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CORPORATE SOCIAL RESPONSIBILITY IN INDIA: FROM CHARITY TO LAW

~Princy S Das

“The purpose of business is not just to make money. It is to make a difference.”

-Azim Premji

In India, Corporate Social Responsibility (CSR) can be understood not merely as charity institutionalised by law, but as a modern expression of an older ethical idea: that wealth carries an obligation toward society. India has had a long tradition of giving and its businesses certainly have played significant role in that. For most of the 20th century though, that giving was voluntary, and often tied to the owner/founder’s personal belief. In 2013, India changed that by making corporate social responsibility a legal duty.

CHARITY: A LEGAL RESPONSIBILITY

In 2013, India passed the Companies Act, which made it the first country to mandate CSR spending by law. Section 135 came into force in April 2014. Its provisions apply to companies that meet any of the following criteria in the preceding financial year:

- Net worth: More than INR 5 billion.
- Turnover: More than INR 10 billion.
- Net profit: More than INR 50 million.

Such companies must at least spend 2% of their average net profit over the previous three financial years on social causes, and must form a CSR committee at board level to oversee the work.

Schedule VII of the Act also lists what counts as CSR. It covers eradicating hunger and poverty, education, healthcare, gender equality, environment sustainability, rural development, skill training and support, and disaster relief.¹

The 2019 and 2021 amendments tightened the rules:

¹ India Briefing, *Corporate Social Responsibility in India*, (Mar. 23, 2020), Available at: <https://www.india-briefing.com/news/corporate-social-responsibility-india-5511.html/> accessed 27 September 2026.

- Money a company doesn't spend on an ongoing project goes into a dedicated Unspent CSR Account, and must be used within three years.
- Money left unspent on other projects has to be transferred to government-specified funds.
- Larger spenders must commission independent impact assessments.

THE NUMBERS TODAY

The scale of CSR spending has grown tremendously. India Inc.'s spending reached a record ₹40,794 in FY2024-25, a 17% rise from before. Over a decade since the law took effect, cumulative CSR spending has crossed ₹2.61 lakh crores. The base of participating companies has also widened. Nearly 29,546 companies reported CSR spending in the year, including 1,012 that were new to the framework, and together they supported 72,233 projects.²

Where does the money go? Education is the largest beneficiary of CSR spending at ₹13,877 crore, or 34% of the total. It is followed by healthcare at 21%. Environmental sustainability got 8% spending, a 40% jump from the previous year.³ The rise in spending in this sector suggests that companies are now paying more attention to climate and sustainability than before.

Geographical concentration is particularly pronounced with Maharashtra leading by absolute volume, at ₹8,631 crore.⁴ This suggests the trend of industrial states with large corporate headquarters spending more.

WHAT DOES CSR LOOKS LIKE ON GROUND?

The most recognizable CSR work comes from large companies, and Reliance, TCS, HDFC Bank, and ONGC feature among the top spenders. Their programmes tend to focus on:

- Education and skilling: digital learning platforms, scholarships, school infrastructure, vocational training for youth, etc.
- Healthcare: hospitals, mobile clinics, and preventive health drives, especially in rural areas.
- Rural development: water conservation, agriculture support, and livelihood programmes.
- Environment: tree planting, renewable energy, and waste management.

² The Hindu Bureau, *India Inc's CSR spend rises 17% to ₹40,794 crore in FY25: report*, The Hindu (July 18, 2026), Available at: <https://www.thehindu.com/business/india-incs-csr-spend-rises-17-to-40794-crore-in-fy25-report/article71238239.ece> accessed 27 September 2026.

³ *India Incs spending on CSR hits Rs 40,794 cr in FY2024-25: Report*, Daily Excelsior (July 19, 2026), Available at: <https://www.dailyexcelsior.com/india-incs-spending-on-csr-hits-rs-40794-cr-in-fy2024-25-report> accessed 27 September 2026.

⁴ Team, E. (2026) *CSR spending hits ₹40,794 crore: ESG News.earth*, Write Canvas. Available at: <https://www.esgnews.earth/latest-news/csr-spending-hits-%E2%82%B940794-crore/20778.html> accessed 27 September 2026.

Smaller companies increasingly work with NGOs and implementing agencies. Doing so lets them tap local expertise they lack in-house, and it has helped build a whole ecosystem of CSR consultants and non-profits.

WHERE THE SYSTEM STILL FALLS SHORT

For all the progress and impact CSR has made in India, it still falls short.

1. *Compliance over commitment:* Many companies treat CSR as mandatory compliance rather than strategic social investment and responsibility. They tend to prefer safe, established projects over innovative projects.⁵ The law also mandates minimum spend in CSR, so many companies treat CSR as tax to be paid and forgotten. This results in one-off donations rather than sustained work. For example- In one recent analysis of NSE-listed companies, the firms were required to spend ₹22,732 crore but actually spent ₹22,212 crore. Much of that gap was money moved into the unspent accounts for future use.⁶
2. *Uneven Geographical distribution:* CSR spending remains heavily concentrated in developed states and urban areas. According to data, Maharashtra, Gujarat, and Karnataka receive a major chunk of the CSR funds. Districts that most need funding, often in the poorer central, eastern, and north-eastern regions, receive far less. Despite the government advocating CSR investment in Aspirational districts, only about 2.15% of the total CSR during 2014-22 has been invested in these districts.
3. *Monitoring & Evaluation Challenges:* The current M&E framework emphasizes quantitative metrics over qualitative impact assessment. Third-party evaluation agencies often lack standardized assessment methodologies. The lack of standardized impact measurement metrics leads to varied reporting quality. This affects transparency and makes cross-project comparisons difficult.
4. *Concentration among top spenders:* A small group of large corporations accounts for a big slice of the total. The top 10 companies alone made up about 17% of all CSR spending. Progress therefore depends heavily on the choices a few firms make.
5. *CSR-washing:* It refers to strategic use of corporate responsibility language to deflect criticism, mask problematic practices, or artificially enhance a brand's reputation. It's less about explicit falsehoods and more about biased framing, spotlighting peripheral actions to obscure more systemic shortcomings.⁷ Spending on social causes does not remove the harm done in day-to-day operations.

THE ROAD AHEAD

CSR in India fills real gaps that government budgets alone cannot cover, especially in health, education, and skills. To make it more effective, a few things need to improve:

⁵ CSR: From Mere Compliance to Impact, (Oct. 25, 2024), Available at: <https://www.drishtiias.com/daily-updates/daily-news-editorials/csr-from-mere-compliance-to-impact> accessed 27 September 2026.

⁶ Ani (2026) Business News: CSR spends by NSE-listed firms jump 23% to Rs 22,212 crore in FY25: PrimeInfobase, LatestLY. Available at: <https://www.latestly.com/agency-news/business-news-csr-spends-by-nse-listed-firms-jump-23-to-rs-22212-crore-in-fy25-primeinfobase-7399736.html> accessed 27 September 2026.

⁷ Greenwashing, wokewashing, CSR-washing: Is ethical communication still possible? Marion Clavière, medium. Available at: <https://medium.com/@marionclaviere/greenwashing-wokewashing-csr-washing-is-ethical-communication-still-possible-d0f04ff9b075> accessed 27 September 2026.

- Strategic Long-term Planning Framework: Instead of annual projects or grants, there should be mandatory 3-5 year commitment to ensure sustained impact and proper implementation.
- Impact Measurement & Evaluation Framework: Create comprehensive impact measurement systems combining quantitative metrics with qualitative assessments of social change. Establish baseline studies and regular impact audits using standardized tools across similar projects.
- Smarter Geographical targeting: Encouraging companies to invest in undeserved regions would spread benefits evenly.
- Integration with core business: The strongest CSR does not sit apart from what a company does. It connects to ethical and sustainable sourcing, fair operations, etc.

CONCLUSION

India's CSR law began as a bold experiment, and a decade in, it has moved hundreds of thousands of crores toward social causes. The real test now is not how much gets spent but how well. If companies treat CSR as a genuine partnership with communities rather than a line item to be cleared each year, India could show the world that mandatory corporate giving can work.