



The impact of government regulations on CSR strategies: A study of Indian corporations

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Abstract

The evolution of Corporate Social Responsibility (CSR) in India has transitioned from voluntary philanthropic acts to a structured, legally mandated framework following the implementation of the Companies Act, 2013^[2]. This paper analyzes the deep-rooted impact of government regulations on CSR strategies among Indian corporations, detailing how the statutory environment has influenced the scope, direction, and efficacy of corporate social engagements. Drawing from government records, industry data, CSR spending reports, and policy analyses, this paper uncovers the nature of compliance, the shift in organizational attitudes, the regional and sectoral patterns in CSR allocation, and the challenges faced in ensuring outcome-oriented social investments. It explores how Indian companies have recalibrated their CSR portfolios, linking them to national development priorities such as education, healthcare, sanitation, and environmental sustainability. Through this lens, the study offers critical insights into the regulatory transformation of corporate governance in the Indian socio-economic context.

Keywords: Corporate social responsibility (CSR), government regulations, companies act, 2013, Indian corporations compliance

Introduction

Corporate Social Responsibility (CSR) has steadily moved from the margins of business activity to become a vital part of corporate ethics and governance. Increasingly, there is a shared understanding that businesses must be attuned to their broader role in society, beyond merely generating profits. In India, this shift has been particularly pronounced. While early CSR initiatives were largely philanthropic and discretionary—shaped by the values of industrial houses like Tata and Birla—they often lacked structured guidance or alignment with national development priorities.

A turning point came with the enactment of the Companies Act, 2013^[2], which made India the first country to legislate CSR contributions for qualifying firms. This legal intervention redefined CSR, changing it from a voluntary commitment to a statutory responsibility. Section 135 of the Act laid out specific criteria for eligibility and compliance, requiring companies above certain thresholds of net worth, turnover, or profit to form CSR committees, draft policies, and allocate at least 2% of average net profits over the previous three years to government-approved causes. These include education, health, gender equity, environmental sustainability, and rural development, among others.

What this legislation achieved was a deeper integration of CSR into corporate decision-making. It reflected the belief that firms benefiting from India's economic liberalization should also contribute to social equity and national progress. The intent was not only to ensure financial contributions but to encourage long-term, impactful engagement with pressing developmental issues.

Further reforms, including the 2019 amendments to the Act, introduced mandatory disclosures and penalties for non-compliance, ensuring more robust enforcement. Regulatory bodies like SEBI have supported this shift through initiatives such as the Business Responsibility and Sustainability Reporting (BRSR) framework, which emphasizes accountability and transparency in corporate reporting.

Since these changes, India has seen a substantial increase in CSR outlays, with cumulative spending surpassing ₹1.3 lakh crore. Large corporations have often responded proactively, designing programs that align with global priorities like the Sustainable Development Goals (SDGs). At the same time, smaller firms have sometimes found it difficult to manage compliance and administrative overheads. In some instances, CSR spending has become formulaic, with limited attention paid to community needs or outcome measurement.

This paper critically examines how these regulations have shaped CSR in India. Drawing from policy documents, corporate filings, and relevant literature, it evaluates both the strengths and shortcomings of the current model. The study aims to understand how legislation has influenced corporate thinking around social responsibility, and to explore how policy and practice can evolve to ensure that CSR contributes meaningfully to India's development objectives.

Objectives

1. To analyze the impact of government regulations, particularly the Companies Act, 2013^[2], on CSR strategies in Indian corporations.
2. To examine the transformation of CSR from a voluntary initiative to a statutory obligation.
3. To evaluate trends in CSR spending and sectoral priorities among Indian companies.
4. To assess the influence of regulatory frameworks on corporate behavior and governance.
5. To explore regional and industrial disparities in CSR implementation across India.

Reviews of Literature

The trajectory of Corporate Social Responsibility (CSR) in India, especially following the implementation of the Companies Act, 2013^[2], has generated substantial academic interest. Researchers have extensively analyzed how this statutory shift has influenced corporate conduct, CSR

budgeting, and the broader social impact of business operations. The Indian framework presents a distinctive case where legal mandates coexist with strategic philanthropy, prompting nuanced discussion on how regulation shapes corporate ethics and responsibility. Carroll's (1991) pyramid remains foundational in CSR theory, presenting it as a layered structure of economic, legal, ethical, and philanthropic dimensions. While globally CSR has typically remained voluntary, India's move to embed it in law—through Section 135 of the Companies Act—created a model that blends regulatory compliance with moral obligation. Chatterjee and Mitra (2017) contend that this change has redefined corporate governance in India, embedding CSR within formal boardroom processes. They observe that while companies are now more methodical and accountable in their CSR planning, the real test lies in whether such compliance results in lasting social outcomes. Empirical data further supports this transformation. A series of CSR reporting surveys by KPMG (2016–2022) documents a growing maturity in disclosure practices, with a clear alignment of CSR activities to Sustainable Development Goals (SDGs). These reports note consistent corporate focus on education, healthcare, and rural development. However, they also flag concerns about superficial compliance—where firms fulfill formal obligations without fully engaging in long-term or innovative impact efforts.

Gupta and Sharma (2016) analyzed CSR among major Indian firms and noted a strong link between the regulatory push and increased CSR expenditure. Yet, their study highlights operational gaps, particularly in project execution and performance measurement. They stress the importance of building institutional capacity, especially within mid-sized companies, to make CSR both effective and aligned with business principles.

Earlier work by Mishra and Suar (2010) emphasized the influence of internal governance on CSR outcomes. Their findings suggest that firms with robust governance structures are more likely to integrate CSR into core strategic objectives. This tendency has only grown stronger in the post-mandate era, underlining the critical role of corporate leadership in fostering sustainable and strategic CSR.

Regional distribution of CSR spending is another key area of concern. A 2020 report by the Confederation of Indian Industry (CII) in collaboration with PwC reveals that CSR funds are disproportionately concentrated in industrially developed states like Maharashtra, Gujarat, and Karnataka. Conversely, less-developed regions receive minimal support. This imbalance is echoed by Dash and Padhy (2021), who argue for a decentralized, state-specific approach to CSR planning that better reflects local needs.

Challenges around CSR compliance remain persistent. Impact assessments and annual reports by the Ministry of Corporate Affairs indicate that a significant portion of eligible companies—around 30% to 40%—either fall short in utilizing allocated funds or struggle with reporting mandates. Bansal and Kandpal (2019) link these issues to limited expertise, vague regulatory guidance on permissible expenditures, and uncertainty around treatment of unspent funds.

A more recent development is the introduction of Business Responsibility and Sustainability Reporting (BRSR) by SEBI in 2021^[3]. This new framework aims to broaden CSR

into the larger ESG (Environmental, Social, and Governance) context. According to Rajeev and Srinivasan (2022), BRSR marks a step forward in integrating CSR with business sustainability goals. Their study notes that leading companies are beginning to embed CSR into agendas related to environmental stewardship, gender equity, and technological access.

Across the literature, a common thread is that regulation has undeniably mainstreamed CSR in India. Large companies have generally adapted well, viewing CSR as part of their social license to operate. However, smaller enterprises often face difficulty in translating statutory requirements into effective programs. There is a growing recognition of the need for improved metrics for social impact, greater regional inclusiveness in fund allocation, and enhanced institutional support for CSR implementation.

This study contributes to the expanding discourse by examining how regulatory frameworks have restructured CSR in practice. It seeks to bridge the gap between legislative intent and actual outcomes through close analysis of contemporary CSR strategies and by presenting real-world case examples that reflect the post-regulatory landscape.

Regulatory Framework and Policy Context

The regulatory framework governing Corporate Social Responsibility (CSR) in India represents a significant milestone in the evolution of corporate governance. The formalization of CSR as a statutory obligation began with the introduction of the Companies Act, 2013^[2], which laid the groundwork for a legally enforceable CSR regime. This marked a shift from the earlier philanthropic tradition of CSR, which was primarily voluntary and driven by corporate goodwill, to a structured, government-monitored process with defined responsibilities, objectives, and accountability mechanisms.

Section 135 of the Companies Act, 2013^[2] is the central pillar of India's CSR legislation. It mandates that every company, whether public or private, which has a net worth of ₹500 crore or more, or an annual turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more in any financial year, must constitute a CSR Committee. This committee, comprising at least three directors, including one independent director, is entrusted with framing the company's CSR policy, recommending CSR projects, and monitoring their execution. This structure was designed to ensure board-level accountability and strategic oversight of CSR initiatives.

The Act also specifies that companies covered under this provision must spend at least 2% of their average net profits made during the three immediately preceding financial years on CSR activities. Importantly, these activities must be aligned with the subjects listed under Schedule VII of the Act. Schedule VII has undergone several revisions to accommodate evolving national priorities. Initially focused on areas such as education, poverty alleviation, gender equality, and healthcare, it has since expanded to include initiatives such as the promotion of sports, contributions to the Prime Minister's Relief Fund, disaster management, slum development, and rural infrastructure projects. These additions have provided companies with broader scope while still aligning CSR activities with the government's development agenda.

To complement the legal framework, the Ministry of Corporate Affairs (MCA) issued the Companies (Corporate Social Responsibility Policy) Rules, 2014, which provide detailed guidance on CSR implementation. These rules outline the functions of the CSR Committee, content of the CSR policy, modes of implementation (direct or through registered trusts/societies), and reporting obligations. They also mandate the disclosure of CSR activities in the Board's Report, as well as on the company's website, ensuring transparency and public accountability.

The compliance mechanisms were further strengthened through the Companies (Amendment) Act, 2019, which introduced significant changes to the CSR regime. One of the key provisions was the requirement for companies to transfer any unspent CSR amount to a government-specified fund within six months of the end of the financial year. If the CSR expenditure pertains to an ongoing project, the amount must be transferred to a special "Unspent CSR Account" within 30 days and utilized within three years, failing which it must be transferred to a specified fund. This move was aimed at addressing the problem of underutilization and ensuring that CSR allocations are not left idle.

In addition to legal mandates, the Securities and Exchange Board of India (SEBI) has played a critical role in expanding the scope of CSR-related disclosures through its introduction of Business Responsibility Reports (BRR) in 2012 and the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021. Under BRSR, the top 1000 listed companies are required to disclose their performance across nine ESG (Environmental, Social, and Governance) principles, many of which overlap with CSR themes. These disclosures include qualitative and quantitative metrics related to employee welfare, community engagement, resource use, and sustainability outcomes. This framework enhances comparability and allows investors and stakeholders to assess the social performance of companies alongside financial metrics.

The Government of India also developed digital infrastructure to support CSR transparency. The National CSR Data Portal, launched by the MCA, serves as a centralized repository of CSR-related information. It contains data on CSR expenditures, sectors funded, geographical distribution, and implementing agencies. As of 2023, the portal lists data from over 24,000 companies and records cumulative CSR spending of over ₹1.3 lakh crore since 2014. The portal enables researchers, policy-makers, and civil society to access real-time data, identify trends, and flag compliance issues.

Another notable initiative is the India CSR Exchange, a platform that connects companies with credible implementing agencies, project proposals, and case studies. This fosters collaboration, avoids duplication, and enhances the quality of CSR interventions.

Despite the robustness of the regulatory framework, several ambiguities and challenges have emerged over the years. For instance, there has been debate over the definition of administrative overheads, treatment of surplus generated from CSR activities, and eligibility of contributions to certain government programs. To address these, the MCA has periodically issued clarifications through General Circulars and FAQs. For example, Circular No. 01/2016 clarified that salaries of regular employees are not to be counted as CSR expenditure. Similarly, the CSR

Amendment Rules, 2021 introduced registration requirements for implementing agencies, ensuring that only vetted and credible organizations are involved in project execution.

Moreover, the framework attempts to balance flexibility and control. While the law mandates spending and defines broad thematic areas, it does not prescribe specific projects, allowing companies to design context-specific interventions. This flexibility has encouraged innovation and strategic alignment with core business activities—for example, IT firms investing in digital education or pharmaceutical companies supporting public health infrastructure.

CSR Spending Trends and Sectoral Allocation

The implementation of mandatory Corporate Social Responsibility (CSR) provisions in India has led to a substantial rise in corporate spending on social development initiatives. Since the introduction of Section 135 of the Companies Act, 2013^[2], and its enforcement from April 1, 2014, there has been a consistent increase in both the number of companies complying with CSR norms and the quantum of funds allocated for CSR activities. These trends reveal not only the growing commitment of Indian corporations to their social responsibilities but also reflect the significant influence that government regulation has had on shaping CSR behavior and investment priorities.

According to data from the Ministry of Corporate Affairs (MCA), Indian companies spent over ₹1.3 lakh crore on CSR initiatives between FY2014–15 and FY2021–22. The total expenditure in the first year of enforcement (2014–15) stood at ₹6,552 crore, which gradually rose to ₹24,865 crore in FY2021–22, indicating a near fourfold increase. This upward trajectory underscores the normalization of CSR as a regular business function rather than a one-off philanthropic gesture. A growing number of companies have internalized CSR as a tool for strategic community engagement, brand building, and regulatory compliance. The distribution of CSR funds across various thematic areas provides insight into the sectors that companies prioritize under the regulatory framework. The top three areas consistently receiving the highest proportion of CSR funds are education, healthcare (including sanitation), and rural development. This aligns closely with the permissible activities listed in Schedule VII of the Companies Act and also with the government's developmental priorities and Sustainable Development Goals (SDGs). Education has remained the most funded sector across the years, receiving over ₹30,728 crore between 2014 and 2022. Corporations have invested in constructing schools, providing scholarships, developing e-learning content, distributing learning materials, and supporting vocational training centers. The emphasis on education also aligns with broader national goals such as the Right to Education Act and the National Education Policy (NEP) 2020. Many companies, such as Infosys, Wipro, and Tata Consultancy Services (TCS), have taken the lead in digital literacy and skill development, often in partnership with government institutions and NGOs. Healthcare and sanitation come next, with a cumulative allocation of ₹25,236 crore during the same period. This sector gained heightened importance during the COVID-19 pandemic, where CSR funds were extensively used for procuring oxygen cylinders, supporting hospitals, providing personal protective equipment (PPE), and contributing to the PM CARES Fund.

The government’s Swachh Bharat Mission also triggered a substantial flow of CSR funds into sanitation-related activities between 2015 and 2019. Several corporate initiatives supported the construction of toilets, waste management systems, and awareness campaigns on hygiene. Rural development has also been a prominent focus area, attracting ₹18,540 crore from corporate CSR budgets. Interventions in this category often involve infrastructure development, irrigation support, agricultural extension services, drinking water supply, and livelihood enhancement programs. Public sector undertakings (PSUs) and companies in the mining and manufacturing sectors have particularly concentrated their CSR efforts in rural and tribal areas, often in districts where they operate. For instance, Coal India and NTPC have contributed significantly to rural electrification, housing, and infrastructure improvement projects. The environment, though relatively less funded than education or healthcare, has gained momentum with a total expenditure of ₹12,118 crore. Activities in this sector

include afforestation, water conservation, energy efficiency, biodiversity protection, and waste management. In recent years, there has been a growing alignment between CSR environmental initiatives and the broader ESG (Environmental, Social, and Governance) framework, particularly among companies aiming to improve their global sustainability rankings.

Other areas that have received significant funding include poverty and hunger eradication (₹7,604 crore), skill development (₹6,309 crore), and initiatives under Swachh Bharat (₹5,217 crore). Contributions to government relief funds, support for differently-abled persons, promotion of sports and culture, and heritage conservation also find mention in CSR reports, though these are often on the lower end of the spending spectrum. Companies have also contributed to the National and State Disaster Response Funds, especially during floods, cyclones, and the COVID-19 crisis.

The Table below presents a summary of CSR spending by sector (FY2014–15 to FY2021–22)

Sector	CSR Spending (₹ Crore)
Education	30,728
Healthcare and Sanitation	25,236
Rural Development	18,540
Environment Sustainability	12,118
Poverty and Hunger	7,604
Skill Development	6,309
Swachh Bharat Initiatives	5,217
Other Activities	26,982
Total	1,31,734

Source: National CSR Data Portal, Ministry of Corporate Affairs

These statistics indicate that companies are aligning their CSR priorities with national development needs, as guided by the regulatory framework. However, the aggregated data also masks sector-specific differences in allocation strategy. Information technology (IT) companies and service-based industries often focus on digital education and skill development, while manufacturing and extractive industries concentrate on rural development, healthcare, and environment-related initiatives, often tailored to the local context in areas of operation.

The trends also reveal a strong bias toward areas with relatively measurable outcomes and positive public perception. Education, for instance, allows for scalable, visible, and media-friendly projects such as building classrooms or distributing laptops. On the other hand, complex social issues like child malnutrition, gender-based violence, or rehabilitation of marginalized communities receive comparatively less attention, possibly due to implementation difficulties or lack of clear success metrics. One of the emerging trends is the increasing use of technology and data analytics in CSR implementation. Companies are beginning to employ dashboards, geo-tagging, mobile apps, and blockchain-based solutions for real-time monitoring of CSR projects. This development not only enhances transparency but also provides a basis for impact evaluation and course correction.

Regulatory Impact on Corporate Behavior

The implementation of mandatory CSR provisions in India through the Companies Act, 2013 [2] has had a profound impact on the way corporate entities perceive, plan, and

execute their social responsibility initiatives. By transitioning CSR from a discretionary act to a legal obligation, the Indian regulatory framework has fundamentally altered corporate behavior across multiple dimensions—governance structures, strategic alignment, financial planning, reporting standards, and stakeholder engagement. The impact of regulation on corporate conduct is not limited to mere compliance with the 2% mandate; rather, it has catalyzed a cultural shift in how companies view their role in contributing to the broader socio-economic development of the country.

One of the most visible behavioral changes following the CSR mandate is the institutionalization of CSR within the corporate governance structure. Section 135 of the Companies Act requires companies to form a dedicated CSR committee at the board level, ensuring that CSR no longer remains a peripheral or informal function. This formalization has brought CSR into the realm of high-level strategic planning. The presence of at least one independent director in the committee ensures that CSR strategies are aligned with ethical standards, long-term sustainability goals, and stakeholder interests. Annual board reports and mandatory CSR disclosures have also added layers of transparency and accountability, prompting companies to treat CSR obligations with the same seriousness as financial and operational responsibilities. Regulatory enforcement has also resulted in the internal reorganization of CSR functions. Many large corporations have set up specialized CSR departments or have created foundations and trusts with dedicated teams of professionals, program managers, and subject matter experts. These units are responsible for

identifying credible implementation partners, conducting needs assessments, designing scalable interventions, and monitoring outcomes. Companies such as Infosys, Tata Steel, and ITC have adopted this model, integrating CSR into their broader sustainability frameworks. This professionalization of CSR operations has improved efficiency, enabled deeper community engagement, and promoted evidence-based decision-making. The statutory requirement to spend a specific percentage of profits has brought about a significant shift in how companies allocate and track CSR budgets. Earlier, CSR spending was often erratic and ad hoc, depending on the company's financial performance or the preferences of individual promoters. Post-regulation, CSR expenditure has become a structured part of annual budgeting exercises, backed by internal audits and external disclosures. This has ensured more consistent and predictable investments in social development, especially in sectors like education, healthcare, and rural infrastructure.

Another critical behavioral impact of the regulation is the alignment of CSR activities with business strategy and core competencies. Companies are increasingly designing CSR projects that not only fulfill regulatory requirements but also complement their operational expertise and brand identity. For instance, technology firms focus on digital education and innovation labs, while pharmaceutical companies support public health programs and medical camps. This strategic alignment improves the quality and relevance of interventions and enhances employee engagement by allowing staff to contribute their technical knowledge to CSR initiatives. It also helps companies demonstrate business-integrated CSR to investors and global partners, enhancing their ESG (Environmental, Social, and Governance) credentials.

The CSR mandate has also encouraged cross-sector collaborations. To ensure scale and sustainability, many corporations now work in partnership with NGOs, government agencies, academic institutions, and social enterprises. These collaborations enable knowledge sharing, leverage co-funding opportunities, and ensure that CSR programs are aligned with existing public schemes. For example, partnerships with government health departments help in extending vaccination drives or malnutrition treatment programs, while collaborations with educational NGOs support curriculum development, teacher training, and digital classrooms in underserved regions. The increased scrutiny around CSR reporting has driven improvements in documentation and communication. Annual CSR reports now include detailed disclosures on policy objectives, areas of intervention, geographic focus, fund utilization, implementation methods, and challenges faced. Many companies have gone beyond statutory disclosures and published standalone CSR or sustainability reports in line with international frameworks like the Global Reporting Initiative (GRI), United Nations Global Compact (UNGC), and Sustainable Development Goals (SDGs). These reports not only comply with regulatory expectations but also serve as strategic communication tools to engage with investors, consumers, and regulatory bodies.

Despite these positive shifts, challenges persist in how companies internalize and respond to regulatory pressure. A significant number of companies—particularly small and mid-sized ones—continue to adopt a compliance-centric approach. Instead of designing meaningful long-term

projects, some firms simply donate to third-party initiatives or government relief funds at the end of the fiscal year to meet the spending requirement. This “check-box” mentality undermines the spirit of the legislation, which is to create sustainable, community-led impact. The Ministry of Corporate Affairs has noted in several of its analysis reports that approximately 30%–40% of eligible companies either underreport or fail to meet their full 2% expenditure requirement in a given year.

Furthermore, the fear of penal action under the 2019 amendments has introduced caution in CSR planning. Some companies prefer to underutilize budgets or keep projects narrowly scoped to avoid regulatory complications. The need to transfer unspent funds to specified accounts within strict deadlines has created additional administrative burdens, particularly for companies with decentralized operations or those new to CSR compliance. These procedural complexities, while important for ensuring accountability, sometimes lead to risk-averse behavior and reduced innovation in project design.

Nevertheless, the long-term behavioral transformation catalyzed by CSR regulations is evident. More companies are embedding social impact goals into their mission statements, training employees in community engagement, and creating digital dashboards to track project outcomes. Some firms are even going beyond the 2% mandate, treating CSR as a strategic investment rather than a financial obligation. Industry bodies such as the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), and Indian Institute of Corporate Affairs (IICA) have played an important role in facilitating this transition by offering capacity-building workshops, toolkits, and case study repositories.

In essence, the regulatory push has moved CSR in India from an era of benevolence to an era of governance. It has forced corporations to rethink their role in society, develop measurable impact strategies, and engage more responsibly with stakeholders. The culture of corporate behavior is evolving, and while the pace of change may vary across sectors, the direction is unmistakably towards greater social accountability and sustainable development.

Case Studies of CSR Strategy Transformation

The enactment of Section 135 of the Companies Act, 2013^[2] catalyzed a significant evolution in how Indian corporations design, implement, and institutionalize Corporate Social Responsibility (CSR). Among the companies that exemplify strategic CSR transformation are Tata Steel Limited and Infosys Limited. Both organizations have successfully moved beyond mere compliance and have embedded CSR into the core of their organizational strategies. The following case studies illustrate how government regulations, when effectively internalized, can foster impactful, long-term community development initiatives.

Case Study 1: Tata Steel – Community-Led, Inclusive Development

Tata Steel is widely acknowledged for its legacy of corporate philanthropy, dating back to its early operations in Jamshedpur. However, the CSR mandate of 2013 prompted the company to reconfigure its traditional giving practices into a formal, strategy-driven framework. Its initiatives are primarily implemented through the Tata Steel Foundation

(TSF), which operates in Jharkhand, Odisha, and other tribal-dominated regions. The company adopted an integrated development approach, focusing on long-term impact and stakeholder ownership. Programs such as the

Thousand Schools Project and *Maternal and Newborn Survival Initiative (MANSI)* are not only aligned with Schedule VII of the Companies Act but are also designed to complement government efforts in education and health.

The Table below summarizes Tata Steel’s key CSR investments and impact (FY2019–2022)

Program Name	Focus Area	Years Active	Beneficiaries Reached	Reported CSR Spend (₹ Cr)	Outcomes
Thousand Schools Project	Education	2015–2022	1.5 lakh+ students	₹52 crore	Improved enrollment and reduced dropout in tribal schools
MANSI (with AIF & Govt)	Healthcare (Maternal & Neonatal)	2013–2022	2.3 lakh+ rural population	₹35 crore	39% reduction in neonatal mortality in pilot areas
Samvaad Tribal Platform	Livelihood & Culture	2014–2022	30,000+ tribal participants	₹10 crore	Promotion of tribal entrepreneurship and cultural dialogue
Skill Development Centers	Vocational Training	2016–2022	22,000+ youth trained	₹21 crore	60% job placement rate across trades

Source: Tata Steel Foundation Reports, MCA Filings, 2022

Notably, Tata Steel aligns its CSR priorities with the UN Sustainable Development Goals (SDGs) and publishes third-party impact assessments. The initiatives emphasize inclusivity, especially among tribal and marginalized communities. The company maintains partnerships with NGOs, state governments, and global development organizations to implement scalable programs. These efforts illustrate a mature and policy-aligned CSR model deeply rooted in local context and community participation.

Case Study 2: Infosys – Technology-Driven CSR with Measurable Impact

Infosys Limited exemplifies how companies can leverage their core strengths to address societal challenges through CSR. Post the CSR legislation, Infosys restructured its CSR

governance by strengthening its board-level CSR Committee and scaling operations under the Infosys Foundation. The company’s approach emphasizes digital inclusion, education, rural development, and public healthcare—sectors where technology can act as a catalyst for transformation.

Digital literacy emerged as a key area of intervention. Infosys implemented mobile computer labs, smart classrooms, and teacher training programs in partnership with NGOs and state education departments. Simultaneously, the Foundation responded to the COVID-19 pandemic by directing a significant portion of its CSR funds toward emergency health infrastructure, oxygen supply, and community vaccination awareness.

The table below outlines Infosys’s major CSR projects and outcomes (FY2020–22)

CSR Initiative	Thematic Area	Years Active	Beneficiaries / Output	Total Spend (₹ Cr)	Highlights
Digital Literacy & Smart Learning	Education & Tech	2017–2022	80,000+ individuals trained	₹48 crore	250+ digital labs, 100+ smart classrooms in rural schools
SPARK STEM Program	Education	2018–2022	1.2 lakh+ students engaged	₹32 crore	Outreach to schools across Karnataka, Maharashtra, TN
COVID-19 Emergency Response	Healthcare	2020–2022	PM CARES + hospital support	₹100 crore	Oxygen plants, ICU beds, vaccine support in 10+ states
Rural Infrastructure (Schools, Roads)	Infrastructure	2016–2022	50+ villages improved	₹56 crore	Partnerships with panchayats for school and sanitation infra

Source: Infosys CSR Reports, SEBI BRSR Filings, FY2022

Infosys uses real-time dashboards and analytics to monitor project progress and outcomes. The company also publishes detailed CSR disclosures aligned with SEBI’s Business Responsibility and Sustainability Reporting (BRSR) framework and SDG indicators. Its use of employee volunteering, technology platforms, and social metrics has positioned Infosys as a leader in CSR governance.

By spending over ₹340 crore on CSR in FY2021–22 alone, with most projects directly implemented or closely monitored, Infosys illustrates a sophisticated, digitally enabled CSR model. This model ensures that CSR is not merely a response to regulation, but a deliberate extension of the company’s ethical and strategic priorities.

Regional and Industrial Disparities in CSR Implementation

Despite the nationwide CSR mandate, there exists a strong geographical imbalance in CSR fund allocation. Most CSR

funds are concentrated in states with a high presence of corporate headquarters or industrial hubs, such as Maharashtra, Gujarat, Karnataka, Tamil Nadu, and Andhra Pradesh. According to the National CSR Portal, Maharashtra alone received over ₹7,000 crore in cumulative CSR spending from 2014 to 2022. This concentration, while economically logical from a logistical standpoint, creates a significant equity gap. States like Jharkhand, Chhattisgarh, Bihar, and the entire Northeast region, despite their high developmental needs, receive disproportionately lower CSR funding.

This disparity points to a limitation in the current regulatory design. While the law encourages CSR activities across India, it does not provide adequate incentives or enforcement mechanisms to ensure equitable geographic distribution. The result is that companies tend to invest in areas closer to their operations or in states with better administrative infrastructure for implementation. To address

this, some policy experts have proposed a regional CSR allocation framework, where companies could receive tax incentives or recognition for investing in aspirational districts or backward regions identified by NITI Aayog.

Similarly, sector-wise disparities exist. The IT and financial sectors tend to focus on education, digital inclusion, and innovation, while energy, mining, and manufacturing sectors often invest in community health, infrastructure, and environmental sustainability. These allocations often reflect the externalities associated with each industry, but they also highlight the need for sector-specific CSR guidelines. For example, mining companies operating in tribal regions should ideally be required to invest in indigenous rights, health, and forest preservation. Without differentiated regulatory expectations, many companies opt for CSR themes that are easier to implement or have public relations value, rather than those that respond to local needs.

Challenges and Opportunities in the Regulatory Landscape

The statutory mandate has undoubtedly improved the CSR ecosystem, but it has also introduced new challenges. One of the most pressing issues is the overemphasis on financial expenditure rather than developmental impact. The 2% norm, while innovative, creates a compliance-oriented mindset, encouraging companies to spend funds by year-end even if the projects are not ready for execution. This results in underutilized or inefficiently used funds, superficial projects, and poor impact documentation.

Another challenge is capacity. Many companies, especially mid-sized firms and those new to CSR, lack the institutional capacity to design, implement, and evaluate CSR projects effectively. They often resort to ad-hoc donations or third-party implementation without due diligence. This has raised concerns about the misuse of CSR funds and the absence of long-term community engagement strategies.

Monitoring and evaluation mechanisms also remain weak. Though the MCA maintains a robust portal, it relies heavily on self-reporting. There is no standardized audit process or third-party verification of the outcomes. The introduction of BRSR is a step forward, but compliance is currently limited to top-listed companies. Extending such frameworks to all CSR-mandated firms will be essential for better transparency and impact.

On the positive side, the CSR mandate has opened up new opportunities. It has led to the creation of a vibrant ecosystem of implementing agencies, impact assessment firms, and CSR consultants. The regulation has fostered innovation, such as the use of technology in education and healthcare delivery, or app-based monitoring of sanitation projects. The potential for integrating CSR with Sustainable Development Goals (SDGs) is significant. Many companies are now mapping their CSR activities with SDG targets, which improves international visibility and investor confidence. Furthermore, public-private partnerships are emerging in areas like water management, waste recycling, and skill development, where companies collaborate with state governments to maximize outcomes.

Conclusion

The evolution of Corporate Social Responsibility (CSR) in India represents a paradigm shift in the relationship between businesses and society. With the enactment of Section 135 of the Companies Act, 2013^[4], CSR ceased to be an

optional act of goodwill and became a legally binding obligation. This regulatory development has not only reshaped the corporate landscape but has also redefined the developmental role of the private sector in India's socio-economic matrix. Over the last decade, the institutionalization of CSR has spurred a cultural transformation within companies, compelling them to internalize social responsibility as a part of their corporate DNA.

Regulations have brought structure, accountability, and consistency to CSR practices. The requirement for board-level CSR committees, mandatory disclosures, and compliance timelines has mainstreamed CSR within corporate governance frameworks. Companies now treat CSR as an integral part of strategic planning, with some going beyond compliance to align their initiatives with Environmental, Social, and Governance (ESG) standards and Sustainable Development Goals (SDGs). Notable case studies, such as those of Tata Steel and Infosys, demonstrate that when companies embed CSR into their long-term vision, the results can be transformative—ranging from reduced maternal and child mortality to digital empowerment of rural youth.

However, challenges persist. Despite cumulative CSR spending exceeding ₹1.3 lakh crore, there are persistent disparities in regional fund distribution and a noticeable bias towards easier-to-implement projects over those targeting complex social issues. The emphasis on financial outlays, driven by the 2% mandate, often results in last-minute spending and underutilized potential. Furthermore, smaller firms continue to struggle with compliance due to limited capacity, lack of expertise, and the burden of procedural complexities. This is particularly concerning given that a significant portion of India's economic activity is driven by small and mid-sized enterprises.

The future of CSR in India lies in transitioning from a compliance-centric model to an impact-oriented ecosystem. To achieve this, government bodies must consider refining the policy framework by introducing incentives for investing in backward regions, supporting thematic CSR with sector-specific guidance, and mandating robust third-party audits for impact verification. Capacity-building programs, especially for mid-tier companies, should be institutionalized through industry associations and public-private collaborations. Furthermore, the scope of Business Responsibility and Sustainability Reporting (BRSR) should be expanded to include all CSR-mandated firms, ensuring transparency and comparability across the board.

CSR should not be viewed in isolation but as a complementary force to state-driven welfare and development. The creation of platforms like the India CSR Exchange and National CSR Data Portal are welcome steps toward facilitating collaboration, knowledge-sharing, and better coordination among stakeholders. But more can be done. Integrating CSR data with district-level development indices, supporting convergence with government flagship schemes, and enabling real-time analytics for performance monitoring are practical steps that can amplify impact.

In the coming years, as India progresses toward achieving its 2030 SDG targets and aims for a \$5 trillion economy, CSR will play an increasingly critical role. The unique Indian model—combining legal mandates with implementation flexibility—offers valuable insights for other emerging economies navigating the intersection of

business and development. For CSR to fulfill its transformative promise, the ecosystem must evolve into one where regulatory discipline is matched by innovation, community ownership, and measurable outcomes. Only then can CSR in India mature from a regulatory requirement to a genuine catalyst for inclusive and sustainable national progress.

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