

Twelve Years of CSR in India: Stakeholder Learnings, Policy Reflections, and the Way Forward

DOI: <https://doi.org/10.63345/ijrhrs.net.v14.i5.1>

Sirin Parvin Kamliya

Research Scholar

Department of Law, Parul University

Vadodara, India

shirinkamliya@gmail.com

Prof. (Dr.) Akil Ali Saiyed

Research Guide

Department of Law, Parul University

Vadodara, India

Abstract— CSR law has completed almost a decade in the country, now it is a good time to understand the CSR learnings of the stakeholders. It has evolved from a largely voluntary practices to a structured compliance driven framework under Companies Act 2013. This paper examines the stakeholder learning from NGOs and Implementing Agencies, Companies as CSR Contributors, Government and CSR Authorities, Community and Society at Large.

Integrating CSR with business strategy not only enhances social impact but also strengthens corporate resilience, risk management, and stakeholder trust. A long-term, programmatic, and impact-oriented CSR approach—grounded in collaboration, equity, innovation, and sustainability—can create shared value for businesses and society alike.

In its second decade, the central challenge for CSR in India is no longer limited to regulatory compliance or the quantum of financial outlay. Instead, the focus must decisively shift towards the quality of interventions, equitable distribution of resources, depth of impact, and long-term sustainability of outcomes. A future-ready CSR framework should be guided by developmental need rather than convenience, emphasize outcome and impact measurement over activity reporting, and promote convergence with government schemes and national development priorities.

Anchored in multi-stakeholder collaboration and aligned with ESG and climate commitments, CSR has the potential to evolve from a statutory obligation into a strategic instrument for inclusive and sustainable growth. When designed as a catalyst for systemic

change—rather than a series of isolated projects—CSR can play a transformative role in addressing structural inequalities, strengthening community resilience, and contributing meaningfully to India's inclusive growth and nation-building agenda.

Key Words— CSR, Stakeholder Learnings, Policy Reflection

Background:

The evolution of Corporate Social Responsibility (CSR) in India represents one of the most significant shifts in the relationship between business and society in the country's post-liberalization era. What began as a voluntary, values-driven initiative in 2009 gradually transformed into a statutory obligation with the enactment of mandatory CSR provisions under the Companies Act, 2013, effective from 2014. This transition marked a decisive movement away from discretionary philanthropy towards a structured, accountable, and institutionalized development mechanism.

Over the last twelve years, CSR in India has matured in scale, scope, and intent. The steady rise in CSR funding reflects not only improved regulatory compliance but also a growing realization among corporates that their long-term business sustainability is deeply intertwined with social, environmental, and community well-being. CSR has increasingly been recognized as a critical contributor to nation-building rather than a peripheral obligation.

Between 2014 and 2024, Indian companies collectively invested nearly ₹2.18 lakh crore in CSR initiatives across a wide spectrum of thematic areas, including education, health, livelihoods, environmental sustainability, and social

inclusion. **By 2023–24, more than 27,000 companies** were actively reporting CSR activities, with total annual expenditure reaching approximately **₹34,900 crore**. These figures underscore the expanding footprint of CSR and its growing acceptance as a core component of corporate governance and responsible business conduct.

Spatial Patterns and Regional Inequalities in CSR Spending

Despite the overall growth in CSR expenditure, its spatial distribution reveals persistent regional imbalances. States such as **Maharashtra** have consistently emerged as the largest recipients of CSR funding, **followed closely by Gujarat**. This trend can be largely attributed to the concentration of corporate headquarters, industrial estates, and manufacturing clusters in these regions, which naturally attract CSR investments due to ease of implementation, monitoring, and visibility.

Conversely, Union Territories like Lakshadweep and geographically remote or strategically sensitive regions such as the Andaman and Nicobar Islands, Daman and Diu, and several parts of North-East India continue to remain on the periphery of CSR funding flows.

This **uneven distribution** highlights a fundamental structural limitation within India's CSR ecosystem. CSR investments, in practice, are often influenced more by corporate proximity, logistical feasibility, and reputational considerations than by objective assessments of developmental need. Twelve years of implementation thus reveal the urgent need for policy nudges, incentives, and facilitation mechanisms that encourage companies to channel resources towards underserved and high-need regions.

Evolving Sectoral Priorities in CSR

Sector-wise trends in CSR spending provide important insights into corporate priorities and societal needs. A substantial proportion of CSR funds has consistently been allocated to:

- Education, livelihood promotion, and support for persons with disabilities, and
- Healthcare, nutrition, eradication of hunger and poverty, access to safe drinking water, and sanitation, as outlined under Schedule VII of the CSR framework.

These sectors address immediate human development needs and offer measurable, visible outcomes, making them attractive areas for CSR investment. However, with rising global and national concerns around climate change, ecological degradation, and sustainable development, CSR spending on environmental sustainability, conservation of natural resources, and animal welfare has steadily gained prominence, now emerging as the third most significant sector of investment.

This gradual reorientation reflects the growing influence of ESG frameworks and the recognition that long-term social welfare cannot be separated from environmental stewardship.

Improved Compliance and Changing Corporate Behaviour

One of the most notable learnings from twelve years of CSR implementation is the marked improvement in corporate compliance and spending behaviour. The number of companies fully meeting their CSR obligations rose from 744 in FY 2018–19 to 1,902 in FY 2023–24, demonstrating growing familiarity with regulatory requirements and improved internal governance mechanisms.

Simultaneously, there has been a sharp decline in the number of companies reporting zero CSR expenditure—from nearly 13,976 companies in FY 2018–19 to approximately 4,220 in FY 2023–24. This trend reflects increased regulatory scrutiny, greater awareness, and peer-driven accountability within the corporate sector.

Equally significant is the growing number of companies voluntarily exceeding their prescribed CSR obligations. While about 6,334 companies spent beyond their mandated CSR budgets in FY 2018–19, this figure more than doubled to 15,345 companies by FY 2023–24. This shift signals a deeper sense of ownership and an emerging perception of CSR as a strategic investment rather than a statutory burden.

Another important development is the convergence of CSR spending patterns between listed and unlisted companies. While listed companies initially dominated CSR contributions, unlisted entities have increasingly matched their engagement levels, reflecting the broader diffusion of CSR consciousness across corporate India.

From Legislative Mandate to Lived Practice: Linking CSR Evolution with Stakeholder Learnings

While the quantitative expansion of CSR over the past twelve years reflects stronger compliance, higher spending, and wider sectoral coverage, these aggregate trends alone do not fully capture how CSR has been experienced, interpreted, and implemented on the ground. The transition of CSR from a voluntary guideline in 2009 to a statutory obligation under the Companies Act, 2013 has fundamentally reshaped the roles, expectations, and interactions of all stakeholders involved in the CSR ecosystem. As CSR moved from policy intent to operational reality, companies, implementing agencies, government authorities, and communities were compelled to adapt to new regulatory norms, accountability mechanisms, and performance expectations. Over time, this process generated a rich body of experiential learning—revealing what works, what remains challenging, and where systemic gaps persist. The following section synthesizes these twelve years of learnings from the perspectives of key stakeholders, highlighting how CSR has evolved not merely as a funding mechanism, but as a complex, collaborative development practice shaped by shared responsibilities and mutual adaptation.

Stakeholder-wise Learnings from Twelve Years of CSR

1. NGOs and Implementing Agencies:

For NGOs, the CSR regime has brought about a fundamental transformation in the way social interventions are conceptualized and delivered. The traditional charity-driven approach has gradually given way to structured, project-based programming aligned with defined objectives, timelines, and measurable outcomes.

Corporates' growing expectations around professionalism have compelled NGOs to strengthen internal systems related to governance, financial management, transparency, and reporting. The increasing emphasis on impact assessment has further pushed NGOs to design interventions with clear indicators of change rather than merely activity-based outputs.

While CSR partnerships have enabled NGOs to scale operations and reach new geographies, they have also exposed vulnerabilities—particularly dependence on short-term project funding and donor-driven priorities. Grassroots organizations, in particular, have learned the importance of digital literacy, statutory compliance (including CSR-1 registration), and adapting to corporate cultures of accountability and performance management.

Overall, CSR has accelerated the professionalization of the NGO sector, while also highlighting the need for sustained capacity-building support.

2. Companies as CSR Contributors

For corporates, CSR has evolved from a perceived “2% tax” into a strategic instrument for stakeholder engagement and long-term value creation. Over time, companies have learned that fragmented, one-off projects offer limited social or reputational returns. In contrast, long-term partnerships with credible implementing agencies generate deeper impact, community trust, and brand credibility.

Companies have increasingly recognized that financial expenditure alone does not equate to meaningful impact. This realization has driven greater emphasis on data, monitoring frameworks, third-party evaluations, and outcome-based reporting. CSR has also emerged as an important risk-mitigation tool—helping companies manage community relations, reduce operational disruptions, and strengthen their social license to operate.

The growing alignment of CSR with ESG goals has further expanded its strategic relevance. Many companies have also institutionalized employee volunteerism, leveraging internal skills and human capital to enhance project effectiveness and employee engagement.

3. Government and CSR Authorities:

From the government's perspective, the past twelve years have been a period of learning and course correction. While the initial focus was on enforcement and compliance, it has become increasingly evident that facilitation, guidance, and ecosystem-building are equally critical.

The establishment of platforms such as the National CSR Portal and state-level CSR authorities has improved transparency and coordination. Recognition mechanisms, including National and State CSR Awards, have encouraged best practices and innovation.

Policy discourse is now gradually shifting towards convergence—aligning CSR with government schemes, promoting Public-Private Partnerships, and addressing underfunded regions. The introduction of the Social Stock Exchange represents a significant step towards building trust and structured engagement between corporates and social sector organizations. Nevertheless, ensuring equitable geographic distribution of CSR funds remains an ongoing challenge.

4. Community and Society at Large

Communities have emerged as increasingly informed and assertive stakeholders within the CSR ecosystem. CSR is no longer viewed merely as charity but as a structured development intervention with defined expectations and accountability.

Experience has shown that projects designed with community participation—through need assessments, feedback mechanisms, and shared ownership—are more sustainable and impactful. At the same time, communities in marginalized and rural regions have become more vocal about regional inequities in CSR allocation.

While CSR has strengthened trust between communities and corporates, over-dependence on CSR funds without convergence with government welfare schemes has surfaced as a sustainability concern.

Table 1: Stakeholder-wise Learnings from Twelve Years of CSR

Stakeholder	Key Learnings	Emerging Challenges
NGOs / Implementing Agencies	Shift to project-based, outcome-oriented work; improved professionalism	Short-term funding cycles; compliance burden
Companies	Move from compliance CSR to strategic CSR; focus on impact	Measuring long-term outcomes; regional imbalance
Government & CSR Authorities	Shift from enforcement to facilitation; ecosystem building	Ensuring equity and convergence
Communities	Greater awareness and participation; stronger voice	Dependency risks; uneven access to CSR

The overarching learning from twelve years of CSR implementation is that CSR is most effective when all stakeholders work in synergy. NGOs contribute contextual understanding and implementation expertise; companies bring financial resources, innovation, and managerial discipline; governments ensure accountability, policy alignment, and equity; and communities provide relevance, ownership, and sustainability.

When these stakeholders function in silos, CSR risks becoming symbolic and transactional. When they collaborate meaningfully, CSR becomes transformational.

From Compliance to Collective Impact

Twelve years of mandatory Corporate Social Responsibility (CSR) implementation under the **Companies Act, 2013** have firmly established CSR as a central pillar of India’s development architecture. What began as a regulatory mandate has gradually evolved into a multifaceted ecosystem involving corporates, civil society organizations, government institutions, and communities. The significant growth in CSR expenditure, the increasing number of compliant companies, and the diversification of thematic areas together signal that CSR is no longer viewed merely as a statutory obligation but as an essential component of responsible business practice.

However, the experience of the last twelve years also reveals that **quantitative growth has not always translated into equitable or optimal developmental outcomes**. Persistent regional imbalances, concentration of funds in industrialized states, preference for easily implementable sectors, and short-term project orientations highlight structural limitations within the CSR framework. At the same time, stakeholder experiences demonstrate growing maturity—NGOs have professionalized, companies have moved toward strategic CSR, governments have shifted from enforcement to facilitation, and communities have become more aware and participatory.

The central lesson emerging from this journey is that **CSR delivers transformative outcomes only when it functions as a collaborative, need-driven, and long-term development instrument**. Fragmented, compliance-driven approaches risk reducing CSR to symbolic spending, whereas coordinated, impact-oriented strategies can position CSR as a powerful lever for inclusive and sustainable national development.

Table 2: Key Trends in CSR Implementation in India (2014–2024)

Dimension	Key Observation	Learning
Total CSR Spend	₹2.18 lakh crore (2014–2024)	CSR has achieved scale and institutional legitimacy
Annual Spend (FY 2023–24)	~₹34,900 crore	Increasing normalization of CSR in corporate

		budgeting
Reporting Companies	>27,000 companies	Wider acceptance beyond large listed firms
Companies Meeting CSR Obligation	Increased from 744 (FY 2018–19) to 1,902 (FY 2023–24)	Improved compliance and governance
Zero CSR Spending	Declined from ~13,976 to ~4,220 companies	Reduced non-compliance and improved scrutiny
Companies Overspending CSR	Increased from 6,334 to 15,345	CSR increasingly seen as strategic investment
Regional Distribution	Maharashtra & Gujarat dominate	CSR allocation driven by proximity, not need
Emerging Sectors	Environment & sustainability now 3rd priority	Growing ESG and climate consciousness

Table 3: From Compliance to Impact – CSR Evolution Pathway

Phase	Characteristics	Dominant Approach
2014–2016	Initial compliance, learning phase	Rule-driven CSR
2017–2019	Process stabilization, reporting focus	Output-driven CSR
2020–2022	ESG alignment, pandemic response	Responsive CSR
2023 onwards	Impact measurement, sustainability	Strategic & collaborative CSR

Policy Recommendations for Strengthening CSR Impact

1. Promote Need-Based and Regionally Balanced CSR Allocation

- Introduce policy incentives (such as weighted recognition or matching grants) for CSR investments in **aspirational districts, tribal belts,**

border regions, and underserved Union Territories.

- Strengthen state-level CSR facilitation cells to curate credible project pipelines in low-CSR regions.

2. Encourage Long-Term and Programmatic CSR Approaches

- Promote multi-year CSR projects focused on systemic change rather than short-term outputs.
- Allow greater flexibility in CSR rules for long-term ecosystem-building initiatives, especially in education, livelihoods, nutrition, and climate resilience.

3. Strengthen NGO Capacity and Institutional Sustainability

- Create dedicated CSR capacity-building funds to support grassroots NGOs in governance, digital systems, impact measurement, and compliance.
- Encourage partial support for institutional strengthening, not only project-based costs.

4. Deepen CSR–ESG Integration

- Align CSR planning more closely with ESG goals, climate action plans, and sustainability disclosures.
- Encourage companies to integrate CSR outcomes into their broader risk management and sustainability strategies.

5. Enhance Convergence with Government Schemes

- Institutionalize convergence frameworks between CSR projects and flagship government programs to avoid duplication and improve scale.
- Promote Public–Private Partnerships (PPP) for large-scale social infrastructure and impact-centric initiatives.

6. Improve Impact Measurement and Knowledge Sharing

- Develop standardized outcome and impact indicators across major CSR sectors.
- Establish national and state-level CSR knowledge repositories to disseminate best practices, failures, and innovations.

7. Empower Communities as Active Stakeholders

- Mandate participatory need assessments and community feedback mechanisms for large CSR projects.
- Encourage community ownership models to reduce dependency and enhance sustainability.

Future Direction for CSR in India

As Corporate Social Responsibility (CSR) enters its next phase of evolution, there is a growing imperative to move beyond standalone social interventions and align CSR strategies more closely with core business objectives and long-term sustainability priorities. Integrating CSR with business strategy not only enhances social impact but also strengthens corporate resilience, risk management, and stakeholder trust. A long-term, programmatic, and impact-oriented CSR approach—grounded in collaboration, equity, innovation, and sustainability—can create shared value for businesses and society alike.

In its second decade, the central challenge for CSR in India is no longer limited to regulatory compliance or the quantum of financial outlay. Instead, the focus must decisively shift towards the quality of interventions, equitable distribution of resources, depth of impact, and long-term sustainability of outcomes. A future-ready CSR framework should be guided by developmental need rather than convenience, emphasize outcome and impact measurement over activity reporting, and promote convergence with government schemes and national development priorities.

Anchored in multi-stakeholder collaboration and aligned with ESG and climate commitments, CSR has the potential to evolve from a statutory obligation into a strategic instrument for inclusive and sustainable growth. When designed as a catalyst for systemic change—rather than a series of isolated projects—CSR can play a transformative role in addressing structural inequalities, strengthening community resilience, and contributing meaningfully to India's inclusive growth and nation-building agenda.

