

Economics of Corporate Social Responsibility in India: A Review of the Social Development Expenditure

¹M. Mahadeva, ²S. Baskaran

¹Professor and Dean Research, Institute of Finance and International Management (IFIM), 8 P & 9 P, KIADB Industrial Area, Electronics City Phase 1, Bangalore – 560 100

²Professor and Head, Department of Management Studies, Dr Ambedkar Institute of Technology BDA Outer Ring Road, Mallathahalli, Bangalore – 560 056

Abstract: Corporate Social Responsibility (CSR) is a programme to achieve win-win situation to the nation's state and corporate world of any country, including India. All such states have created necessary environment for better functioning of the corporate undertakings and in turn, the latter is expected to shoulder the responsibility of social development of the society. India is the only country to put up CSR Act with mandatory clauses enacted from 2013 and endowed the necessary freedom to the corporate world. The act has completed a decade of its applicability in the entire country. This paper capture the expenditure trend of the CSR contributions of the corporate world and analyses the pattern of social development of the country. It is done with the help of the secondary data maintained by the Ministry of Corporate Affairs (MCA), Government of India. The CSR investment has taken place substantially across three different sectors, including the social development segment. Within the social sector, education development and health care activities have accounted to large majority of the social investment for various reasons. The CSR investment has also taken place to promote economic activities, besides transferring some portion to the dedicated account of the national government on a very limited scale. State wise analysis of the CSR investment is also captured in order to present the regional perspective. Besides discussing the issues associated with the sectoral investments, the paper highlights growing indication of crony capitalism, lack of serious investment concerns over the real issues, high order of regional imbalances in the investment etc. With this backdrop, the paper offered a few policy implications, to ensure effective and conspicuous social development in the country.

Key Words-CSR Mandates, CSR Expenditure, Sectoral Contributions, Investment Deficiencies, Policy Implications

Introduction

Corona Virus Disease (2019-20) popularly COVID - 19 was a fourth pandemic in the history after Plague (1720), Cholera (1820), Spanish Flu (1920), which has devastated with millions of lives and affected socio-economic fabrics of the world. COVID 19 too affected all walks of life, particularly production and marketing process of goods and services, besides various undertakings and production houses not only to dwindle but to shrunken their expenditure. Above all, most societies were stand still during the period, as the people's movements were completely restricted. These observations were especially true in the case of India in which not only the industrial activities and production processes were shut down but also the society was hit badly in all measures, economically and politically as well. Although, the country has contained the severity of the COVID impact with mostly indigenous medicinal practice and widespread inoculation of vaccination to its populace, the socio-economic activities are yet to be normalized completely. Having genesis with Section 135 of the Companies Act -2013, Corporate Social Responsibility (CSR) Act was promulgated from 2013 and CSR Rule from 2014 in India. When the corporate houses and undertakings were getting acquainted and consolidating with the CSR mandatory requirements in the sixth year of the act, COVID hit the society and dented/impacted all walks of the economy. The CSR Act has made all Indian companies and foreign companies with branch/project offices to fulfil the two obligations mandatorily. First, to undertake corporate social responsibility activities, by earmarking 2 per cent of the average net profit of the immediately three preceding financial years. The companies having net worth of Rs. 500 Crores or more (5,000 Million), turnover of Rs 1,000 Crores or more (or 10,000 Million) and a net profit of Rs 500 Crores or more (5,000 Million) have been bounded by the CSR mandatory requirements. Second, to constitute an exclusive CSR committee at the company level, consisting of minimum three members or more, of which one member shall be independent. The committee is

assigned to recommend time to time to the board (a) CSR Policy; (b) CSR Annual Plan; (c) Incur CSR Expenditure; and (d) Monitor the CSR Policy of the company (Ashim Obhan & Aparna Amnerkar 2022).

Further, section 135 of the Companies Act, which was amended with a provision for transferring the unspent CSR money along with penalty for non-compliance. Accordingly, the unspent amount shall be deposited in a scheduled bank in the name of 'Unspent CSR Account' within 30 days from end of the financial year. It should also be spent within a period of three years from the date of transfer, failing which, the funds shall transfer to fund specified in Schedule VII, within 30 days after the financial year. The company is also liable to be punishable with a fine of Rupees five thousand to twenty-five lakhs. This apart, the penalty for non-compliance is that the Officer at fault is punishable with imprisonment up to 3 years with fine Rupees five thousand to five lakhs or both (Palak Rawat 2022). Further, one of the remarkable aspects of the section 135 of the Companies Act is the identification of eight different activities under CSR funding through a dedicated procedure. They are (a) Eradication of hunger, malnutrition and poverty; (b) Promotion of health care and sanitation; (c) Offering support for education and employment with development of vocational skills; (d) Encouraging gender equality; (e) Ensuring sustainability; (f) Protecting heritage; (g) Working for the benefits of the country's armed forces; (h) Fostering and training for sports activities; and (i) Contributing for relief projects. Having put every procedures and equilibrium in the place, the act appears very effective, the act is intended to create win-win situations to the corporate world and the society. But, at the same time, the corporate bodies and companies shall not evade or escape from the mandatory requirements, after receiving all possible benefits like infrastructure, connectivity, fiscal incentives etc., from the nation's state. Interestingly, the performance analysis of the CSR act brings to fore that the capital accumulation as well as investment have taken place in three major streams like (a) social development covering all the defined activities on a large scale; (b) economic development activities additionally, with less than one-fourth of the investment. Lastly, the companies have also transferred the CSR funds to the Central Government Fund created for the purpose, which was a little over seven per cent of the total. Especially, the transfers have supplemented various development schemes and national relief activities of the national government.

Review of Literature and Scope of the paper

The subject matter of social development within the context of the CSR environment in the India was examined by many scholars, apart from examining the issue during the COVID 19 time, by a few. Before the research gap analysis, it is necessary to mention about Maharatna Companies of the country, as they have played leading role in setting example in regard to the social development mechanism through CSR practices, as guided by the government of India in 2013. These companies would have earned the prestigious Maharatna tag after attaining an average net worth of Rs 15,000 crores for three years, an average annual turnover of Rs 25,000 for three years, and earned a net profit of Rs 5,000 crores for three consecutive years. Also, these Central Public Sector Undertakings (CPSEs) have been given greater autonomy and financial powers in recognition of their superior performance. It is found that there is positive relationship between the social development and the corporates using the CSR fund and to bring the radical changes in the social development through the CSR practices, social and territorial welfare and sustainability using the CSR provisions. It is also argued that the open catalogue of good practices facilitates the choices of companies to adhere to innovative forms of corporate and territorial welfare (Rani and Khan 2015 & Letizia Carrera 2022). Interface between CSR and social development makes a compact case for a public-private partnership to achieve Agenda 2030 and mechanism has to be strengthened as there is no denial that Schedule VII provisions have definitely given a push to SDGs in India. The research suggests the requisite data collection, roles of social workers in CSR initiatives and the CSR initiatives provides employment opportunity especially to weaker and poorer sections of the nation in the community development of the society (Sanjai Bhatt and Lakshya 2022 & Salman and Gupta 2021). Other researches have addressed the challenges in implementing CSR and found that some of the challenges are peculiar to corporate bodies operating in developing countries (Ahmad Masum 2020) and key aspects of Strategic Management, CSR and Firm Performance and establish relationship between them were investigated by developing a valid and reliable scale to do so (Mitra 2021). This study was one of the first researches in the post mandate period conducted among the large Indian firms in India. Yet, another empirical study examined whether the existing generations (born after 1980) differ in their work beliefs, internal responsibility perceptions and their leadership motivation in contrast to previous generations (Rank and Contrer 2021). These apart, a few other researches have also examined the impact of COVID 19 over a few companies. Customer satisfaction and loyalty with reference to CSR China's food company during the pandemic period was studied and found that company image and customer satisfaction have significant

mediating effects and COVID-19 has positively moderated the impact on customer satisfaction (Zhang 2022). It is further highlighted that how corporate social responsibility was fulfilled during Covid-19, as per the requirement of the time and situations. Also, found that many companies have initiated the CSR activities and met the pandemic requirements (like direct contribution to PM CARE fund, State government relief fund, involving in manufacturing and distributing mask, oxygen, medical equipment, machineries etc.,) and stood by the impact of lockdown on the psychological, social, cultural and economic emotions. The study has also disseminated information regarding corporate social responsibility (CSR) activities undertaken by the corporates during COVID-19. The study found that many corporates have come forward to support government initiatives towards fighting COVID-19 and manufacturing and distribution of masks, sanitizers, and personal protective equipment (PPEs), providing meals to the downtrodden and making arrangements for the quarantine centers, etc. (Nileshbhai M. Gamit 2022 & Manish and Vineet 2021).

It is evidently true that most of the studies undertaken were micro in nature and were case studies with their own defined and limited scope. It is also obvious to note that none of the above researches by the various scholars has undertaken to analyze the CSR expenditure pattern in the macro perspective from the period of its genesis. Besides, none have attempted to address the issue of how the CSR environment was crumbled in terms of the number of companies and CSR contributions, during the recent pandemic time. Also, a biggest lacuna of most of the above studies have not thrown light on the sectoral investments of CSR funds and none have attempted to capture the regional perspective with regard to CSR activities. Thus with this backdrop, the overall scope of this paper is to capture the overall CSR environment in the country, both in terms of the companies and investment taken place for the defined purposes at the national and sub-national levels. Since CSR environment was created from the last ten years, the data source to ponder over the CSR performance is provided only by the Ministry of Corporate Affairs (MCA), Government of India. The analysis of this paper is entirely based on the secondary data made available by the ministry. The year-wise data about companies bounded and investment taken place both at the macro and regional levels have been extensively used. Based on the data thus made available for the period of seven years i.e., 2014-15 to 2020-21, this paper has designed a few specific objectives: (a) to assess the response of the corporate bodies and undertakings vis-à-vis the mandatory requirements under CSR by understanding the level of participation in terms of the investment and changes; (b) to examine the sectoral investment of CSR Funds, especially across the various other fronts like economic development, transfer to the Central Government towards specific purpose; (c) to account the regional perception (state-wise) in terms of the investment taken place in the country; and (d) to identify investment trend across the regions and to offer a few policy implications to make the CSR act responsive and effective for the social development cause of the nation.

Result Analysis

Companies under CSR: Companies being the critical stake holders of the CSR environment, their participation in the social development activities of the society has been a testimony of change in the recent time. During the period of analysis, a little over 20,000 (Non-Public Sector Undertakings (NPSUs) and Public Sector Undertakings (PSUs)/companies) have responded positively to the mandatory requirements of the CSR in the country. Especially, the NPSUs have reportedly 39 folds more than the NPSUs in the CSR design. Undoubtedly, it is an example of creating a definite and decisive space for the companies themselves for the social cause of the country, amalgamating with the public actions. What impresses the most is that the number of NPSUs, which have almost 98 per cent stake in the CSR investment. The PSUs on the hand are found to be small in numbers in the overall environment, having been playing their part, if not significantly, as portrayed in table 1. But, an astounding fact is that the PSUs have laid strong foundation for confidence building process of the NPSUs and contributed to over 22 per cent of the total contribution of the CSR fund, which has been resulting to scale down the dominance of NPSUs. Second impressive aspect of the CSR is the contribution of the companies towards the identified social activities. The total amount earmarked-credited to CSR funds was in the order of Rs 25,715 crores, with a mammoth share of over 82 per cent (Rs 21,234 crores) from the NPSUs. The PSUs at the same time have contributed to the extent of Rs 4,481 crores or a little over 17 per cent during the period of analysis. However, what conspicuously noticeable is the declining volume of contribution during the period of pandemic, obviously on account of the non-operation of a good number of companies, as well as to closure of the companies as can be noted in the table. As a result of the prevalence of the COVID-19, the overall contribution of the companies has dropped to Rs 18,135 crores towards the CSR. Especially, the drop was being very conspicuous to the extent of Rs 14,136 crores in the case of the NPSUs with a reduced

share to the extent of around 78 per cent from 83 per cent during the pre-pandemic time. Third but an interesting case is the increasing relative share of the PSUs during the period, despite a fact that volume of contribution in absolute terms declined to Rs 3,999 crores. The relative share of the PSUs has increased to over 22 per cent from 17 per cent, could be owing to regular payment of contribution by the government itself being the creator of the PSUs. Interestingly, a positive attitude towards the compliance of the CSR mandatory fulfilment is exhibited, which has resulted in increasing contribution across the companies between the pre-pandemic and during pandemic periods. The average company contribution to CSR funds has dramatically increased from Rs 1.01 crores to 1.43 crores in the country. Similar is the case of PSUs from Rs 11.38 crores to Rs 13.38 crores and from Rs 0.80 crores to Rs 1.28 crores from the NPSUs.

Last but a serious highlight of the CSR environment is erosion of the companies in the peak period of COVID - 19 (2020-21), which has imposed compulsory lockdown, shutting of establishments, social distancing etc., in the society. The erosion of companies occurred across the board irrespective of being the PSUs or NPSUs. Officially in all, 2,282 companies were shut down/closed or did not function at all in the country on account the COVO-19 pandemic. Owing to the imposed restrictions, 2110 companies in the NPSU segment did not reportedly functions, as against 172 companies in the PSU stream. Importantly, severity of shut down//not functioned was very high relatively at over one-third in the case of PSUs and was roughly 11 per cent in the NPSUs sector. This has resulted not only non-incurring of CSR investment by the companies on various activities nor transfer to the designated account of the government. The loss amount during the pandemic period is estimated at Rs 7,580 crores – Rs 7,098 crores by the NPSUs, which was substantial at 94 per cent and Rs 482 crores by the PSUs or a little over 6 per cent.

Table 1
Number of Companies and Expenditure Incurred
Under CSR: 2014-15 to 2020-21
(Rupees in Crores)

Companies/ Undertakings	Public Sector Under- takings (PSUs)	Non- Public Sector Under- takings (NPSUs)	Total	Remarks
Average Number of Companies (2014-15 to 2020 -21)	507 (2.50)	19,787 (97.50)	20,294	NPSUs are large in numbers (39 times) than NPUs covered under CSR Act
Number of Companies (2020-21)	335 (1.86)	17,677 (98.14)	18,012	Number of companies dwindled, more so the share of the PSUs.
Companies Closed/ Eroded from operations	172 (33.93)	2,110 (10.66)	2,282	Over 11 per cent of the companies have not incurred/credited the amount on account of their non-operation.
Amount Credited to CSR Fund (2020-21)	4,481 (17.43)	21,234 (82.57)	25,715	Rupees 142.77 lakhs average amount credited by each company to the fund
Amount Credited to CSR Fund (2014-15 to 2020- 21), including the pandemic time.	3,999 (22.05)	14,136 (77.95)	18,135	Rupees 89.36 lakhs average amount was credited by each company to the CSR fund
Amount Loss during 2020-21	482 (6.36)	7,098 (93.64)	7,580	Due to Dwindling number of companies.

**Source: Compiled by Authors from the Eighth Annual Report - 2021-2022, Ministry of Corporate Affairs,
Government of India: New Delhi**

Social Development Framework: Before attempting an analysis of the investment pattern under the CSR regime, it is indeed necessary to understand about different segments itself, which can be classified within. There are three for the comprehension. Achieving higher degree of social development has been one of the reasons with which CSR Act brought

into force in the country. The social development is followed by economic development as the second priority. Whenever the companies could not involve themselves with the investment for the socio-economic advancements, it is provisioned to transfer their share of CSR contribution to dedicated fund of the central government, which is last priority for companies. During the period of analysis, it is important to know that the CSR Act has attracted total investments of Rs. 1,26,941 crores in the country in the last years with an average of Rs. 18,134 crores. In other words, it can be said that the CSR Act has prompted a decent capital formation in the country. It is further significant to note that the social development sector has had majority of the investment with Rs. 92,893 crores or over 73 percent in the total investment (Table 2), at an average of Rs. 13,271 crores. While doing so it can be said that almost every company has complied with the legislative framework of achieving social advancement as well as covering the different sectors for investment (CSS 2022). These apart, the investments have broadly included education, health care, equity, poverty, socio economic inequality and population in the broad social development. It must be noted that while investing the CSR funds, freedom has been given to corporate houses include various sub-sectors within the social development. For example, education was extended with vocational skills, training to promote sports and special education for differently abled people, as shown in the table.

Of all the social development parameters, imparting education has been given top priority with an investment of Rs. 43,564 crores or 46.89 percent of the total, with an average investment Rs. 6,223 crores. Although, vocational skills, training to promote sports and special education were included in the education sector, general education (opening or establishment of school and college) has been accorded highest priority with roughly an investment of Rs. 36,814 crores or Rs. 5,259 crores on an average. With this, it can be said that corporate bodies have entered the education sector in a bigger scale, especially in the core or major urban centers on commercial lines given the investment freedom they enjoy under the CSR. Although such educational ventures throw open educational opportunities as a critical driver social change, their accessibility to all is in question. The biggest apprehension is that the corporate schools or educational institutions with absolute control caters to only to affordable sections of the society than the deprived or poor sections. Such initiatives jeopardize the principle of social justice, which is embedded within the CSR philosophy, besides giving rise to growth of crony capitalism. It is even more obvious to note that the educational institutions of the corporate houses controlled absolutely by the own family trusts and societies. At the same time, it need not be misconstrued that corporate bodies have completely disengaged from developing the public educational or government institutions as a national cause for having received many concessions. But excepting the plausible stray involvement, lack of information and ground data have limited the CSR inroads into public educational improvement. If that were to be a case, perhaps government educational institutions - meant for all and particularly for unaffordable sections would not have been what they are today, without proper buildings, teaching aids and resources and what not in the rural areas. Secondly, Health care including sanitation and drinking water has garnered a little short of one third of the social development expenditure in the country. Health care activities have had an annual investment of Rs 4,273 crores. Interestingly, health sector also replicated the changes of the education sector with the growth of corporate hospitals and treatment. It goes without saying that there is growth of mushroom of corporate hospitals exclusively for the corporate employees and to the affordable general public, which again contravene the purpose of CSR mandates. Precisely, corporate hospitals neither have access to common man nor offer any health services to them having benefitted by the state. Thirdly, environment protections including the natural resources and conservation have accounted to less than 10 percent of the total investment, followed by eradication of poverty with hunger and malnutrition (7.17 percent), equity issue with women centric empowerment (2.17 percent), and special care of the population also had a least investment (0.78 percent). Given the growing concern for the environment protection in the society,

Table 2
Expenditure Under CSR by Sector
2014-15 to 2020-21 (Rupees in Crores)

Sl. No	Development Sector	Amount of Expenditure		
		Total (2014-15 to 2020-21)	Percentage	Average
A. Social Development Sector				
1	Education	36,814	84.51	5,259
	Vocational Skills	4,167	9.57	595
	Training To Promote Sports	1,520	3.49	217

	Special Education	1,063	2.44	152	
	Total	43,564	100.00	6,223	
2	Health Care	25,391	84.87	3,627	
	Sanitation	3,180	10.63	454	
	Drinking Water	1,345	4.50	192	
	Total	29,916	100.00	4,273	
3	Environment	7,816	90.01	1,117	
	Natural Resources Conversation	867	9.99	124	
	Total	8,683	100.00	1241	
4	Eradicating Hunger, Malnutrition and Poverty	Total	6,676	100.00	954
5	Equity/Women Empowerment	1,290	64.08	184	
	Gender Equality	403	20.12	58	
	Setting Up Homes And Hostels For Women	320	15.89	46	
	Total	2,013	100.00	288	
6	Socio-Economic Inequalities	930	70.51	133	
	Slum Development	389	29.49	56	
	Total	1319	100.00	189	
7	Armed Forces, Veterans, War Widows/ Dependents	319	44.18	46	
	Senior Citizens Welfare	253	35.04	36	
	Setting Up Orphanage	150	20.78	21	
	Total	722	100.00	103	
	Total A	92,893	73.18	13,271	
	B. Economic Development Sector				
1	Rural Development Projects	12,301	42.25	1,757	
2	Livelihood Enhancement Projects	4,829	16.59	690	
3	Nec/ Not Mentioned	3,668	12.60	524	
4	Art And Culture	2,581	8.86	369	
5	Animal Welfare	623	2.14	89	
6	Agro Forestry	340	1.17	49	
7	Technology Incubators	222	0.76	32	
	Total B	24,564	19.35	3,509	
	C. Transfer to Government Funds				
1	Central Government Funds	4,552	15.63	650	
	Prime Minister's National Relief Fund	3,603	73.04	515	
	Swatch Bharat Kosha	1,205	24.43	172	
	Clean Ganga Fund	125	2.53	18	
	Total C	9,485	7.47	1,355	
	Grand Total (A+B+C)	1,26,941	100.00	18,134	

Source: Compiled by Authors from the Eighth Annual Report - 2021-2022, Ministry of Corporate Affairs, Government of India: New Delhi

prevalence of forms of poverty, continued women distress and widening gaps in development etc., the CSR investment is highly insignificant and abysmally low in these sector, which has direct bearing on the social development. Lastly, what challenges the development interventions is socio economic inequalities in the country, which have attracted only second lowest investment in the CSR style of participation. Slum or degraded living environment being a major scar in urban India (NSSO 2010) and having been given invitation to corporate world in its redevelopment policy (GoI 2003), slums development has been invested only a very negligible part of the investment (1.42 percent). This insalubrious growth within urban area could attract only a total investment of only Rs 389 crores at an average of Rs 56 crores.

Economic Development Investment: Incurring expenditure on various economic development activities under CSR is itself a testimony of the freedom that corporate bodies are enjoying. The economic development activities are the non-entities of CSR activities or undefined by the act although. Yet, corporate bodies have incurred a little over 19 per cent of the CSR investment over the selected economic activities. With an average invest of Rs 3,509 crores, these activities have attracted a total investment of Rs 24,564 crores over the years. Interestingly, rural development projects, which is the only solace under the category has seen an investment of Rs 12,301 crores or over 50 per cent of the total investment. Further, in the absence of the activity-wise expenditure within the rural development projects and in the backdrop of the Background Paper on Drinking Water by the Ministry of Rural Development (GoI 2018), any expenditure on improvement of drinking water quality through technological water treatment plants would have been highly justified the CSR investment. The drinking water sources in about 2.17 lakh rural habitations have been contaminated with excess iron, fluoride, salinity, nitrate and arsenal and the people are suffering without any water treatment solutions and facing multiple health disorders in rural India. Any interventions by the CSR towards the drinking water treatment could bring about the health improvement in rural areas. The second major item of expenditure is the livelihood projects with Rs 4,829 crores at an average of Rs 690 crores. But, what would have really lost focus in the category is the development of technical incubators, which is an infrastructure in public utilities, more so in the public hospitals. Technical incubators have had only a total expenditure of Rs 222 crores, which is less than 1 per cent of the total.

Transfer to Central Government Funds: The third important segment of CSR investment is the transfer of the earmarked CSR proceeds to central government to take part in such activities, which the corporate leaders cannot undertake directly. The CSR act provided for such transfer and accordingly, the paper identified four items of the expenditures. In the first instance, there was a total transfer of Rs 9,485 crores by the CSR world in the period of analysis or 7.47 per cent to the central government, at an average of Rs 1,355 crores per year. Supplement the central government efforts for various development projects has been first to the extent of Rs 4,552 crores. It is followed by the contribution of the Prime Minister National Relief Fund (Rs 3,603 crores or 38 per cent). These two alone have accounted to about 86 per cent of the CSR transfer while at the same, two other very ambitious programmes of the country viz, Swatch Bharath Mission and Clean Ganga Mission would have handicapped for want of financial resources, as were spent a very meagre in the entire CSR design. It goes a very long way if the local governments in rural and urban areas are supported financially to bring in cleanliness in their respective areas of operation.

Regional Perspective in CSR Expenditure: Understanding inter-regional perspective in relation with the CSR activities assumes greater significance within the development scale of the secondary and tertiary sectors in any region of the economy. Because CSR activities as experienced has flourished only with the development of these two sectors, than the primary sector. As is the case, favourable industrial promotion and advanced development are the preconditions to bring in CSR activity. At the same time, it is also true that CSR environment never be a reality in the low prosperity regions, coupled with low industrial activities and corporate world. In other words, given the operational definitions and other requirements, CSR has not functionally responded to the poor development of industrial and corporate world. Coincidentally, Table 3 gives the same perspectives that CSR activities have not taken place on the same level and volume in terms of the investment across all the states and regions in the country. Rather, it offers three perspectives: (a) high investment region; (b) moderate investment region; and (c) low investment region, with a bunch of states and union territories in each of the region. Before the inter differences in CSR investment are analyzed, it is indeed necessary to note that corporate bodies have also taken their benefits outside their operational regions under 'Pan India' activities, largely owing to consideration of socio-economic backwardness and associated disadvantages. The 'Pan India' activities includes joining hands with the central government projects, have together accounted to the total investment of Rs. 51,093 crores under CSR, which is roughly over 40 percent in the country. Being a good practice and notwithstanding the investment ventures, corporate bodies have invested Rs. 7,299 crores under 'Pan India' activities having the corporate bodies or industrial activities elsewhere. But for these considerations, the backward regions would not have attracted any CSR investment at all. Secondly, as can be seen in table, sixteen states of the country can be classified under the high CSR investment regions, with an average investment ranging between Rs. 1,389 crores and Rs 18,608 crores. Within this category, five states can be considered as centers of CSR activities based on the total and average investment. Maharashtra being the topper in the category alone has invested over Rs. 18,608 crores on the CSR activities with Rs. 2,658 crores on an average. The state alone accounted to 15 percent of total CSR fund in the country. It is followed by Karnataka with total

investment of Rs. 7,161 crores at an average of Rs. 1,026 crores, Gujarat (Rs. 6,205 and Rs 886 crores), Tamilnadu (Rs. 5,440 crores at Rs 777 crores) and Andhra Pradesh (Rs. 5,102 crores and Rs 729 crores). It is not exaggeration to note that these five states accounted to an investment of Rs 42,516 crores or 60.12 per cent of the regional total (Rs 70,614 crores). The remaining states in the category have observed less investment over the CSR activities with an average investment ranging between a minimum of Rs 198 to a maximum of Rs 575 crores a year. It need not have to specifically noted that the low investment is due to that these states have had limited industrial growth as well as the CSR investments. The third perspective as can be viewed in the table is the case of 20 other regions - that includes 14 independent states (including two Himalayan, six North-Eastern states and six union territories) of the country. In fact, these regions have had abysmally lowest CSR activities as well as the CSR investment for the reasons discussed already best known to all. The average investment ranges from as low as Rs 1 crore to Rs 125 crores annually. It goes without saying that Himalayan states as well as North-

Table 3
State-Wise Expenditure
Under CSR: 2014-15 to 2020-21
(Rupees in Crores)

Sl. No	State	Amount of Expenditure by State (Rupees in Crores)		
		Total (2014-15 to 2020-21)	Percentage	Average
A				
1.	Pan India	41,608	32.78	5,944
2.	Transfer to Central Government	9,485	7.47	1,355
B				
3.	Maharashtra	18,608	14.659	2,658
4.	Karnataka	7,161	5.641	1,023
5.	Gujarat	6,205	4.888	886
6.	Tamil Nadu	5,440	4.286	777
7.	Andhra Pradesh	5,102	4.019	729
8.	Delhi	4,026	3.172	575
9.	Odisha	3,683	2.902	526
10.	Rajasthan	3,568	2.811	510
11.	Uttar Pradesh	3,292	2.593	470
12.	Haryana	2,768	2.180	395
13.	Telangana	2,500	1.970	357
14.	West Bengal	2,491	1.962	356
15.	Kerala	1,507	1.187	215
16.	Madhya Pradesh	1,452	1.144	207
17.	Assam	1,425	1.122	204
18.	Chhattisgarh	1,389	1.094	198
19.	Jharkhand	876	0.690	125
20.	Punjab	805	0.634	115
21.	Uttarakhand	789	0.621	113
22.	Bihar	695	0.547	99
23.	Himachal Pradesh	418	0.329	60
24.	Jammu And Kashmir	337	0.265	48
25.	Goa	278	0.219	40
26.	Arunachal Pradesh	102	0.080	15
27.	Chandigarh	90	0.071	13
28.	Dadra And Nagar Haveli	85	0.067	12

29.	Meghalaya	77	0.060	11
30.	Daman And Diu	66	0.052	9
31.	Manipur	58	0.046	8
32.	Puducherry	54	0.043	8
33.	Sikkim	48	0.038	7
34.	Tripura	48	0.037	7
35.	Nagaland	15	0.012	2
36.	Andaman And Nicobar	7	0.006	1
37.	Mizoram	5	0.004	1
38.	Lakshadweep	3	0.002	0
TOTAL		1,26,942	100.000	18,135

Source: Compiled by Authors from the Eighth Annual Report - 2021-2022, Ministry of Corporate Affairs, Government of India: New Delhi

Eastern states owing to their natural disadvantages have not been able to attract both industrial growth as well as the CSR investment. If at all any investment has taken place in these regions, it could be obviously under the 'Pan India' program considering the socio-economic and business prospects in view.

Concluding Observations & Implications: This paper has captured the CSR environment of the country with the mandatory responsibility imposed on the corporate world of the country. The CSR act has also given adequate freedom to the corporate world to comply with the necessary mandates with the dedicated procedure at the company level. It has highlighted the CSR expenditure trend for the seven years of the decade (2014-15 to 2020-21), including the first and dreaded year of COVID - 19. The paper has brought to the fore, four significant findings/insights based on the data made available by the MCA, Government of India. Foremost important is that the numbers of companies - both public sector and non-public sector working under the umbrella of CSR mandates. It is important to note that more than 2,282 companies, including 172 public sector companies were closed during the peak of COVID time and did not incur any expenditure under the CSR. The situation has warranted a loss of CSR investment of Rs 7,580 crores in the country, as a result of the precarious condition. Secondly, the CSR expenditure (though was a significant portion of capital formation) in the country has crossed over Rs 127 lakh crores despite the pandemic presence. The corporate world has incurred an average expenditure of Rs 18,134 crores over the defined activities. Incurring such expenditure beyond the boundaries of the defined activities and particularly on "Pan India" basis has been a feather to the CSR administration. Indeed, necessary to be in view that social development activities have attracted majority of the CSR investment, although transfer to central government was negligible. Had there been sufficient transfer of CSR funds taken place, the central government could have played a decisive role in certain walks of life, which have been hampered the progress for want of adequate resources. Thirdly, the serious concern of the analysis is about the rising concern for the corporatization of the critical social segments of education and health, which would give rise to development of crony capitalism gradually. A common and open concern is that corporate bodies at large have resort to formation of their own educational trusts and societies with their own kith and invested CSR funds to start corporate schools. With this increasing trend, the educational opportunities with high cost are restricted to only affordable people, in the real sense the genuine needy deprived ones of the quality education missing the opportunities. In the process, a few sub-sectoral activities which are in dire need of resources have suffered with inadequate or no investment at all. In this regard, redevelopment of government educational institutions and their adoption has completely lost the focus in the CSR investment, barring stray incidents. Similarly, growing number of corporate hospitals at the CSR funds is another cause of concern in large and in major urban centers. The facilities of such hospitals meant either for the corporate employees or to the affordable clients than to all the common man. The hard reality is that the CSR indifference towards the investment for technical water treatment plants for safe drinking water in rural areas is very conspicuous under rural development. Similarly, paltry investments as far as the slums development in major urban areas, swatch bharath mission and clean ganga mission etc., could only touch a fringe than bringing about sweeping change in the Indian society. Covering such social issues with due investments adds value to CSR environment than wide range of activities as defined. Fourthly but not the least is the deficiency in CSR investment in the regional context. The CSR investment in the 20 residual regions (other than CSR centers) is a serious concern with least number of CSR activities. Especially, the North Eastern states that have had only Rs 353 crores investment and each have had only Rs 50.43 crores,

followed by union territories with only Rs. 305 investments at Rs 50 crores each during the entire period of analysis. The central government needs to take serious call with corrective actions, given this emerging scenario.

Considering the main findings of the paper and the overall functional environment of the CSR mandates in view, this paper offers a few policy implications to create a better environment to address the hitherto neglected social development issues with the help of the CSR funds of the corporate world. Indeed, the un-avowed purpose of bringing out legislative framework for corporate social responsibility and to attach mandatory clauses are only to make the corporate world a major partner in solving some of the social issues and achieve social advancement of the Indian society. To realize these goals, this paper offer, four important policy suggestions for consideration. First, since corporate world are expected to share the social development cause, it is necessary to minimize absolute freedom being enjoyed by the corporate world, specifically with regard to investment decisions for various social development activities. It is necessary that a substantial portion of the CSR funds shall be transferred to the designated funds of the Central Government. A favorable amendment to the CSR Act could not only facilitate capital formation by way of CSR Fund contributions to the central government, but will also empower to invest on such social development activities like improvement of public schools, public hospitals, rural drinking water, slums development, swatch Bharat and clean ganga missions, which are in dire need of investment. If the complete freedom is not curtailed by an amendment not only the corporate sector would invest according to their whim and fancy but would also neglect the genuine social development problems of the country, as has happened till now. Second, the central government is also required to impose restrictions and conditions over the development of crony capitalism, as it happened in the case of critical social sectors of education and healthcare. Given the present insalubrious situation of the public educational institutions, the need of the hour is to adopt the government education institutions, especially in rural and semi-urban areas of the country for their overall development, creation of capacities and improvement in the quality of education. Similarly, Public Health Centers at the tier four to six towns need to be strengthened with the advanced medical facilities for care and treatment of the poor and disadvantaged people. The corporate bodies can adopt health centers and maternity homes at the primary levels for their overall development to create better health facilities and living conditions. Thirdly, given the enormous space that slums have occupied in major and metropolitan urban areas and the degraded living conditions of almost one fourth of the urban poor, the corporate world having been invited by slum development policy, can take part in the slums improvement activities. Upgrading the basic amenities (housing, drinking water, sanitation, etc.,) in the slums on par with the other urban segment, better connectivity and environment improvement can be mainly taken up to seize off the slums and to create an orderly urban world. Fourthly, the intervention of CSR investment is indeed a need of the hour in rural areas as for as improving the quality of drinking water with technological intervention, as over 75 percent of the rural people are drinking contaminated water from various sources. The public authorities, including government have left the quality drinking water to lurch and inabilities were expressed, in terms of not incurring public expenditure. In fact, improvement of quality drinking water in rural habitations has been completely untouched. The CSR investment on this issue on priority would not only push the people to drink treated and quality water but would facilitate to achieve better health. Fifthly, there is an urgent need to arrest the problem of regional imbalance in the CSR investment in the country, particularly in the North-Eastern states and of the Union Territories. A symbolical investment in these regions would not only defeat the purpose of the CSR Act, but also leads to deficit in the social development. The central government with necessary amendment to the CSR Act should ensure adequate number of 'Pan India' activities with a definite share of investment. Apart from this, central government can also ensure that Pan India resources being credited to its account in order to infuse adequate investment in these regions.

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