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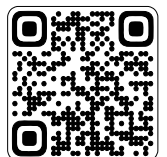
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CORPORATE SOCIAL RESPONSIBILITY AND DEVELOPMENT: ASSESSING THE DIRECTION AND DEPTH OF FUNDING IN INDIAN DEVELOPMENT SECTORS

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ABSTRACT

Corporate Social Responsibility (CSR) has become an important way for companies in India to support society and the environment issues. Corporate Social Responsibility has been an integral part of Indian corporate culture even before the enactment of the Companies Act, 2013. It began as a voluntary act of goodwill, with companies choosing to support social and environmental needs on their own. With the introduction of the Section 135 of the Companies Act, 2013, CSR became a formal responsibility, leading to more structured and accountable efforts. The present study looks at how CSR funds have been used across various development sectors over a period of 2014 to 2023. It focuses on how consistent the spending has been, how much it has grown recently, and how the focus on certain sectors has changed. Findings reveals varied consistency

trends, with some sectors demonstrating greater stability and others reflecting fluctuations.

Keywords: Corporate Social Responsibility, Sectoral Analysis.

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1. Introduction

Over the past ten years, Corporate Social Responsibility in India has grown from simple charity to a more strategic part of corporate governance. With the introduction of the Companies Act, 2013 and CSR rules in 2014, certain companies are required to spend at least 2% of their average net profits on CSR activities. This law has led to a rise in CSR spending and encouraged companies to align their efforts with national development goals, environmental sustainability and the needs of society. Companies today are putting money into areas that match their values and benefit society as a whole. This shift has led to a closer look at how steadily and strongly CSR efforts are growing in different sectors. This study examines the expenditure of CSR funds across different development sectors from 2014 to 2023. It explores how consistently companies have spent CSR funds over the years. The study also looks at the overall growth in CSR spending during this period. It looks at whether some sectors have received more attention in recent years. The aim is to understand changing priorities and trends in CSR investment.

2. Objectives

This study aims to provide a comprehensive analysis of CSR fund allocation over a period of 2014 to 2023, focusing on three key aspects: the consistency of spending across sectors, pace of recent growth in comparison to long-term trends, and the intensity of commitment reflected in changes in funding levels. Thus the present study is carried out with the following objectives:

1. To analyze the consistency of CSR fund allocation across different development sectors over time.
2. To assess the momentum of CSR spending by comparing recent growth with long-term trends.

3. To measure the intensity of CSR commitment by examining shifts in funding focus across sectors.

3. Review of literature

Rani, P., Sharma, P., Monisha, & Malik, M. (2024) in their paper studied how Corporate Social Responsibility helps support the Sustainable Development Goal and found that CSR spending by public and private companies over five years shows a meaningful impact and align with broader development goals.

Kumar, A., Brar, V., Chaudhari, C., & Raibagkar, S. S. (2023) conducted a study on the CSR performance of the top 30 companies listed on the BSE Sensex, using a CSR Spend-to-Obligation Index to compare actual spending with the required amount. And their findings show that the average six-year CSR SO index across these companies is 0.98, indicating near full compliance with the mandatory CSR rules.

The findings of the study of Jaysawal, Neelmani Saha and Sudeshna (2015) shows that CSR needs to be part of a clear and thoughtful strategy that supports long-term social, environmental, and economic development. The authors examined how various companies in India have been implementing their CSR activities and the common challenges they face in making these initiatives truly effective and meaningful.

Bihari and Pradhan (2011) explore the CSR practices of leading banks in India and examine how these efforts influence the banks' performance and public image.

Singh and Aggarwal (2011) found that Indian banks differ in their approach to corporate social responsibility which are influenced by factors such as ownership structure, the number of employees, and the date of incorporation.

Arora, B., and Puranik, R. (2004) examined CSR trends in India and concluded that the shift from traditional charity-based approaches to more structured and responsible CSR practices has not kept pace with the strong financial growth of companies.

Significance of the study

As per the Companies Act, 2013, certain companies in India are required to spend at least 2% of their average net profits on CSR activities. This study looks at how these CSR funds have been used across different development sectors over a period of 2014 to 2023. By analyzing patterns in fund allocation, the study helps to understand whether companies are consistently supporting key areas like education, health, environment, and rural development.

The findings can guide companies to make better decisions, help policymakers prioritize development needs, and ensure that CSR efforts lead to real and lasting change in society.

4. Methodology

The data used in this research was collected from secondary sources. CSR reports from National CSR portal of Ministry of Corporate Affairs is used for the study. The dataset includes sector-wise CSR spending figures across ten key development sectors. Ten sectors that received the highest CSR funding during the period 2014–15 to 2022–23 were selected for analysis. The study uses four main evaluation tools viz., Average Annual Growth Rate, Consistency ratio, Intensity ratio and Peak year ratio to carry out the analysis.

5. Results and discussions

This section presents the analysis of CSR fund allocation across various development sectors. The cross tabulation of the CSR spending in different development sectors are given in Table 1. The value within () shows the percentage to total

Table 1

Amount Spent in different Development Sectors (INR Cr.)

Development Sector	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Education	2589.42 (32.75)	4057.45 (33.89)	4534.16 (37.11)	5763.45 (39.18)	6111.66 (33.97)	7179.51 (33.35)	6693.25 (28.34)	6557.13 (27.04)	10085.38 (38.26)
Environmental Sustainability	773.99 (9.79)	796.69 (6.65)	1082.63 (8.86)	1301.96 (8.85)	1368.27 (7.60)	1470.53 (6.83)	1030.16 (4.36)	2432.26 (10.03)	1959.96 (7.44)
Health Care	1847.74 (23.37)	2569.43 (21.46)	2503.91 (20.49)	2776.95 (18.88)	3617.15 (20.10)	4905.72 (22.79)	7325.83 (31.02)	7806.30 (32.19)	6830.41 (25.91)
Livelihood Enhancement Projects	280.17 (3.54)	393.38 (3.29)	518.49 (4.24)	832.40 (5.66)	907.98 (5.05)	1077.72 (5.01)	938.91 (3.98)	854.48 (3.52)	1654.39 (6.28)
Poverty, Eradicating Hunger, Malnutrition	274.70 (3.47)	1252.08 (10.46)	614.65 (5.03)	811.20 (5.51)	1195.78 (6.65)	1159.71 (5.39)	1407.58 (5.96)	1894.08 (7.81)	1232.62 (4.68)
Prime Minister's National Relief Fund	228.18 (2.89)	218.04 (1.82)	158.80 (1.30)	200.42 (1.36)	322.19 (1.79)	798.43 (3.71)	1698.38 (7.19)	1214.84 (5.01)	815.85 (3.10)
Other Central Government Funds	277.10 (3.50)	334.35 (2.79)	419.99 (3.44)	292.73 (1.99)	731.06 (4.06)	932.16 (4.33)	1618.17 (6.85)	309.22 (1.28)	179.02 (0.68)
Rural Development Projects	1059.35 (13.40)	1376.16 (11.49)	1572.87 (12.87)	1724.07 (11.72)	2434.17 (13.53)	2301.02 (10.69)	1850.71 (7.84)	1832.82 (7.56)	2005.37 (7.61)
Sanitation	299.54 (3.79)	631.80 (5.28)	433.98 (3.55)	460.68 (3.13)	506.66 (2.82)	521.72 (2.42)	338.97 (1.44)	313.10 (1.29)	429.91 (1.63)
Vocational Skills	277.07 (3.50)	344.40 (2.88)	379.70 (3.11)	546.46 (3.71)	798.36 (4.44)	1181.23 (5.49)	717.65 (3.04)	1033.84 (4.26)	1164.19 (4.42)
Total	7907.26 (100.00)	11973.78 (100.00)	12219.18 (100.00)	14710.32 (100.00)	17993.28 (100.00)	21527.75 (100.00)	23619.61 (100.00)	24248.07 (100.00)	26357.10 (100.00)

(Source: Reports from National CSR Portal, Ministry of Corporate Affairs)

It is seen that there is a steady rise in total CSR spending from ₹7,907.26 Cr in 2014–15 to ₹26,357.10 Cr in 2022–23. Education consistently received the highest share followed by Health Care. Sectors like Environmental Sustainability and Vocational Skills showed moderate but consistent allocations. The Prime Minister's National Relief Fund and Other Central Government Funds experienced sharp fluctuations in certain years.

Average Annual Growth Rate

The Average Annual Growth Rate (AAGR) is a measure used to evaluate the year-on-year change or growth of CSR spending in each sector over the period from 2014-15 to 2022-23. It helps to identify the sectors that have steady increases in fund allocation and those with minimal growth. Table 2 shows the analysis of Average Annual Growth Rate in CSR spending across development sectors

$$AAGR = \frac{1}{n-1} \sum_{i=2}^n \left(\frac{CSR_i}{CSR_{i-1}} \right)$$

Table 2

Analysis of Average Annual Growth Rate in CSR Spending across Development Sectors

Growth rate	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	AAGR
Education	100	156.69	111.75	127.11	106.04	117.47	93.23	97.97	153.81	120.51
Environmental Sustainability	100	102.93	135.89	120.26	105.09	107.47	70.05	236.11	80.58	119.80
Health Care	100	139.06	97.45	110.90	130.26	135.62	149.33	106.56	87.50	119.59
Livelihood Enhancement Projects	100	140.41	131.80	160.54	109.08	118.69	87.12	91.01	193.61	129.03
Poverty, Eradicating Hunger, Malnutrition	100	455.80	49.09	131.98	147.41	96.98	121.37	134.56	65.08	150.28
Prime Minister's National Relief Fund	100	95.56	72.83	126.21	160.76	247.81	212.71	71.53	67.16	131.82
Other Central Government Funds	100	120.66	125.61	69.70	249.74	127.51	173.59	19.11	57.89	117.98
Rural Development Projects	100	129.91	114.29	109.61	141.19	94.53	80.43	99.03	109.41	109.80
Sanitation	100	210.92	68.69	106.15	109.98	102.97	64.97	92.37	137.31	111.67
Vocational Skills	100	124.30	110.25	143.92	146.10	147.96	60.75	144.06	112.61	123.74
Total	100	151.43	102.05	120.39	122.32	119.64	109.72	102.66	108.70	117.11

(Source: Computed by researcher)

From the analysis, it can be observed that "Poverty, Eradicating Hunger, and Malnutrition" recorded the highest AAGR (150.28), mainly because of a sharp increase in

spending during 2015–16. Similarly, "Prime Minister's National Relief Fund" and "Livelihood Enhancement Projects" showed strong AAGRs of 131.82 and 129.03 respectively showing more attention to emergency help and improving people's livelihoods. At the aggregate level, the total AAGR stood at 117.11 indicating an overall upward trend in CSR spending.

Consistency ratio

Consistency Ratio was calculated for each sector to analyze the stability of fund allocation trends. This ratio measures the regularity or volatility of annual changes in allocation and helps assess whether sectors are receiving consistently predictable investments. Table 3 shows the consistency ratio in CSR spending across development sectors.

$$\text{Consistency Ratio} = \left(\frac{\text{Number of years with positive growth}}{\text{Total years}} \right) \times 100$$

Table 3

Consistency ratio

Amount Spent in Development Sectors	Education	Environmental Sustainability	Health Care	Livelihood Enhancement Projects	Poverty, Eradicating Hunger, Malnutrition	Prime Minister's National Relief Fund	Other Central Government Funds	Rural Development Projects	Sanitation	Vocational Skills
2015-16	56.69	2.93	39.06	40.41	355.80	-4.44	20.66	29.91	110.92	24.30
2016-17	11.75	35.89	-2.55	31.80	-50.91	-27.17	25.61	14.29	-31.31	10.25
2017-18	27.11	20.26	10.90	60.54	31.98	26.21	-30.30	9.61	6.15	43.92
2018-19	6.04	5.09	30.26	9.08	47.41	60.76	149.74	41.19	9.98	46.10
2019-20	17.47	7.47	35.62	18.69	-3.02	147.81	27.51	-5.47	2.97	47.96
2020-21	-6.77	-29.95	49.33	-12.88	21.37	112.71	73.59	-19.57	-35.03	-39.25
2021-22	-2.03	136.11	6.56	-8.99	34.56	-28.47	-80.89	-0.97	-7.63	44.06
2022-23	53.81	-19.42	-12.50	93.61	-34.92	-32.84	-42.11	9.41	37.31	12.61
Consistency ratio	75%	75%	75%	75%	62.5%	50%	62.5%	62.5%	62.5%	87.5%

(Source: Computed by researcher)

From the analysis it can be observed that sectors such as Education, Environmental Sustainability, Health Care, Livelihood Enhancement Projects and Vocational Skills consistently received substantial funding, aligning with their relatively high consistency ratios of 75%, 75%, 75%, 75% and 87.5% respectively. This indicates stable, year-on-year investment, especially in skill-building and human development initiatives. Notably, Vocational

Skills displayed remarkable consistency and positive growth, making it a reliably funded sector over the years.

CSR Intensity Change Ratio

The Intensity Ratio is used to assess recent changes in the focus and strength of CSR fund allocation across development sectors. It is calculated by comparing the total CSR spending in Phase II (2018 – 19 to 2022 - 23) with that of Phase I (2014 – 15 to 2018 - 19). An intensity ratio greater than 1 suggests that a sector has received increased attention and priority in the later years. Table 4 shows the analysis of CSR intensity change ratio.

Table 4

CSR Intensity Change Ratio

Development Sector	CSR spending in Phase I	CSR spending in Phase II	CSR Intensity Change Ratio
Education	23056.14	36626.93	1.59
Environmental Sustainability	5323.54	8261.18	1.55
Health Care	13315.18	30485.41	2.29
Livelihood Enhancement Projects	2932.42	5433.48	1.85
Poverty, Eradicating Hunger, Malnutrition	4148.41	6889.77	1.66
Prime Minister's National Relief Fund	1127.63	4849.69	4.30
Other Central Government Funds	2055.23	3769.63	1.83
Rural Development Projects	8166.62	10424.09	1.28
Sanitation	2332.66	2110.36	0.90
Vocational Skills	2345.99	4895.27	2.09
Total	64803.82	113745.81	1.76

(Source: Computed by researcher)

An overall intensity ratio of 1.76 reflects a substantial increase in CSR investments across most development sectors in Phase II. Sectors like Health Care (2.29), Vocational Skills (2.09), and Livelihood Enhancement Projects (1.85) saw strong increases, showing that companies are focusing more on health, skill development, and improving livelihoods. The Prime Minister's National Relief Fund stands out with the highest intensity ratio of 4.30.

Peak year ratio

Peak Year Ratio is used to identify the extent of variation in spending during the highest-funded year compared to the average. Table 5 shows the Peak year Ratio

$$\text{Peak year Ratio} = \frac{CSR_{\text{peak year}}}{CSR_{\text{Average}}}$$

Table 5

Peak year Ratio

Development Sector	CSR peak year	CSR average	Peak year ratio
Education	10085.38	5952.37	1.69
Environmental Sustainability	2432.26	1357.38	1.79
Health Care	7806.30	4464.82	1.74
Livelihood Enhancement Projects	1654.39	828.65	1.99
Poverty, Eradicating Hunger, Malnutrition	1894.08	1093.60	1.73
Prime Minister's National Relief Fund	1698.38	628.347	2.70
Other Central Government Funds	1618.17	565.97	2.85
Rural Development Projects	2434.17	1795.17	1.35
Sanitation	631.80	437.37	1.44
Vocational Skills	1181.23	715.87	1.65

(Source: Computed by researcher)

The peak year ratio, which indicates the highest proportional increase in CSR spending in any single year compared to its average. “Other Central Government Funds” (2.86) and the “Prime Minister’s National Relief Fund” (2.70) exhibit the highest ratios, likely reflecting exceptional allocations during crisis years. Rural Development Projects (1.36) and Sanitation (1.44) had relatively lower peak growth, indicating steadier phases of investment.

Conclusion

The AAGR analysis reveals that while CSR spending has grown in most sectors, the rate and consistency of growth vary significantly. In consistency ratio analysis, Vocational Skills emerged as the most consistent sector with a ratio of 87.5, suggesting strong and steady CSR commitment. Education, Environmental Sustainability, Health Care, and Livelihood Enhancement Projects all recorded a ratio of 75, reflecting fairly consistent support. The intensity ratios reflect a notable shift in CSR priorities, with increased focus on Health Care, Vocational Skills, and Livelihood Enhancement. There is sharp rise in contributions to the Prime Minister’s National Relief Fund.

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