

CORPORATE SOCIAL RESPONSIBILITY IN INDIA: TRENDS, CHALLENGES, AND OPPORTUNITIES

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Abstract:

Corporate Social Responsibility (CSR) has become an integral part of the corporate governance framework in India, especially after the enactment of the Companies Act 2013, which mandates eligible companies to allocate 2% of their average net profits toward CSR activities. This legislative initiative has positioned India as a global pioneer in institutionalizing CSR through statutory provisions. The present study examines the trends, challenges, and opportunities associated with CSR practices in India. The paper analyzes the evolving nature of CSR from traditional philanthropy to a more strategic and impact-oriented approach aligned with national development goals and global sustainability standards. It highlights key sectors benefiting from CSR investments, including education, healthcare, rural development, environmental sustainability, and women empowerment. The study also identifies emerging trends such as increased corporate spending, enhanced transparency, stakeholder engagement, and alignment with Sustainable Development Goals (SDGs).

Despite significant progress, CSR implementation in India faces several challenges, including compliance-driven approaches, lack of proper monitoring and evaluation mechanisms, regional disparities in fund allocation, and limited community participation. These constraints often reduce the long-term effectiveness and sustainability of CSR initiatives.

The paper concludes that CSR in India holds substantial opportunities for promoting inclusive growth, strengthening corporate reputation, and contributing to socio-economic development. With improved governance, strategic planning, and impact assessment, CSR can move beyond legal compliance and become a transformative tool for sustainable national development.

Keywords: Corporate Social Responsibility (CSR); Companies Act 2013; Sustainable Development; CSR Expenditure; Corporate Governance; Impact Assessment; Inclusive Growth.

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Introduction:

Corporate Social Responsibility (CSR) has emerged as a significant component of business strategy and sustainable development in India. In the modern economic environment, companies are no longer evaluated solely on the basis of profit generation but also on their contribution to social welfare, environmental protection, and ethical governance. CSR reflects the commitment of corporate organizations to operate in an economically, socially, and environmentally sustainable manner while recognizing the interests of stakeholders.

In India, CSR gained statutory recognition under the Companies Act 2013, which made it mandatory for

certain categories of companies to spend at least 2% of their average net profits on CSR activities. This landmark legislation positioned India as one of the first countries in the world to mandate corporate social responsibility by law. The Act outlines specific areas such as education, healthcare, rural development, environmental sustainability, gender equality, and poverty alleviation where CSR funds can be utilized.

Over the years, CSR in India has shown notable trends, including increased corporate spending, a shift from philanthropic donations to strategic CSR, and greater focus on sustainable development goals (SDGs). Companies are increasingly aligning their CSR initiatives with national priorities and global

frameworks to create long-term social impact. Many organizations now integrate CSR into their core business strategies rather than treating it as a separate charitable function.

Despite its progress, CSR implementation in India faces several challenges. These include lack of transparency, inadequate monitoring mechanisms, limited impact assessment, regional imbalance in fund allocation, and compliance-oriented approaches rather than outcome-oriented strategies. Additionally, smaller companies often struggle with effective planning and execution of CSR programs.

Review of Literature:

1. **Tripathi, S. K., Farooque, A., & Ahmad, S. A.** (2024). *Corporate Social Responsibility in India: A Review of Corporate Contributions to Sustainable Development Goals. Educational Administration: Theory and Practice*, 30(4), 581–593. This article reviews how CSR programs in India align with Sustainable Development Goals (SDGs) and highlights corporate contributions, barriers, and potentials for sustainable impact.
2. **Thakur, V., & Kalra, (2025).** *Revisiting Corporate Social Responsibility in India: Implementing Vedantic Foundation for Sustainable Business Practices. MET Management Review*, 12(1), 14–24. The study introduces a culturally rooted CSR framework that integrates Indian philosophical principles (dharma and karma) into CSR practices, offering deeper ethical perspectives.
3. **Shakya, P., & Maheshwari, S.** (2024). *A Review of Corporate Social Responsibility and Its Impact on Development of India. Journal of Corporate Governance and International Business Law*. This review discusses CSR's role in promoting sustainable development in India and illustrates its effects on corporate reputation, stakeholder engagement, and performance.

4. **P. R. Savitha & Bhat, G.** (2024). *A Systematic Review of Literature on Corporate Social Responsibility Practices of Indian Companies. Tuijin Jishu/Journal of Propulsion Technology*, 45(1).

Objectives of the Study:

1. To examine the concept and evolution of Corporate Social Responsibility (CSR) in India.
2. To analyze the legal framework of CSR in India, particularly under the Companies Act 2013.
3. To identify and study the recent trends in CSR practices among Indian companies.
4. To examine the key challenges faced in the implementation of CSR activities in India.
5. To assess the impact of CSR on corporate performance and stakeholder relationships.
6. To suggest measures for improving the effectiveness and transparency of CSR initiatives.

Research Methodology:

1. Research Design

The study adopts a **descriptive and analytical research design**. It aims to examine the trends, challenges, and opportunities of Corporate Social Responsibility (CSR) in India by analyzing existing data, policies, and corporate practices.

2. Nature of the Study

This research is primarily **qualitative in nature**, supported by secondary quantitative data related to CSR expenditure, sector-wise allocation, and company performance.

3. Sources of Data

The study is based on **secondary data**, collected from the following sources:

- Annual CSR reports of selected Indian companies
- Government publications and policy documents
- Reports published under the Companies Act 2013

- Ministry of Corporate Affairs (MCA) reports
- Research articles, journals, books, and credible online databases
- Reports related to Sustainable Development Goals (SDGs)

4. Sampling Technique

For analytical purposes, the study may consider **selected leading Indian companies** from sectors such as banking, manufacturing, IT, and energy. The selection is based on CSR expenditure and availability of published CSR data.

5. Period of Study

The study covers the period **from 2014 onwards**, following the implementation of mandatory CSR provisions under the Companies Act, 2013.

6. Tools and Techniques of Analysis

- Comparative analysis of CSR spending trends
- Percentage and tabular analysis
- Sector-wise distribution analysis
- Content analysis of CSR policies and reports

Data Analysis:

1. Trend Analysis of CSR Expenditure

After the implementation of mandatory CSR provisions in 2014, CSR spending by Indian companies has shown a steady increase. Large corporations contribute a major share of total CSR expenditure. Over the years, companies have shifted from unstructured donations to planned and policy-driven CSR investments.

Observation:

- CSR spending increased gradually after 2014.
- Greater compliance and transparency in reporting.
- Increased participation of public and private sector companies.

2. Sector-wise Distribution of CSR Funds

Analysis of CSR expenditure indicates that most funds are allocated to the following sectors:

- **Education** – Major share of CSR funds.
- **Healthcare and Sanitation**
- **Rural Development**
- **Environmental Sustainability**
- **Women Empowerment and Skill Development**

Observation:

Education and healthcare consistently receive the highest CSR funding, while sectors like environmental sustainability and gender equality are gradually gaining importance.

3. Company-wise CSR Spending Pattern

Large companies in sectors such as IT, banking, oil & gas, and manufacturing contribute significantly more compared to medium-sized enterprises.

Observation:

- Top 100 companies account for a major portion of total CSR spending.
- Smaller companies often limit CSR to compliance requirements.

4. Regional Distribution Analysis

CSR spending is concentrated in industrially developed states such as Maharashtra, Karnataka, Gujarat, and Tamil Nadu.

Observation:

- Regional imbalance exists in CSR fund allocation.
- Less-developed states receive comparatively lower CSR investments.

5. Impact Analysis

CSR initiatives have positively impacted:

- Literacy rates through school infrastructure and scholarships.
- Healthcare access through medical camps and hospital support.
- Employment generation via skill development programs.
- Environmental protection through afforestation and renewable energy projects.

6. Challenges Identified from Data

- Compliance-driven CSR approach
- Lack of proper monitoring and evaluation
- Underutilization of allocated funds in some cases
- Limited transparency in reporting outcomes

Case Study: Corporate Social Responsibility of Tata Group

1. Introduction

Tata Group is one of India's oldest and most respected business groups, known for its strong commitment to Corporate Social Responsibility (CSR). The group follows the philosophy of "giving back to society" and allocates a significant portion of its profits for social development.

2. CSR Initiative: Tata Trusts & Social Development

The major CSR activities of Tata Group are carried out through Tata Trusts. These trusts work in areas like education, healthcare, rural development, and livelihood generation.

3. Key CSR Activities

a) Education

- Scholarships for underprivileged students
- Establishment of schools and institutions
- Support for digital education

b) Healthcare

- Cancer care initiatives
- Rural health programs
- Affordable medical services

c) Rural Development

- Drinking water projects
- Skill development programs
- Women empowerment initiatives

d) Environment Protection

- Tree plantation drives
- Water conservation projects
- Renewable energy initiatives

4. Impact of CSR Activities

- Improved literacy rates in rural areas
- Better healthcare access for poor communities
- Employment generation through skill training
- Environmental sustainability awareness

5. Unique Features of Tata CSR

- Focus on long-term development, not short-term charity
- Strong ethical values and transparency
- Community participation in projects

6. Challenges Faced

- Reaching remote rural areas
- Managing large-scale projects
- Ensuring proper utilization of funds

7. Conclusion

The CSR initiatives of Tata Group serve as a model for other companies. Their approach shows that businesses can grow while contributing positively to society and sustainable development.

8. Key Learning from Case Study

- CSR builds brand reputation
- It helps in sustainable development
- Companies play an important role in social welfare

Findings:

Based on the analysis of secondary data, CSR reports, and policy documents under the Companies Act 2013, the following key findings have emerged:

1. Growth in CSR Expenditure

CSR spending in India has significantly increased after the introduction of mandatory CSR provisions in 2014. Companies are showing higher compliance rates and more structured reporting practices.

2. Shift from Philanthropy to Strategic CSR

There is a noticeable transition from traditional charitable donations to planned, policy-driven, and impact-oriented CSR initiatives aligned with long-term development goals.

3. Sectoral Concentration of CSR Funds

Education and healthcare receive the highest share of CSR funds, followed by rural development and environmental sustainability. However, certain sectors such as gender equality and environmental protection still require greater attention.

4. Dominance of Large Corporations

Large companies contribute the majority of CSR expenditure, while small and medium enterprises often restrict their CSR activities to meeting minimum statutory requirements.

5. Regional Imbalance

CSR spending is concentrated in industrially developed states, leading to unequal distribution of funds across regions. Backward and remote areas receive comparatively lower CSR investments.

6. Compliance-Oriented Approach

Many companies view CSR as a legal obligation rather than a strategic opportunity for sustainable development. This compliance-driven approach sometimes limits innovation and long-term impact.

7. Positive Socio-Economic Impact

Despite challenges, CSR initiatives have contributed positively to education access, healthcare services, skill development, women empowerment, and environmental protection.

Conclusion:

Corporate Social Responsibility (CSR) in India has evolved significantly, especially after the enactment of the Companies Act 2013, which made CSR spending mandatory for eligible companies. This legal provision has strengthened corporate accountability and increased financial contributions toward social and environmental development. The study reveals that CSR in India has shifted from traditional philanthropy to a more structured and strategic approach aligned with sustainable development goals.

The analysis shows a consistent increase in CSR expenditure, with major investments in education,

healthcare, rural development, and environmental sustainability. However, CSR activities are largely dominated by large corporations, and regional imbalances in fund allocation persist. While compliance levels have improved, many companies still treat CSR as a statutory requirement rather than a strategic investment for long-term social impact.

Despite these challenges, CSR holds immense potential to contribute to inclusive growth, stakeholder engagement, and national development. With better governance, transparency, and impact assessment mechanisms, CSR can become a powerful tool for sustainable socio-economic transformation in India.

Recommendation:

1. Shift from Compliance to Impact-Oriented CSR

Companies should focus on measurable outcomes rather than merely fulfilling legal requirements.

2. Strengthen Monitoring and Evaluation Mechanisms

Proper impact assessment tools should be implemented to evaluate long-term effectiveness of CSR projects.

3. Promote Regional Balance

Greater attention should be given to underdeveloped and rural areas to ensure equitable distribution of CSR funds.

4. Encourage SME Participation

Small and medium enterprises should be supported with guidelines and capacity-building programs to implement effective CSR initiatives.

5. Enhance Transparency and Reporting Standards

Companies should adopt standardized CSR reporting frameworks for greater accountability.

6. Align CSR with National and Global Goals

CSR activities should be aligned with national development priorities and Sustainable Development Goals (SDGs).

7. Promote Public-Private Partnerships (PPP)

Collaboration between government, NGOs, and corporations can improve efficiency and sustainability of CSR initiatives.

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