CSR expenditure with societal needs, specifically focusing on the impact on education and healthcare.

**Methodology:** The research utilizes secondary data from the National CSR Portal of the Ministry of Corporate Affairs (MCA) to analyze sector-wise spending of CSR funds. This quantitative analysis identifies trends and disparities in CSR allocation across different sectors mandated under Schedule VII of the Companies Act.

**Findings:** The study reveals that the largest CSR expenditure is concentrated in education and healthcare sectors, followed by contributions to the Prime Minister's National Relief Fund and other Central Government Funds. However, other mandated sectors receive significantly less funding. Despite substantial infrastructure spending in education and healthcare, the quality of services remains poor due to shortages of qualified teachers and healthcare professionals.

**Contributions:** This paper recommends a shift in CSR funding priorities towards training and skilling teachers and healthcare professionals. This approach addresses the critical shortage of qualified personnel, improves the quality of education and healthcare services, and simultaneously creates employment opportunities for India's youth. The paper also suggests other industries where CSR funds can be strategically invested in skill development to maximize social impact and address unemployment challenges.

**Keywords:** *CSR, Education, Healthcare, Skilling, Employment*

## INTRODUCTION

The 'Triple Bottom Line' approach dictates that the corporate leaders should tabulate their bottom-line results not only in economic terms but also in terms of the effect of the company's activity on the social realm and environmental aspect. The Approach can be summarized as one that unifies the three pillars- 'People, Planet and Profit'. The main aspect of this approach is the Value of Sustainability. And it is here that Corporate Social Responsibility (CSR) is the point of intersection of Ethics and Economics and aims at maintaining a long-term balance between the two. While exploring the concept of 'Sustainability', one could make an attempt to understand the same in three different perspectives- Social, Economic and Environmental ([saylordotorg.github.io](http://saylordotorg.github.io))

Economic Sustainability would ensure long-term financial stability over more volatile, short-term profits. In the context of the triple-bottom-line approach, large corporations have a responsibility to create business plans promoting stable and prolonged action. Sustainability as a virtue would mean to appreciate and value business plans that are no path to quick riches but ones that also avoid calamitous

losses. For instance, workers are often not paid minimum wage to save a few millions in search of short term gains or a practice followed today is to work with contract labour as such contracts do not provide for social security benefits. However, this practice is not economically sustainable and at the same time unethical. It may cost the company over the long term, with uncertainty, inefficiency, strikes, inadequate labour supply during peak business conditions, etc. It may also cost in terms of litigation and negotiations may prove otherwise damaging for the reputation of the firm as well.

Environmental sustainability stems from the awareness and acceptance of the fact that resources are not infinite and carelessness towards the environment with too much of degradation can adversely impact our lives as well as that of our future generations. The business community in pursuit of profit often cause undue harm to the people and the community around. Continuous efforts need to be made to preserve some of the systems damaged over years of development. There is a gradual realization, though among a few companies, about the damage caused and effort needed in the direction to preserve and promote environmentally friendly business practices. Efforts are observed in this direction by way of promotion of the use of renewable source of energy, the reduction in carbon emissions, the climate change control measures, improvement and efficiency in waste management systems and conservation of water and land resources and its use and so on.

Social Sustainability takes into consideration the balance in the lives of people and the way or the manner in which people live. It is a difficult task to achieve balance in the business world of today. One comes across a few Fortune 500 companies haul down millions a year; meanwhile millions of people in some other parts of the world are living on a few pennies a day. The imbalance is noted to be growing with the passage of time; the rich are getting richer and the poor are getting both poorer and growing in number too. The possibility of collapse or crisis is on the rise; one may well say that the day is not far when the society itself will collapse in anger and revolt. In this light, there is a need to work towards bringing about a balance of economic power in the society or the world we live in. The growth and development of human resources is an asset for the nation always, and hence, there is a need to maximize the bottom-line in social terms and this may require businesses to foster an environment in which all can flourish and prosper and move forward.

The philosophy behind CSR lies in the contemporary context where ethics based corporate scandals, incidents of insider trainings and weak corporate governance are making news. The role of CSR is then of crucial importance to address the issue in a balanced way in which the economic, social and environmental impact of business operations are managed while also building shareholder value. Despite the vigilance mechanisms designed to keep a watch on the businesses of the country in the form of legislation, accountability, compulsion, and regulations, the truth lies in the fact that any economic activity thrives and survives on the basis of trust and good reputation in the mind of the customers which is built by clean and ethical practices of that corporation. This in turn leads to a rise in the profit of the company which forms the very basis of doing business. There is a gradual realization among companies that they do not exist in a bubble, rather their presence has a global impact on environment systems as well as social welfare. Corporations are a part of the moral community; instead of separating them from society they should be viewed as citizens of this world and should work in furtherance of the betterment of the same. The Principle of Equity lies beneath the idea of CSR – that there should be fair and just distribution of resources and availability of opportunities. Further, CSR makes an attempt to channelize resources from surplus profits of the companies to the underdeveloped areas (CSR-FCRA, INHAF).

## REVIEW OF LITERATURE

The concept of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these commitments (McGuire, 1963).

CSR refers to a company's consideration and response to concerns beyond its own narrow economic, technological, and legal constraints. It is the firm's responsibility to examine the effects of its decisions on the external social system in a way that achieves both social and traditional economic gains. It means that social duty starts where the law terminates. A company is not socially responsible if it only complies with the minimum standards of the law, because this is what every good citizen would do (Keith Davis, 1973).

CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contracts, indicating that a stake may go beyond mere ownership. (Jones, 1980).

Devarani et al (2019) have quoted IndianNGOs.com that CSR is a business process wherein the institution and the individuals within are sensitive and careful about the direct and indirect effect of their work on internal and external communities, nature and the outside world.

### **Annexure 1 contains several definitions of CSR put forth by scholars.**

Chauhan and Dawra (2017) have studied the evolution and challenges of CSR in India. According to them, CSR efforts in India are not coordinated and focussed. There is a need for a national level policy frame work to ensure effective CSR implementation. Such a frame work could be designed by government in serious consultation with all stake holders. There should be efforts to minimize repetition and create more value for money and achieve development goals.

Priyan (2017) found that numerous companies in India are engaged in various sectors, including health care, education, rural development, sanitation, microcredit, and women's empowerment. Each company defines CSR according to its specific context and limitations. Consequently, most activities conducted under the banner of CSR primarily reflect philanthropy or an extension of philanthropic efforts. It appears that CSR in India is evolving within the realm of profit distribution. There is a pressing need to enhance understanding and encourage active participation in equitable social development.

Raja Sarkar (2019) has studied CSR from an Indian Perspective. According to him, companies are contributing to the enhancement of CSR activities in India in their own ways. They are tackling several urgent societal issues, such as employment generation, community development, environmental protection, improving healthcare accessibility, and fostering inclusive markets. However, a significant challenge remains due to the lack of coordination among various stakeholders at the policy framework level, which hinders the realization of the full potential of these efforts. Engaging stakeholders including companies, individuals, organizations, and government entities at both state and central levels in a collaborative manner to utilize resources more effectively can facilitate the achievement of developmental goals.

Samantara and Dhawan (2021) have studied the issues and challenges associated with CSR in India. They found that greenwashing was rampant along with a lack of transparency, financial resources, institutional infrastructure (government and non-government) and capacity to implement CSR activities. In essence, corporates did not recognize the need to integrate business with social responsibility in a holistic manner. This suggests that in spite of government mandate, CSR initiatives do not have the required social impact and the government should work with the private sector for achieving development goals through utilization of CSR funds in productive activities.

A Niti Aayog Research Paper (2021), **based on a literature survey of 100+ research papers**, reveals that CSR spending in India grew by over 85% annually between 2014 and 2019. However, significant sectoral and regional disparities in CSR expenditure persist. Additionally, there is limited empirical evidence regarding the effects of CSR spending on company performance, the economy, society, or the environment. While the private sector in India has made noteworthy contributions to social challenges through CSR, and there has been considerable progress over the past six years in understanding and complying with government regulations, a comprehensive assessment of the social

impact of these policies remains lacking. The absence of a standardized monitoring and evaluation framework, along with challenges in scaling social impact due to varying investment categories and implementation timelines, further complicates this issue. Without established methodologies and tools to measure and analyze the societal impacts of companies' CSR and sustainability activities, it is not feasible to trace the relationship between strategic CSR policy decisions, resource allocation to programs and policies, and the outcomes that generate social impact.

The ICC Research Report (2023) informs that in India, the legal framework for Corporate Social Responsibility (CSR) Impact Assessment is delineated in Section 135 of the Companies Act, 2013. An amendment in 2021 mandates that companies perform impact assessments of their CSR initiatives to gauge their effectiveness and ensure alignment with intended goals. The Companies Act, 2013 specifies that these assessments must be conducted by an independent agency or a reputable academic institution. The assessment should address the overall impact of the CSR initiatives, encompassing social, economic, and environmental dimensions. The findings of the assessment are required to be included in the company's annual report and made publicly accessible. The research found that the most frequently evaluated thematic areas in impact assessment reports are skill development and livelihood, environmental sustainability, education, health, water, sanitation, and hygiene. These areas are vital for assessing the efficacy of an organization's efforts in promoting sustainable development, alleviating poverty, and improving access to essential services. The emphasis on these thematic areas aligns with the UN Sustainable Development Goals (SDGs) aimed at eradicating poverty, safeguarding the environment, and enhancing access to fundamental services.

Mahajan et al (2024) have explored the landscape of Corporate Social Responsibility (CSR), examining its effectiveness and ethical implications in India. According to them, the future of CSR in India lies in fostering stronger collaborations between corporations, non-governmental organizations (NGOs) and government bodies. Such partnerships can leverage the strengths of each sector to address complex social and environmental challenges more effectively.

## **OBJECTIVES OF THE STUDY**

1. To analyze patterns in CSR spending over eight years (2014-15 to 2021-22) across various sectors.
2. To identify areas for diverting CSR funds for better utilization.

## **RESEARCH METHODOLOGY AND SIGNIFICANCE**

This is an analytical research paper wherein secondary data including research papers, journal articles, research reports, and online sources was reviewed. Secondary data from the National CSR Portal of the Ministry of Corporate Affairs (MCA) was analyzed for sector wise spends of CSR funds. Simple percentages were used for the sectoral analysis. Relevant literature pertaining to the challenges in implementation of CSR and the efficacy of CSR in achieving developmental goals was also reviewed. This study assumes significance in view of the enormous amount of CSR funds being spent on various sectors. The paper is an attempt to suggest more productive ways of utilizing the CSR funds for achieving India's developmental goals.

## **THEORETICAL FRAMEWORK**

The review of literature on impact of CSR reveals the evolution of this facet in India. It is seen that impact assessment reports have been mandated and standardized frameworks developed to assess the impact of CSR activities of corporations. Even though skill development and livelihoods is one of the thematic areas for impact assessment, large scale CSR initiatives in this regard are not to be seen. Given the high level of unemployment in India, there is an urgent need to identify potential areas for training and skill development which can provide employment to the millions who are entering the job market every year. This paper attempts to show how CSR funds can be used for skilling our workforce which will not only generate employment but will also lead to better delivery of services

like education and healthcare. The search for enhancing livelihood opportunities led to the flagging of a few other sectors as well where skill gap training programmes routed through CSR can play a big role.

## **FINDINGS**

In 2014, India became the first country in the world to mandate Corporate Social Responsibility (CSR). According to a CRISIL analysis (CRISIL CSR Yearbook 2021), cumulative spending on CSR took four years to reach the Rs 50,000 crore mark. However, it has taken just three years to accumulate another Rs 50,000 crore, thereby crossing the Rs 1 lakh crore milestone. CSR funds constitute an innovative provision offering potential to enhance the flow of funds going to NGOs/civil society organisations, and to drive the funding towards the growth objective and not only towards charity/philanthropic work.

Corporate sustainability refers to the role that companies can play in meeting the agenda of sustainable development. It entails a balanced approach to economic and social progress and environmental stewardship. In 2014, with the introduction of CSR implementation in the Companies Act 2013 (the Act), India became the first country in the world to mandate CSR. Under the Act, it is mandatory for all eligible companies to annually spend 2% of their average net profits of the previous three years on CSR activities. The Companies Act, 2013 defines eligibility using the following criteria:

- net worth of INR 500 Cr. or more, or
- turnover of INR 1,000 Cr. or more, or
- net profit of INR 5 crore or more.

Eligible companies are mandated to form a CSR Committee, formulate a CSR policy, and implement projects in alignment with Schedule VII of the Act. Disclosures related to CSR need to be presented in each company's annual report using the Government's prescribed format.

## **Schedule VII**

The CSR Mandate includes the following activities under Schedule VII of the Act (icsi.edu):

- (i) Eradicating hunger, poverty and malnutrition.
- (ii) Promoting education, including special education and employment enhancing vocation skills.
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- (v) Protection of national heritage, art and culture.
- (vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows.
- (vii) Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports.
- (viii) Contribution to the prime minister's national relief fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

- (b) Contributions to public funded Universities and other Institutes mentioned in the Schedule.
- (x) Rural development projects;
- (xi) Slum area development.
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.

Corporates can implement their CSR projects through various modes including – directly, through company foundations, through entities (Includes Trusts/Societies/Section 8) established by the Central or State Government, or through implementing agencies (Registered Trusts/Societies/Section 8 Companies). As part of the CSR mandate companies are expected to formulate a CSR committee which will consist of at least three board members and shall have at least one independent director. Details of meetings of the CSR Committee are to be disclosed in the company’s annual report. Companies are also required to formulate and declare their CSR policy which outlines the plan of action they will use to reach their desired outcomes. This policy needs to be shared publicly through the company’s annual report. Increasingly, companies are aligning their CSR activities with the Sustainable Development Goals (SDGs).

### CURRENT CSR TRENDS IN INDIA

The National CSR Portal of the Ministry of Corporate Affairs (MCA), collates CSR data submitted by eligible companies. The statistics available at the MCA website has been used for this study as it has the most data.

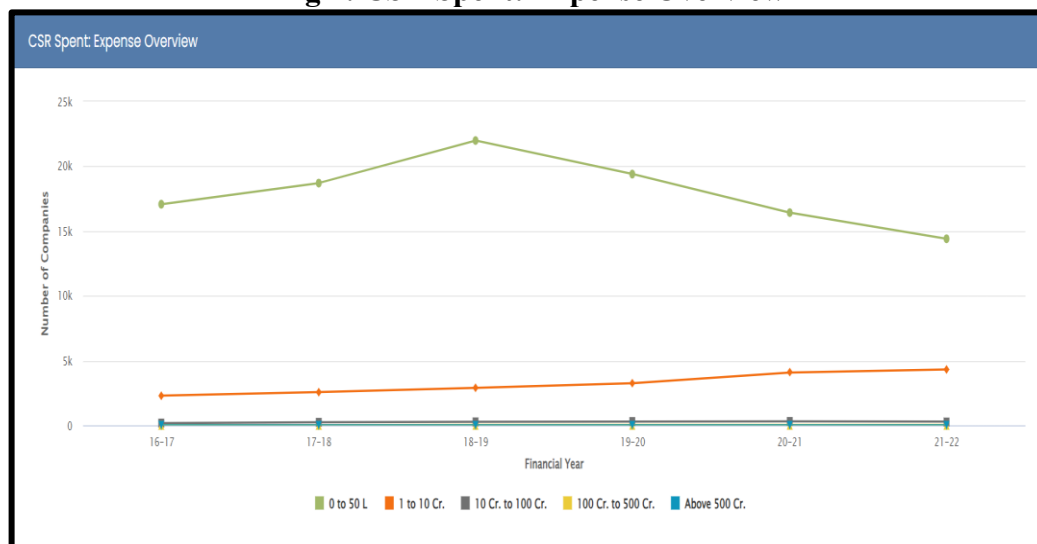
**Table 1: Trends in CSR Expenditure**

<b>26278.71</b>	<b>26210.95</b>	<b>24965.82</b>	<b>20217.65</b>	<b>17098.57</b>
FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
Total Amount Spent (INR Cr.)	Total Amount Spent (INR Cr.)	Total Amount Spent (INR Cr.)	Total Amount Spent (INR Cr.)	Total Amount Spent (INR Cr.)

Source: MCA website

It can be seen from Table 1 that CSR expenditure was rising between 2017-18 and 2019-20 by 18% and 23%. However, it increased by only 4% in 2020-21 due to the pandemic and continued to stagnate at the same level in 2021-22 also.

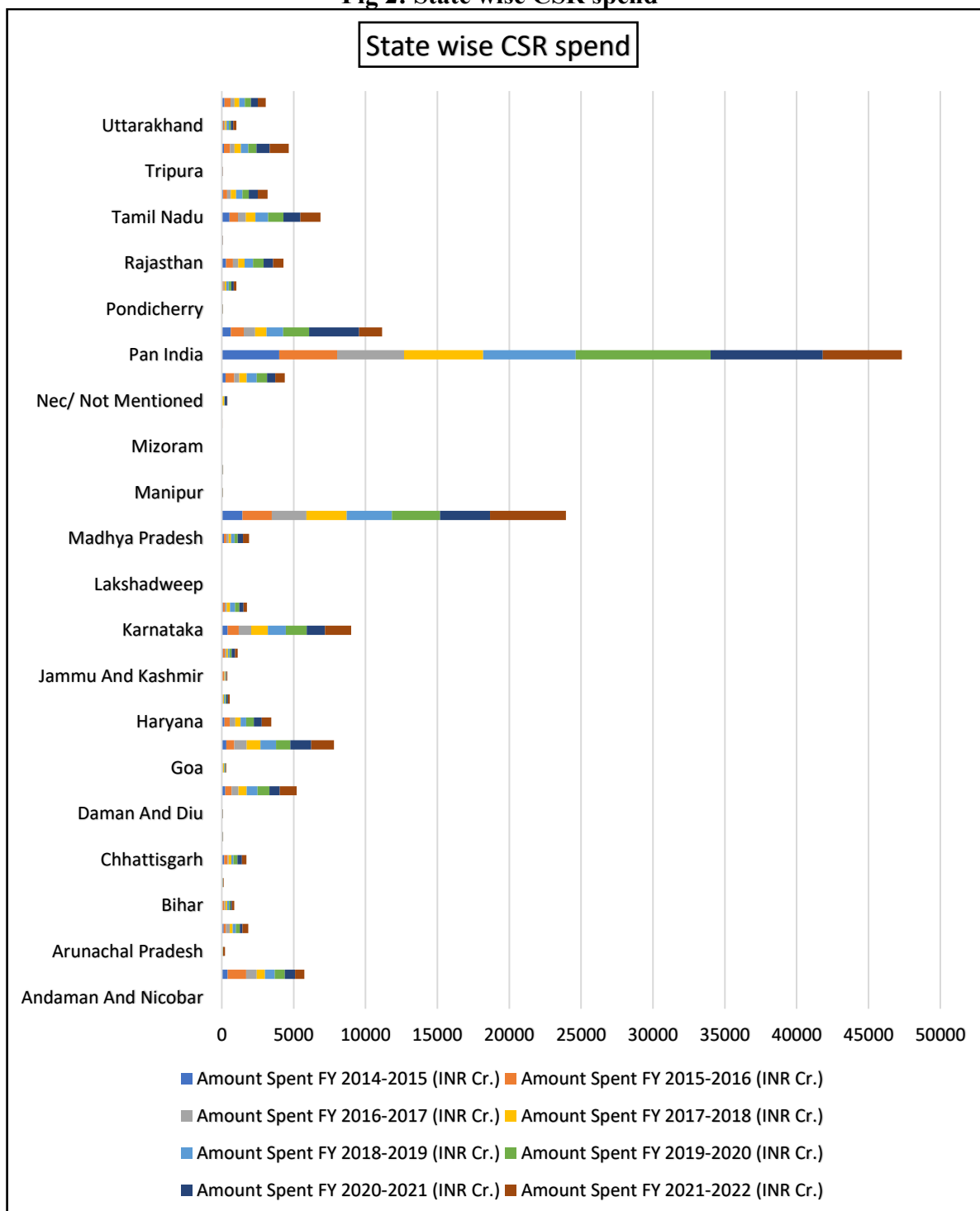
**Fig 1: CSR Spent: Expense Overview**



Source: MCA website

Fig 2 shows the state wise expenditure on CSR. It can be seen that Maharashtra tops the table with a cumulative expenditure of nearly INR 25000 crores over the last eight years. Out of the INR 26278 crores spent totally in 2021-22 across all states and funds, the share of Maharashtra alone was INR 5290 crores which is approximately 20%. This is followed by Karnataka (1812 crores), Gujarat (1585 crores) Tamil Nadu (1407 crores), Uttar Pradesh (1330 crores) and Delhi (1178 crores). It can be seen that Maharashtra is far ahead of all other states in India.

**Fig 2: State wise CSR spend**

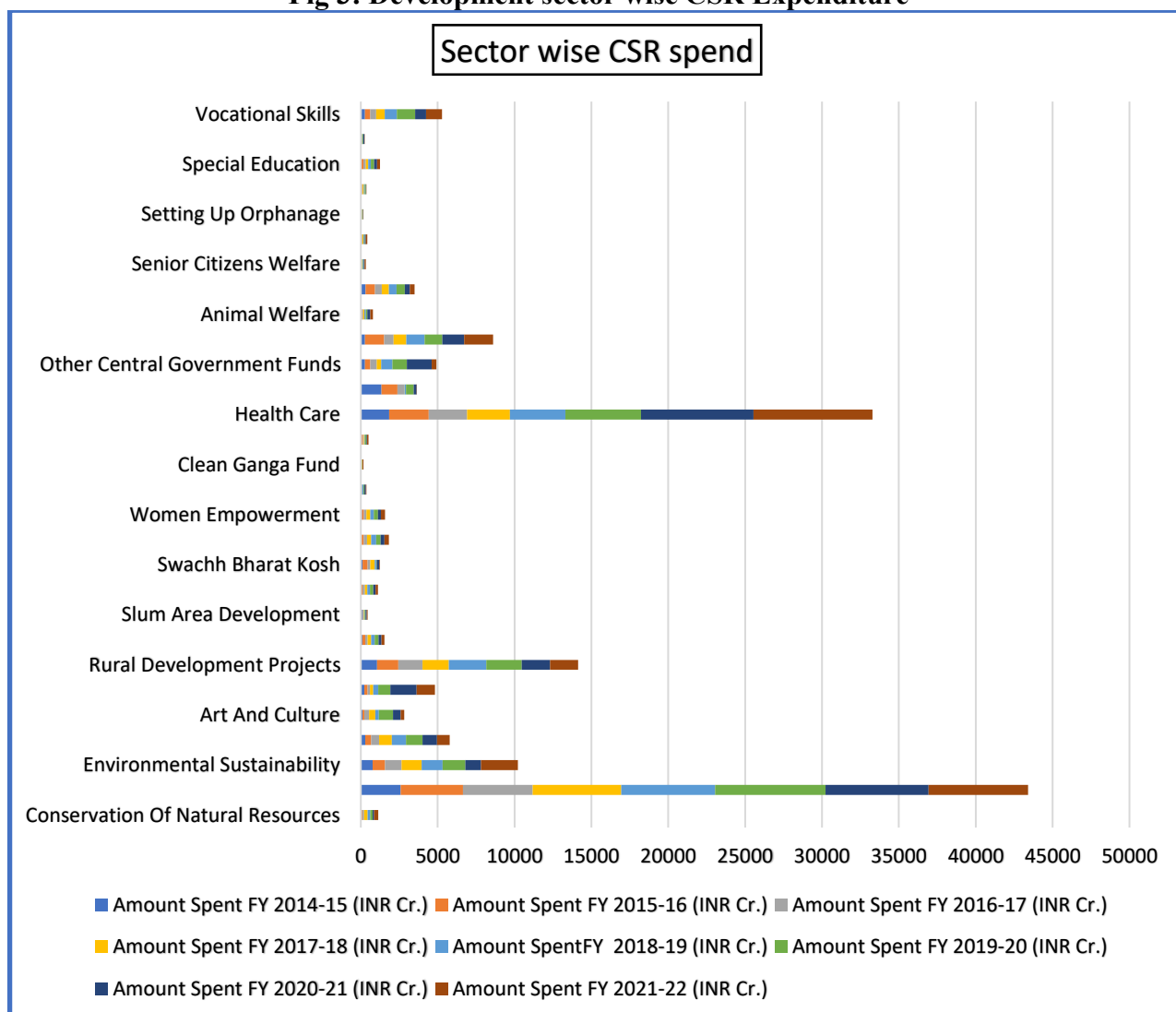


Source: MCA website

It can be seen from Figure 3 (2021-22 data) that the largest CSR expenditure happens in two areas of Education (6482 crores – steady rise through the eight years) and Health care (7731 crores – almost doubled post pandemic). This is followed by, Environment Sustainability (2392 crores – huge increase in 2021-22), Poverty, Eradicating Hunger, Malnutrition (1885 crores – increase in outlay post pandemic), Rural Development Projects (1821 crores – stable throughout the eight years), Vocational Skills (1027 crores – significant increase in 2021-22), Livelihoods Enhancement Projects (827 crores – reached pre pandemic level after peaking in 2019-20)), and Sanitation (307 crores – reduced outlay since pandemic). Large amounts are also being contributed to Prime Minister’s National Relief Fund (1202 crores – massive increase since pandemic) and Other Central Government Funds (308 crores – fallen from more than 1600 crores the previous year) along with some contribution towards Art and Culture (242 crores – decline from a high of over 900 crores before the pandemic). The other sectors are barely receiving any funding.

The percentage change in sectoral spend for the period 2014-15 to 2021-22 was analyzed to understand the trends in sector wise CSR spending. Since Fig 3 shows CSR spending in 29 sectors, the data has been split into 3 parts and analyzed as shown in the succeeding paragraphs.

**Fig 3: Development sector wise CSR Expenditure**



Source: MCA website

Table 2 shows the percentage of CSR expenditure incurred in ten sectors for the period 2014-15 to 2021-22. These percentages have been calculated from the data on which Fig 3 is based.

**Table 2: Sectoral CSR expenditure (Part 1)**

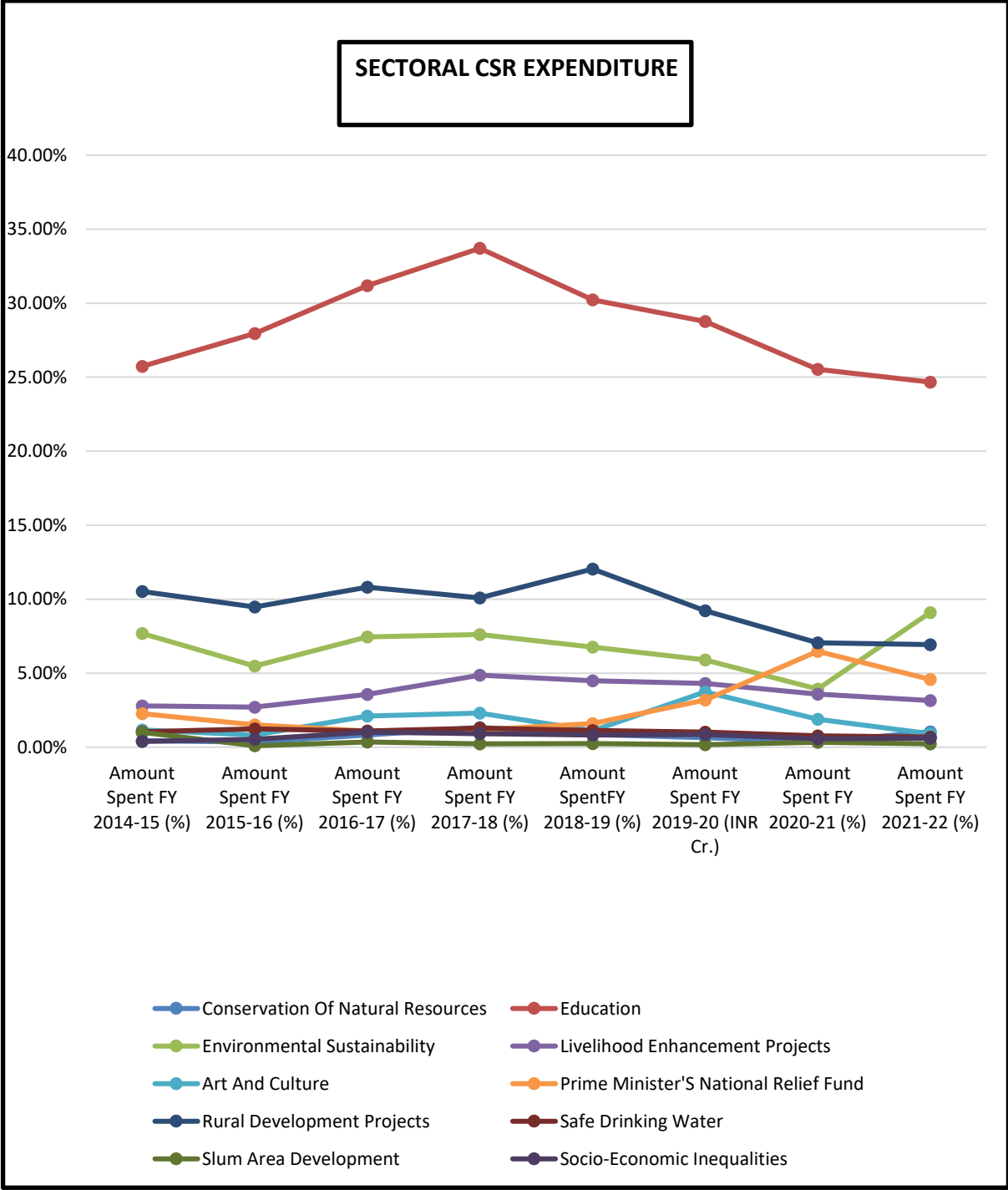
<b>Developm ent Sector</b>	<b>Conser vation Of Natural Resour ces</b>	<b>Educa tion</b>	<b>Enviro menta l Sustain ability</b>	<b>Liveli hood Enhanc ement Project s</b>	<b>Art And Cult ure</b>	<b>Prime Minis ter's Natio nal Relief Fund</b>	<b>Rural Develo pment Project s</b>	<b>Safe Drin king Wat er</b>	<b>Slum Area Develo pment</b>	<b>Socio- Econo mic Inequ alities</b>
<b>Amount Spent FY 2014-15 (%)</b>	0.44%	25.72 %	7.69%	2.78%	1.17 %	2.27%	10.52%	1.03 %	1.00%	0.39%
<b>Amount Spent FY 2015-16 (%)</b>	0.34%	27.95 %	5.49%	2.71%	0.82 %	1.50%	9.48%	1.24 %	0.10%	0.54%
<b>Amount Spent FY 2016-17 (%)</b>	0.82%	31.18 %	7.44%	3.57%	2.11 %	1.09%	10.82%	1.10 %	0.35%	1.02%
<b>Amount Spent FY 2017-18 (%)</b>	1.33%	33.71 %	7.61%	4.87%	2.31 %	1.17%	10.08%	1.29 %	0.23%	0.91%
<b>Amount Spent FY 2018-19 (%)</b>	0.86%	30.23 %	6.77%	4.49%	1.12 %	1.59%	12.04%	1.13 %	0.25%	0.83%
<b>Amount Spent FY 2019-20 (%)</b>	0.64%	28.76 %	5.89%	4.32%	3.74 %	3.20%	9.22%	1.01 %	0.17%	0.86%
<b>Amount Spent FY 2020-21 (%)</b>	0.35%	25.54 %	3.93%	3.58%	1.88 %	6.48%	7.06%	0.77 %	0.34%	0.57%
<b>Amount Spent FY 2021-22 (%)</b>	1.04%	24.67 %	9.10%	3.15%	0.92 %	4.58%	6.93%	0.69 %	0.22%	0.62%

**Source: Own Analysis from Fig 3 data**

It is seen that the expenditure on Education is highest. It peaked to 33% in 2017-18. Since then, it has fallen to 2014-15 levels of around 25%. The other major sector is Rural Development Projects. Here also, after increasing from 10% to 12% between 2014-15 and 2018-19, the share of expenditure has fallen to around 7%. Expenditure on Environmental Sustainability has seen an increase from around 7.5% in 2014-15 to over 9% in 2021-22 after seeing a dip in the pandemic years. Livelihood Enhancement Projects are the next area of interest with 3%-4% share of expenditure. After increasing

from around 3% to nearly 5%, between 2014-15 and 2017-18, it has been steadily declining back to around 3% in 2021-22. The interesting trend observed is the huge jump in contribution to Prime Minister’s National Relief Fund during the pandemic years from around 2% in 2018-19 to nearly 7% in 2020-21; it is now around 5% in 2021-22. The other sectors (Conservation of Natural Resources, Art and Culture, Safe Drinking Water, Slum Area Development, and Socio-Economic Inequalities) show an expenditure of below 2% throughout. Fig 4 shows the trends in sectoral expenditure for the ten sectors (Part 1) as shown in Table 2.

**Fig 4: Sectoral CSR expenditure Part 1**



Source: Table 2

**Table 3: Sectoral CSR expenditure (Part 2)**

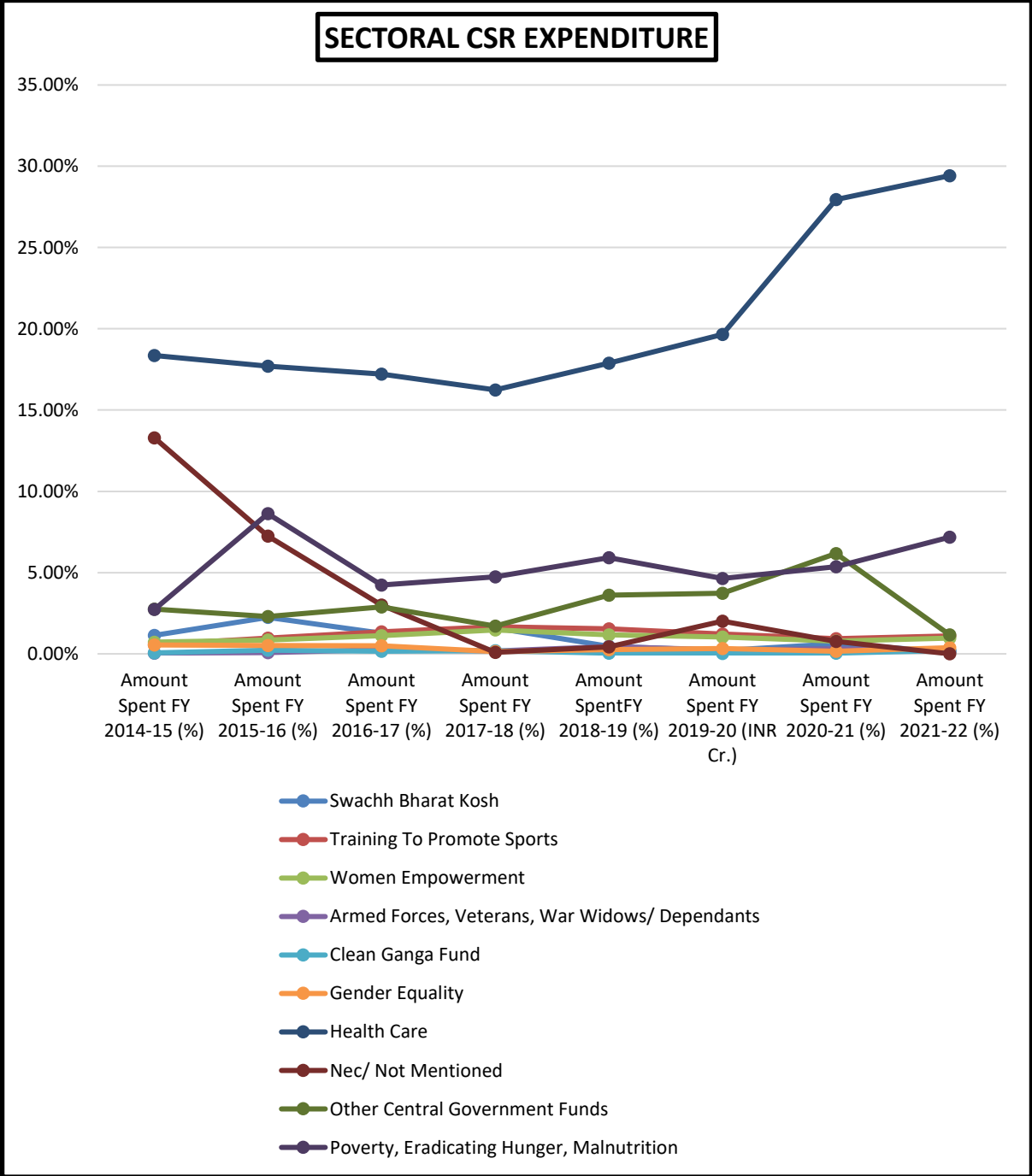
<b>Develop ment Sector</b>	<b>Swac hh Bhar at Kosh</b>	<b>Train ing To Prom ote Sport s</b>	<b>Women Empower ment</b>	<b>Armed Forces, Vetera ns, War Widow s/ Depend ants</b>	<b>Cle an Gan ga Fun d</b>	<b>Gend er Equa lity</b>	<b>Heal th Car e</b>	<b>Nec/ Not Mentio ned</b>	<b>Other Central Govern ment Funds</b>	<b>Poverty, Eradicat ing Hunger, Malnutr ition</b>
<b>Amount Spent FY 2014-15 (%)</b>	1.13 %	0.57 %	0.72%	0.05%	0.05 %	0.55 %	18.3 6%	13.30%	2.75%	2.73%
<b>Amount Spent FY 2015-16 (%)</b>	2.24 %	0.97 %	0.85%	0.08%	0.23 %	0.51 %	17.7 0%	7.24%	2.30%	8.62%
<b>Amount Spent FY 2016-17 (%)</b>	1.27 %	1.35 %	1.12%	0.26%	0.17 %	0.50 %	17.2 2%	3.01%	2.89%	4.23%
<b>Amount Spent FY 2017-18 (%)</b>	1.59 %	1.67 %	1.47%	0.17%	0.20 %	0.14 %	16.2 4%	0.09%	1.71%	4.74%
<b>Amount Spent FY 2018-19 (%)</b>	0.47 %	1.53 %	1.17%	0.45%	0.04 %	0.26 %	17.8 9%	0.43%	3.62%	5.91%
<b>Amount Spent FY 2019-20 (%)</b>	0.21 %	1.22 %	1.04%	0.25%	0.03 %	0.33 %	19.6 5%	2.01%	3.73%	4.65%
<b>Amount Spent FY 2020-21 (%)</b>	0.62 %	0.93 %	0.79%	0.32%	0.05 %	0.17 %	27.9 5%	0.78%	6.17%	5.37%
<b>Amount Spent FY 2021-22 (%)</b>	0.13 %	1.10 %	0.97%	0.18%	0.21 %	0.37 %	29.4 2%	0.00%	1.17%	7.17%

**Source: Own analysis from Fig 3 data**

It can be seen from Table 3 that the Health sector has seen a phenomenal rise from around 18% (2014-15 to 2018-19) to nearly 30% in 2021-22 due to the health scare induced by the pandemic. The sectors

not mentioned have dropped drastically from 13% to 0% due to greater transparency required in CSR reporting. Contribution to other Central Government Funds have hovered around 3% with a brief spike in the Covid year to around 6%. Poverty, Eradicating Hunger and Malnutrition has seen an increase in allocation from around 3% in 2014-15 to over 7% in 2021-22 with the trend showing a rise in the last two years. Again, this could be because of the covid induced distress especially affecting migrants and the informal sector. The other sectors (Swachh Bharat Kosh, Training to promote sports, Women empowerment, Armed Forces, Veterans, War Widows/ Dependants, Clean Ganga Fund, and Gender Equality) received funding below 2% throughout the period. Fig 5 shows the trends in the sectoral expenditure in ten sectors (Part 2) as shown in Table 3.

Fig 5: Sectoral CSR expenditure Part 2



Source: Table 3

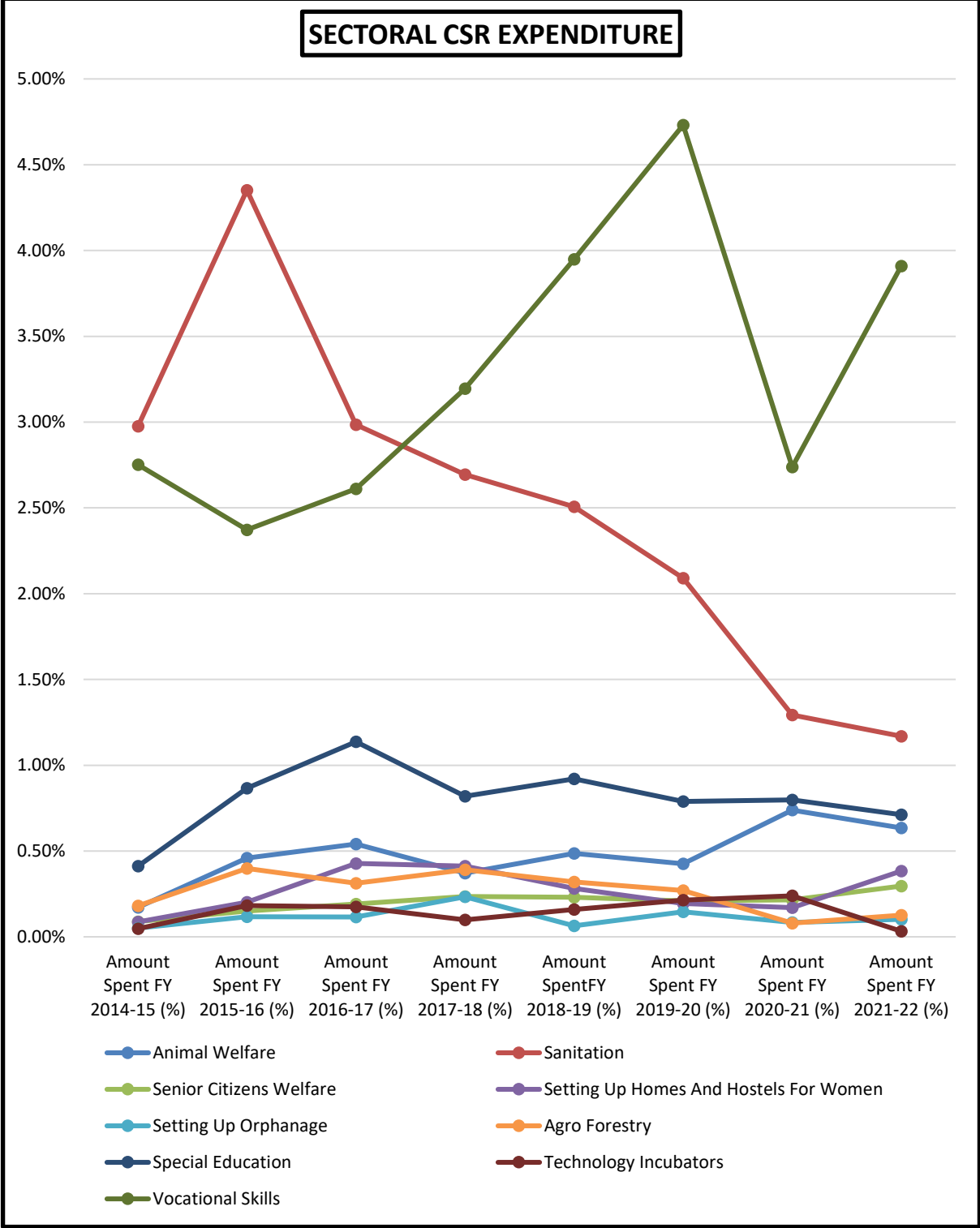
**Table 4: Sectoral CSR Expenditure (Part 3)**

<b>Developm ent Sector</b>	<b>Anim al Welfa re</b>	<b>Sanitati on</b>	<b>Senio r Citize ns Welfa re</b>	<b>Settin g Up Home s And Hostels For Women</b>	<b>Setting Up Orphan age</b>	<b>Agro Forest ry</b>	<b>Special Educati on</b>	<b>Technolo gy Incubato rs</b>	<b>Vocatio nal Skills</b>
<b>Amount Spent FY 2014-15 (%)</b>	0.17%	2.98%	0.09%	0.09%	0.05%	0.18%	0.41%	0.05%	2.75%
<b>Amount Spent FY 2015-16 (%)</b>	0.46%	4.35%	0.15%	0.20%	0.12%	0.40%	0.87%	0.18%	2.37%
<b>Amount Spent FY 2016-17 (%)</b>	0.54%	2.98%	0.19%	0.43%	0.12%	0.31%	1.14%	0.17%	2.61%
<b>Amount Spent FY 2017-18 (%)</b>	0.37%	2.69%	0.23%	0.41%	0.23%	0.39%	0.82%	0.10%	3.20%
<b>Amount Spent FY 2018-19 (%)</b>	0.49%	2.51%	0.23%	0.28%	0.06%	0.32%	0.92%	0.16%	3.95%
<b>Amount Spent FY 2019-20 (%)</b>	0.43%	2.09%	0.21%	0.19%	0.15%	0.27%	0.79%	0.21%	4.73%
<b>Amount Spent FY 2020-21 (%)</b>	0.74%	1.29%	0.22%	0.17%	0.08%	0.08%	0.80%	0.24%	2.74%
<b>Amount Spent FY 2021-22 (%)</b>	0.63%	1.17%	0.30%	0.38%	0.10%	0.13%	0.71%	0.03%	3.91%

**Source: Own analysis from Fig 3 data**

Two major observations from Table 3 are with reference to Sanitation and Vocational Skills. The expenditure towards Sanitation increased from 3% to 4% initially and has now fallen to a little over 1%. On the other hand, except for a brief dip during the Covid year, expenditure on Vocational skills has consistently increased from around 3% in 2014-15 to almost 5% in 2019-20. It is now at nearly 4% in 2021-22. All the other sectors (Animal Welfare, Senior Citizens Welfare, Setting up Homes and Hostels for Women, Setting up Orphanage, Agro-Forestry, and Special Education) received less than 1% CSR funds. Fig 6 shows the trends in the sectoral expenditure in ten sectors (Part 3) as shown in Table 4.

Fig 6: Sectoral CSR expenditure (Part 3)



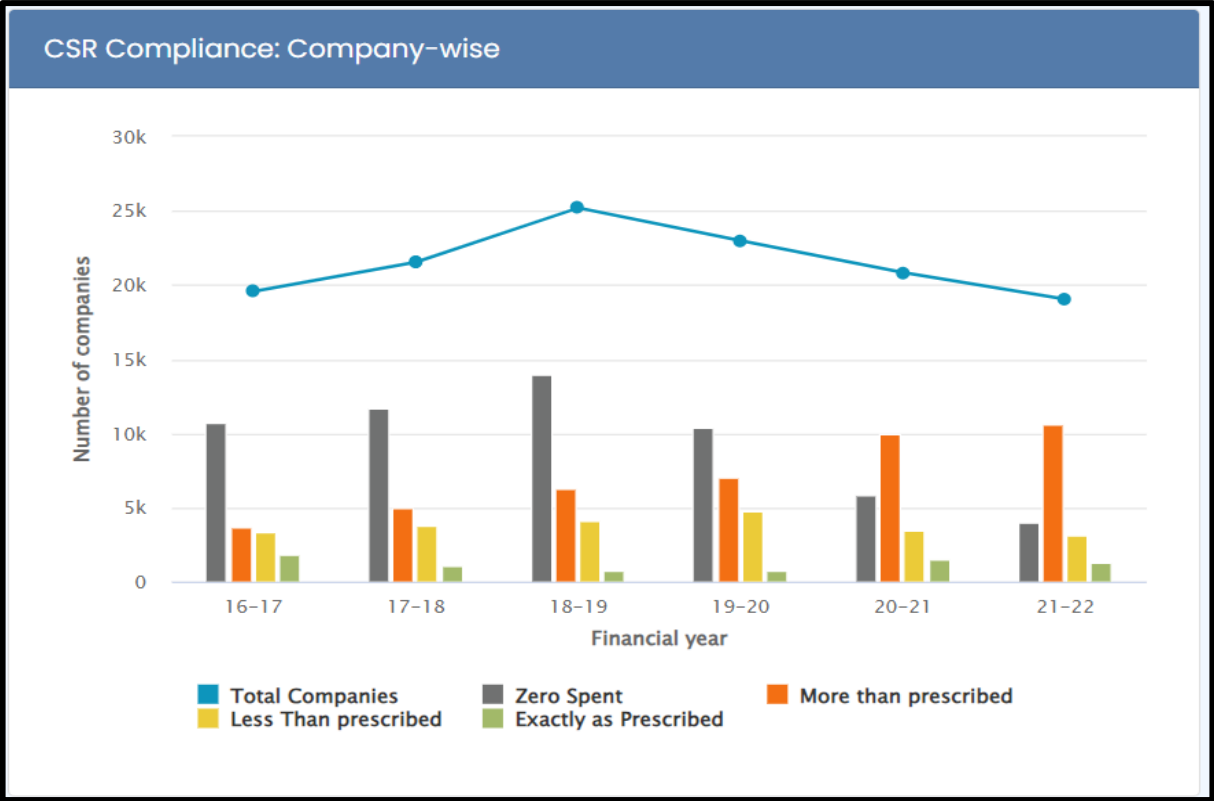
Source: Table 4

**Important Activities under Schedule VII not receiving much attention/neglected**

- 1. Conservation of Natural Resources
- 2. Support to Armed Forces
- 3. CSR Spends for Technology Incubators
- 4. Slum Area Development

- 5. Training to promote sports
- 6. Gender Equality
- 7. Socio-economic inequalities
- 8. Women empowerment
- 9. Safe Drinking Water
- 10. Sanitation

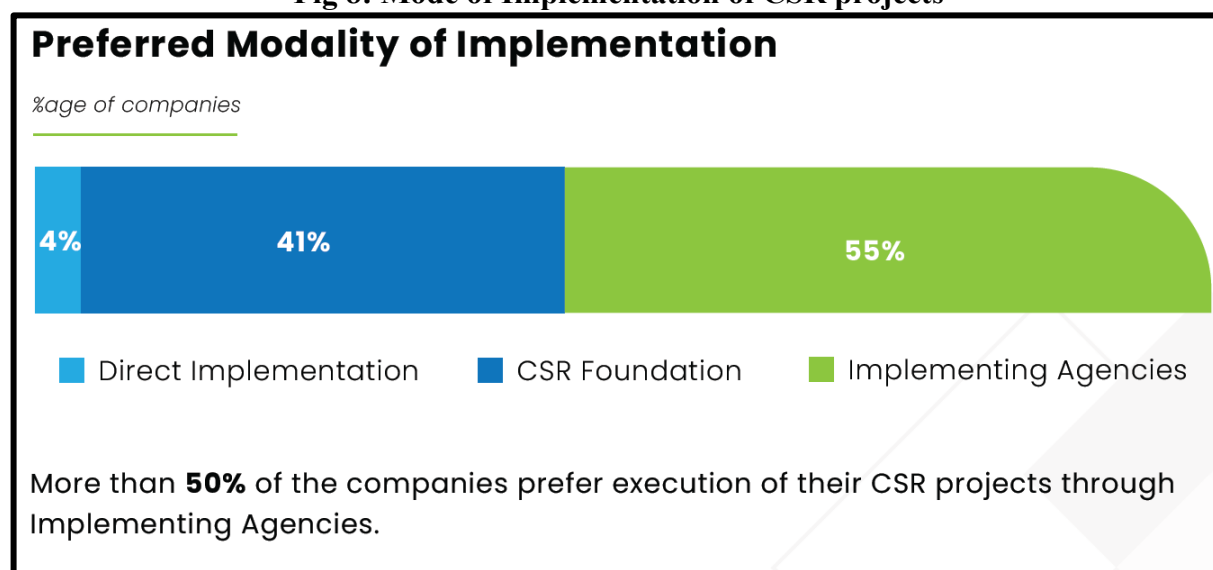
Fig 7: CSR Compliance



Source: MCA website

It can be seen from Fig 7 that the number of companies spending on CSR has been steadily declining after reaching a peak of 25,000 in 2018-19. It is now less than 20,000. However, compliance has increased as the number of companies with zero spend has fallen drastically during the same period from a high of around 14,000 to approximately 4,000. In fact, the number of companies spending more than the prescribed amount has increased steadily from around 6,000 to over 10,000 between 2018-19 and 2021-22. At the same time, companies spending less than the prescribed amount has fallen from around 4,000 in 2019-20 to around 3,000 in 2021-22.

**Fig 8: Mode of Implementation of CSR projects**



**Source: India CSR Outlook Report 2023, Csrbox.Org**

Fig 8 shows the mode of implementation used by corporations for their CSR projects. The findings of the India CSR Outlook Report 2023 by CSRBox shows that though more than 50% of the major CSR funders surveyed preferred to implement CSR projects through Implementation Agencies, their experience with these Agencies was far from satisfactory. 1/4th of the companies experienced that the implementation partner has constrained relationship with government agencies. Almost 60% of the companies have experienced that the implementation partners do not have adequate capacities for impact communication and reporting.

## DISCUSSION

### IMPACT OF CSR

Even though a bulk of CSR expenditure is happening in education and health sectors, there is no significant impact on the delivery of these services.

The 2019 pandemic has resulted in a loss of learning for millions of children. Further, given the loss of income among the poor due to the pandemic, the children from the marginalised sections are being enrolled in droves in municipal or government schools. It is a well-known fact that government schools in India have a huge dearth of teachers. The Annual Status of Education Report (ASER) shows heartening results in terms of the high enrolment rates in India at 98.4 per cent; in fact, the proportion of children currently not enrolled in school has dropped since 2018, even for older girls. However, the learning outcomes are far from encouraging with reference to reading and math (ASER 2022: 49-51) primarily due to the dearth of well qualified teachers in government schools. The National Council for Teacher Education (NCTE), A Government India institution, reported in 2021 that India requires approximately 1.5 million more teachers to meet the demands of the growing student population, especially in light of the increasing enrolment rates following the implementation of the Right to Education Act (RTE) in 2009. However, in December 2023, in reply to a question in Parliament, the government mentioned a shortage of 7,22,413 teachers at the elementary level and 1,24,262 teachers at the secondary level ([educationforallindia.com](http://educationforallindia.com)).

Similarly, the government has given a fillip to healthcare through its flagship scheme, Ayushman Bharat. According to the Ministry of Health and Family Welfare, the share of Out-of-Pocket Expenditure (OOPE) in Total Health Expenditure declined from 62.6% in 2014-15 to 47.1% in 2019-20. Though this is a good trend, the figure continues to remain high primarily due to the poor quality

of services in government hospitals. Moreover, the pandemic laid bare the shortcomings in our public health system.

While the infrastructure needs to be revamped, the shortage of nurses in India is well documented (The New Indian Express, 22 May 2024). The situation in Urban Primary Healthcare Centres (PHC) and Urban Community Healthcare Centres (CHC) is illustrated below ([downtoearth.org](http://downtoearth.org)):

Urban PHCs — part of the National Health Mission's efforts to set up multi-tier health centres catering to a population of 50,000-75,000 — face severe shortages. These facilities currently face a shortage of 18.8 per cent of doctors, 16.8 per cent of pharmacists, 16.8 per cent of lab technicians and 19.1 per cent of staff nurses.

Urban CHCs — catering to 0.25-0.5 million — face a similar fate. These centres encounter a shortfall of 46.9 per cent of total specialists, 14.7 per cent of General Duty Medical Officers, 49.3 per cent of radiographers, 3.9 per cent of pharmacists, 7.2 per cent of lab technicians and 5.3 per cent of staff nurses.

## POTENTIAL AREAS FOR INTERVENTION

The possible areas that can be covered under Schedule VII include issues related to human trafficking; tackling homelessness and destitution; addressing concerns of minorities including LGBT community, adivasis, and tribal communities; promoting entrepreneurship; as well as tackling local issues; focusing on gender sensitization and mental health; and promoting research advocacy. However, the urgent challenge facing India now is large scale unemployment, particularly of youth and women.

Employment generation has always been a challenge facing the Indian economy with the manufacturing sector unable to create the required number of jobs while the growth in services sector has contributed to jobless growth of the economy. Identifying the sectors for job creation thus becomes crucial especially considering that a majority of the unemployed population has a very low level of education / skills. On the other hand, the educated 'graduates' also find it difficult to find jobs due to lack of skills. India has a huge youth population facing unemployment. Among them, unemployment is highest among the educated youth primarily due to the lack of skills (ILO, 2024). The unemployment rate among youths with a graduate degree is nearly nine times higher (at 29.1 per cent) than that among illiterate youths (at 3.4 per cent). Young women with a graduate degree (at 34.5 per cent) experience a comparatively higher unemployment rate than young men (at 26.4 per cent) with similar qualifications. Nearly one third of all youths are not in employment, education or training, with a significantly larger proportion among the women (48.4 per cent) than the men (9.8 per cent). A substantial portion of the relatively low-skilled non-working population that has withdrawn from the labour force, and which is amply reflected in the large proportion of people not in employment, education or training due to the discouraged worker effect, needs to be productively employed while the country also manages the agrarian transition (ILO, 2024).

In this context, CSR can play a vital role in providing training and skill development in the following areas:

1. **Agri value chains:** The Government has recently announced the launch of the world's largest grain storage plan in the cooperative sector, entailing an investment of over Rs 1.25 lakh crore. Under the programme, 700 lakh tonne of storage capacity will be created over the next five years in the cooperative sector by constructing thousands of godowns and warehouses (The Economic Times, 24 Feb, 2024). The mushrooming of Agri Tech Startups and Farmer Producer Organizations (also facilitated by the government) along with the establishment of Agro Processing Clusters holds huge potential for revamping agri value chains while also providing employment opportunities to millions. Training and skilling in agri value chains is crucial in grading, sorting,

weighing, assaying, packaging, storing, logistics, and other associated activities. CSR funds can be utilized for this in conjunction with Agri Tech Startups who provide end to end services to FPOs.

**2. IT and ITeS:** India has traditionally been a leader in Information Technology and Information Technology enabled Services. The capacity gap between manufacturing and services sector is starkly seen in the most recent example of semi-conductor industries in the country. The chip fabrication unit proposed to be set up by Tata Group in partnership with PSMC will be producing 28 nano meter chips while TSMC's 3nm processor is the industry's most advanced semiconductor technology. On the other hand, India's software engineers and designers are the most highly demanded professionals worldwide. As such, CSR initiatives should promote India's software prowess and facilitate the youth to develop skills in Artificial Intelligence, Machine Learning, Virtual Reality, Data Science, Cloud Computing, Blockchain, Cybersecurity etc. Private sector entities like HCL and Zoho Schools of Learning are already offering apprenticeship programs in technology. Further, CSR funds can be channelized into a government apprenticeship programme to be established along the same lines.

**3. Education and Healthcare:** As shown earlier, there is a huge dearth of educators and healthcare professionals in India. CSR expenditure in these sectors is primarily in the form of infrastructure and not on improving delivery of services. CSR funds would be well spent in undertaking training of teachers and nurses, technicians, pharmacists, radiographers etc.

Apart from the above, CSR funds can also be diverted towards undertaking vocational training for labour intensive industries like Textiles sector, Plastics, Footwear, Auto components, Sports Goods, Agri/Food Processing, Gems and Jewellery, as well as in Blue and Green Industries

## FUTURE SCOPE OF STUDY

As has been brought out in the earlier paragraphs, a major chunk of the CSR spend is on Infrastructure in Education and Health sectors. While such spending is praiseworthy, by itself it is not sufficient to address the gaps in these sectors. The efficient delivery of government services in these sectors are far more crucial and if the gaps in this regard are addressed, it will go a long way to enhance the lives of the low-income groups. CSR funds will be well utilised to investigate the efficacy of delivery of services and not only suggest ways to improve it but also contribute towards improving it. For instance, in the provision of rural housing, the Pradhan Mantri Awas Yojana faces several challenges in implementation in the form of poor quality of design, inappropriate materials, lack of credit for the needy families etc. CSR funds can be channelized to fill in the organizational gaps to rural housing projects.

## CONCLUSION

The introduction of a mandatory provision in the Companies Act, 2013 for the corporates to meet their social responsibility in the new Companies Act is a sincere attempt to meet certain development goals. Businesses, despite having contributed towards philanthropy and to social organizations, to a certain extent have failed to reach out to their employees, customers, stakeholders and society at large. The CSR policy is now an opportunity to achieve a balance of social, economic and environmental obligations while protecting the interest of various stakeholders. However, CSR activities on the part of the corporate sector need to be more inclusive in its management and not view the mandatory requirement of CSR as a hindrance. Moreover, it should be considered as an opportunity to make a positive impact on the community and society at large. The CSR policy should not become mere tokenism for the corporate sector; effort should be made whole-heartedly towards sustainable community development. Businesses sector should make attempts to further the CSR objective and to reach the wider discourse of social justice. This will not only lead to a change in the business practices but will also lead to the betterment of ethical values in business. Business and society are

interwoven into each other and not distinct and separate entities; it is but natural that the society looks forward to appropriate business practices and behaviour.

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#### Annexure 1

Sr. No.	Author/ Organization	Definition
1	Bowen (1953)	[CSR] refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.
2	Frederick (1960)	Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.
3	Friedman (1962)	There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.
4	Davis & Blomstrom (1966)	Social responsibility, therefore, refers to a person's obligation to consider the effects of his decisions and actions on the whole social system.
5	Sethi (1975)	Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.
6	Carroll (1979)	The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time.
7	Jones (1980)	Corporate social responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.
8	Wood (1991)	The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities.

9	Baker (2003)	CSR is about how companies manage the business processes to produce an overall positive impact on society.
10	World Business Council for Sustainable Development (WBCSD) (2003)	Corporate Social Responsibility is business' commitment to contribute to sustainable economic development working with employees, their families, the local community, and society at large to improve their quality of life.
11	CSR Europe (2003)	Corporate Social Responsibility is the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organisation and operations.
12	Organisation for Economic Co-operation and Development (OECD) (2003)	Corporate Responsibility involves the 'fit' businesses develop with the societies in which they operate. [...] The function of business in society is to yield adequate returns to owners of capital by identifying and developing promising investment opportunities and, in the process, to provide jobs and to produce goods and services that consumers want to buy. However, corporate responsibility goes beyond this core function. Businesses are expected to obey the various laws which are applicable to them and often have to respond to societal expectations that are not written down as formal law.
13	Amnesty International – Business Group (UK) (2002)	Companies [have] to recognise that their ability to continue to provide goods and services and to create financial wealth will depend on their acceptability to an international society which increasingly regards protection of human rights as a condition of the corporate licence to operate.
14	The Corporate Responsibility Coalition (CORE) (2003)	As an 'organ of society', companies have a responsibility to safeguard human rights within their direct sphere of operations as well as within their wider spheres of influence.
15	Novethic (2003)	Linked to the application by corporations of the sustainable development principle, the concept of CSR integrates three dimensions: an economic dimension (efficiency, profitability), a social dimension (social responsibility) and an environmental dimension (environmental responsibility). To respect these principles, corporations must pay more attention to all the stakeholders [...] which inform on the expectations of civil society and the business environment.
16	Unilever (2003)	We define social responsibility as the impact or interaction we have with

		society in three distinct areas: (i) voluntary contributions, (ii) impact of (business's direct) operations, and (iii) impact through the value chain.
17	Novo Nordisk (2003)	Social responsibility for Novo Nordisk is about caring for people. This applies to our employees and the people whose healthcare needs we serve. It also considers the impact of our business on the global society and the local community. As such, social responsibility is more than a virtue – it is a business imperative.

**Source: International Journal Business Governance and Ethics, Vol. 1, No. 4, 2005**