Scholar Journal of Humanities and Social Sciences
Vol. 01, Issue. 03, pp. 50 – 64, Jul – Sep 2026
https://doi.org/10.65219/sjhss.20260103005

FROM PROFIT TO PURPOSE: CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY WELFARE IN INDIA

Kalaiarasan C*[1], Nivetha S R[2]

1. Assistant Professor, Department of Commerce, St Joseph University, Tamil Nadu, India
2. Assistant Professor, Department of Social Work, Loyola College (Autonomous), Tamil Nadu, India

Abstract

India is the first country to make corporate social responsibility (CSR) spending a legal duty, yet little is known about whether the money reaches the communities that need it most. This study uses official secondary data from the National CSR Portal of the Ministry of Corporate Affairs for FY 2020-21 to FY 2024-25 (₹1,61,248 crore across 29,546 companies in the latest year), combined with NITI Aayog's Multidimensional Poverty Index (MPI), the SDG India Index and RBI state income data for 28 states. Modern analytical tools—compound and log-linear growth rates, the Herfindahl–Hirschman Index, population-weighted Lorenz curves and Gini coefficients, Spearman correlation and ordinary least squares regression with heteroskedasticity-robust (HC3) errors—are applied. CSR spending grew at a compound rate of 11.69% a year, from ₹26,211 crore to ₹40,794 crore, and shifted towards education and livelihood (46.1% of spending in 2024-25). However, its distribution across states is highly unequal (Gini = 0.42), more unequal even than state income (Gini = 0.28). Six high-poverty states hold 64.5% of India's multidimensionally poor but received only 14.0% of state-allocated CSR. Regression results show that state income, not poverty, explains where CSR goes (R^2 = 0.63), and CSR per person has no significant association with improvement in SDG scores. The findings suggest that mandatory CSR has raised the volume of corporate giving but has not yet aligned it with need. The paper recommends need-weighted incentives, stronger links with aspirational districts and outcome-based reporting.

Keywords:

Corporate Social Responsibility, Companies Act 2013, Community Welfare, Multidimensional Poverty, SDG India Index, Regional Inequality, India

1. Introduction

For most of the twentieth century, the dominant view in business was that the only social responsibility of a firm is to increase its profits within the rules of the game (Friedman, 1970). Over the last four decades this view has been widely challenged. Stakeholder theory argues that firms are accountable to all groups that affect or are affected by them (Freeman, 1984), Carroll's (1991) pyramid places philanthropic responsibility on top of economic, legal and ethical duties, and the idea of "shared value" proposes that business can create economic value in ways that also create value for society (Porter & Kramer, 2011). In short, the purpose of business is increasingly seen as wider than profit.

India turned this debate into law. Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, requires every company with a net worth of ₹500 crore or more, a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more to spend at least two per cent of its average net profit of the preceding three years on activities listed in Schedule VII (Ministry of Corporate Affairs [MCA], 2014). The 2021 amendment rules made the provision stricter: unspent amounts must now be transferred to specified funds or to an Unspent CSR Account, and implementation agencies must be registered (MCA, 2021). As a result, India has become

*Corresponding author: prof.klirsn@gmail.com

the largest natural experiment in mandated corporate giving, and the scale is now considerable. In FY 2024-25 alone, 29,546 companies reported CSR spending of ₹40,794 crore across 72,233 projects (MCA, 2026a).

The policy logic of the mandate is that business should share responsibility for inclusive growth and "supplement" the government's development effort. Whether CSR actually does this depends not only on how much is spent but also on where and on what it is spent. Earlier evidence suggests that the mandate changed the amount of corporate giving (Dharmapala & Khanna, 2018) and its market value (Manchiraju & Rajgopal, 2017), but much less is known about whether the money is directed to the communities with the greatest need. Industry studies indicate that aspirational districts, which house more than 15% of the population, received only about 2% of CSR funds between 2014 and 2022 (India Data Insights, 2023). If CSR follows the location of company headquarters and plants rather than the location of poverty, it may widen rather than narrow regional gaps.

This paper addresses that gap by connecting the most recent official CSR data with official measures of community welfare. It asks four questions: (i) How has mandatory CSR spending grown since the 2021 amendment? (ii) Which development sectors receive the money? (iii) Is the spending distributed across states in line with population and poverty? and (iv) Is CSR spending associated with better welfare outcomes, measured by the SDG India Index? The study makes three contributions. First, it provides an up-to-date, five-year view of the post-amendment period (FY 2020-21 to FY 2024-25) using portal data accessed in October 2026. Second, it applies inequality tools that are common in development economics but rare in CSR research—population-weighted Lorenz curves and Gini coefficients—to show how evenly CSR reaches citizens. Third, it tests formally whether need or income drives the allocation of CSR and whether CSR is linked to welfare improvement.

The rest of the paper is organised as follows. Section 2 reviews the literature and identifies the research gap. Section 3 sets out the objectives and hypotheses. Section 4 describes the data and methods. Section 5 presents the results, Section 6 discusses them, Section 7 draws implications, Section 8 notes limitations, and Section 9 concludes.

2. Review of Literature

2.1 Theoretical perspectives on CSR

Three theoretical lenses frame this study. The first is the *shareholder* view, in which social spending is justified only when it serves owners' interests (Friedman, 1970). The second is the *stakeholder* and *responsibility* view, in which firms owe duties to employees, communities and society at large (Carroll, 1991; Freeman, 1984). Carroll and Shabana (2010) bridge the two by reviewing the "business case" for CSR: reputation, risk reduction, access to talent and licence to operate. The third lens is *legitimacy theory*, under which organisations act to remain acceptable to the society in which they operate (Suchman, 1995). Legitimacy theory is particularly useful for mandatory CSR, because a legal rule makes the act of spending visible and reportable, while leaving the firm wide discretion over location and cause. A firm seeking legitimacy may therefore prefer projects that are close to its operations and visible to its local stakeholders, rather than projects in distant regions with the greatest need. Porter and Kramer's (2011) shared-value argument points in the same direction: firms create the most strategic value when social investment is linked to their own value chain and location.

2.2 Mandatory CSR in India

A growing body of work studies the Indian mandate. Dharmapala and Khanna (2018) found that the 2% rule raised spending among companies just below the threshold but reduced it among some firms that had previously spent more, suggesting that the legal minimum can also act as a ceiling. Manchiraju and Rajgopal (2017) reported that the announcement of the rule reduced the market value of affected firms, which is consistent with investors viewing the mandate as a tax. Bansal et al. (2021) showed that peer pressure and the mandate jointly shape firms' spending decisions. Gatti et al. (2019) discussed the managerial and theoretical implications of moving from voluntary to mandatory CSR, and Mukherjee et al. (2018) and Bergman et al. (2019) reviewed the early Indian experience,

noting problems of compliance, local-area preference and weak impact measurement.

2.3 CSR, geography and community welfare

Research in developing countries emphasises that CSR is shaped by local institutions and needs (Jamali & Mirshak, 2007; Visser, 2008). In India, Schedule VII lists activities such as eradicating hunger and poverty, promoting education and health, environmental sustainability and rural development, which map closely onto the Sustainable Development Goals. Yet Section 135(5) also asks companies to give preference to the local area where they operate. Because industrial activity is concentrated in a few states, this preference may concentrate CSR in richer regions. The industry evidence that aspirational districts received only about 2% of CSR funds supports this concern (India Data Insights, 2023). Community welfare itself is now measured more comprehensively in India through the multidimensional poverty approach of Alkire and Foster (2011), applied by NITI Aayog (2023), and through the SDG India Index (NITI Aayog, 2024).

2.4 Research gap

Most existing studies on Indian CSR focus on firms - why they spend, how much, and what happens to their value. Fewer studies look at the receiving end: whether the money flows to places with greater need, and whether places that receive more CSR show better welfare outcomes. Studies that do look at geography usually present simple state rankings without adjusting for population, poverty or income, and they rarely use the post-2021 data in which unspent funds are tightly regulated. This paper fills the gap by combining five years of post-amendment CSR data with official poverty, SDG and income data, and by using inequality and regression tools to test the alignment between CSR and community need.

3. Objectives and Hypotheses

The study has four objectives:

1. To analyse the growth of mandatory CSR spending, companies and projects in India from FY 2020-21 to FY 2024-25.
2. To examine changes in the sectoral composition of CSR spending.
3. To measure how evenly CSR spending is distributed across states relative to population and poverty.
4. To test whether state-level CSR spending is related to need (poverty), capacity (income) and welfare outcomes (SDG performance).

Based on legitimacy and shared-value arguments, the following hypotheses are tested:

H1: State CSR per person is not positively related to the level of multidimensional poverty once state income is taken into account.

H2: State CSR per person is positively related to state income (per capita net state domestic product).

H3: Higher CSR per person is associated with greater improvement in a state's SDG India Index score.

4. Data and Methodology

4.1 Research design and data sources

The study follows a descriptive and analytical research design based entirely on secondary data from official sources. The period FY 2020-21 to FY 2024-25 is chosen because (a) it covers the first five full years after the Companies (CSR Policy) Amendment Rules, 2021, and (b) the National CSR Portal currently publishes harmonised state-wise and sector-wise data for these five years. All CSR amounts were downloaded from the portal's summary service on 4 October 2026; the state-wise and sector-wise figures sum exactly to the reported annual totals. Note that the portal is updated continuously as companies file late returns, so totals may differ slightly from earlier government releases (for example, PIB reported ₹34,909 crore for FY 2023-24 in February 2026, while the portal now shows ₹35,918 crore; MCA, 2026b). The analysis covers India's 28 states; union territories are excluded from the state-level models because comparable SDG and income data are not available for all of them. Table 1 lists the data sources.

Table No 1: Data sources and variables

Variable	Description	Period	Source
CSR spending	Total, state-wise and development sector-wise CSR spent (₹ crore); companies and projects	FY 2020-21 to 2024-25	National CSR Portal, MCA (2026a)

Variable	Description	Period	Source
CSR per person	Average annual state CSR ÷ population (₹)	FY 2020-21 to 2024-25	Computed
MPI headcount	Share of population multidimensionally poor (%)	2015-16 and 2019-21	NITI Aayog (2023)
SDG score	SDG India Index composite score (0-100)	2020-21 and 2023-24	NITI Aayog (2024)
NSDP per capita	Per capita net state domestic product, current prices (₹)	2022-23	RBI (2025), Table 19
Population	NSDP ÷ per capita NSDP (implied population)	2022-23	RBI (2025), Tables 19 and 23
GSDP	Gross state domestic product, current prices	2022-23	RBI (2025), Table 21

Note: *The portal reports a part of CSR as "PAN India" (multi-state projects and central funds) and "NEC/Not mentioned"; these amounts cannot be assigned to a state and are excluded from state-level measures.*

4.2 Analytical tools

Growth analysis. The compound annual growth rate is computed as CAGR = (X(end) ÷ X(start))^(1/n) − 1, with n = 4. A log-linear trend, $\ln(X_t) = a + bt$, is also fitted, and trend growth is reported as $(e^b - 1)$.

Concentration. The Herfindahl–Hirschman Index ($HHI = \Sigma s_i^2$, where s_i is the percentage share of sector i) measures how concentrated CSR is across development sectors. Values above 2,500 are conventionally treated as highly concentrated.

Spatial inequality. States are ranked by CSR per person, and the cumulative share of CSR is plotted against the cumulative share of population to obtain a Lorenz curve (Lorenz, 1905). The population-weighted Gini coefficient, $G = 1 - \Sigma (X_k - X_{k-1})(Y_k + Y_{k-1})$, where X and Y are the cumulative shares of population and CSR, summarises the curve; 0 means every person receives the same CSR and 1 means all CSR goes to one state. The same measure is computed for GSDP as a benchmark.

Association and regression. Spearman's rank correlation is used because several variables are skewed. Ordinary least squares models are then estimated for the 28 states:

Models 1–2: $\ln(\text{CSR per person})_i = \beta_0 + \beta_1 \text{MPI}_i + \beta_2 \ln(\text{NSDP per capita})_i + \varepsilon_i$

Models 3–4: $\Delta\text{SDG}_i = \gamma_0 + \gamma_1 \ln(\text{CSR per person, 2020-23})_i + \gamma_2 \text{SDG(2020-21)}_i + \gamma_3 \ln(\text{NSDP per capita})_i + u_i$

Model 5: $\text{CSR growth (CAGR)}_i = \delta_0 + \delta_1 \text{MPI}_i + \delta_2 \ln(\text{NSDP per capita})_i + v_i$

In Models 3–4, CSR per person is measured over FY 2020-21 to 2022-23 so that the spending precedes, or overlaps with, the period in which SDG scores changed (2020-21 to 2023-24). The baseline SDG score controls for the tendency of lower-scoring states to improve faster. Because the sample is small, heteroskedasticity-consistent HC3 standard errors are used (Long & Ervin, 2000; White, 1980). Multicollinearity is checked with the variance inflation factor (VIF), heteroskedasticity with the Breusch–Pagan test (Breusch & Pagan, 1979) and normality of residuals with the Shapiro–Wilk test (Shapiro & Wilk, 1965). As a robustness check, the models are re-estimated after removing eight small states (seven north-eastern states and Goa), whose small populations can produce extreme per-person values. All analysis was carried out in Python (pandas, statsmodels, SciPy), and charts were produced with matplotlib and seaborn.

5. Results and Analysis

5.1 Growth of mandatory CSR

Table 2 and Figure 1 show that CSR spending rose every year in the post-amendment period, from ₹26,211 crore in FY 2020-21 to ₹40,794 crore in FY 2024-25. The compound annual growth rate is 11.69%, and the log-linear trend growth rate is 12.35%. Growth was slow in FY 2021-22 (3.55%), when profits were affected by the pandemic, but accelerated to about 14–15% a year thereafter. The number of companies reporting CSR grew more slowly (CAGR 9.12%) than the number of projects (CAGR 16.42%), so the average project became smaller—from ₹66.7 lakh to ₹56.5 lakh—while average spending per company rose to ₹138.1 lakh. Over the five years, companies spent a cumulative ₹1,61,248 crore.

Table No 2: Year-wise CSR spending, companies and projects

Financial year	CSR spent (₹ crore)	Growth (%)	Companies	Projects	Avg. per company (₹ lakh)	Avg. per project (₹ lakh)
2020-21	26,210.95	–	20,840	39,321	125.77	66.66
2021-22	27,141.45	3.55	20,234	44,880	134.14	60.48
2022-23	31,183.28	14.89	26,501	54,696	117.67	57.01
2023-24	35,917.98	15.18	28,534	62,364	125.88	57.59
2024-25	40,794.00	13.58	29,546	72,233	138.07	56.48
CAGR (%)	11.69	–	9.12	16.42	–	–

Source: *Computed from National CSR Portal, MCA (accessed 4 October 2026).*



Fig No. 1: CSR spending, reporting companies and projects, FY 2020-21 to FY 2024-25

Source: *National CSR Portal, MCA.*

5.2 Where does CSR go? Sectoral composition

Table 3 groups the portal's fourteen development sectors into nine categories. Two sectors dominate. Education, differently abled and livelihood is now by far the largest, rising from 32.7% of spending in FY 2020-21 to 46.1% in FY 2024-25, a CAGR of 21.7%. Health, hunger and sanitation was the largest sector in the pandemic year but its share fell to 26.9%. The fastest-growing areas are sports (CAGR 46.8%), environment and animal welfare (35.2%) and gender and inequality (23.5%). Contributions to government funds such as the PM National Relief Fund fell sharply (CAGR -27.9%), which reflects the end of pandemic-related donations. Rural development, which most directly targets poor communities, grew slowly and lost share (6.1% in FY 2024-25).

The sectoral HHI rose from 2,583 to 3,026, which means that CSR has become more concentrated in a few causes. Figure 2 shows the five-year totals as a treemap and Figure 3 shows the change in sector shares.

Table No 3: Sector-wise CSR spending and growth

Development sector	2020-21 (₹ cr)	2024-25 (₹ cr)	Share 2020-21 (%)	Share 2024-25 (%)	CAGR (%)	5-year total (₹ cr)
Education & livelihood	8,559.05	18,793.65	32.65	46.07	21.73	66,722.62
Health, hunger & sanitation	9,275.51	10,959.01	35.39	26.86	4.26	49,135.32
Environment	1,336.60	4,471.40	5.10	10.96	35.24	15,285.71
Rural development	1,850.71	2,476.96	7.06	6.07	7.56	10,694.02
Gender & inequality	522.52	1,216.45	1.99	2.98	23.52	4,562.10
Sports	243.39	1,130.02	0.93	2.77	46.79	2,946.63
Heritage & culture	493.13	692.22	1.88	1.70	8.85	2,609.65
Government funds	3,491.30	943.48	13.32	2.31	-27.90	8,285.16
Others	438.75	110.82	1.67	0.27	-29.11	1,006.44
HHI (sector concentration)			2,583	3,026		

Note: *"Government funds" = PM National Relief Fund, Swachh Bharat Kosh, Clean Ganga Fund and any other fund. "Education & livelihood" includes education, differently abled and livelihood enhancement. Source: Computed from National CSR Portal, MCA.*

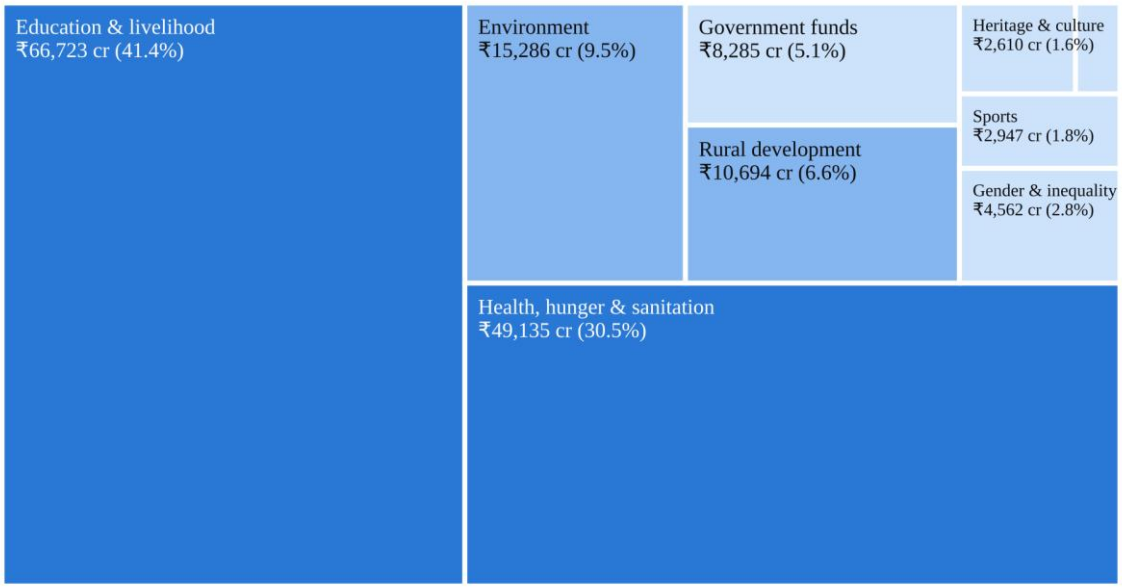


Fig No. 2: Treemap of cumulative CSR spending by development sector, FY 2020-21 to FY 2024-25

Note: *Area is proportional to the five-year total. Source: National CSR Portal, MCA.*

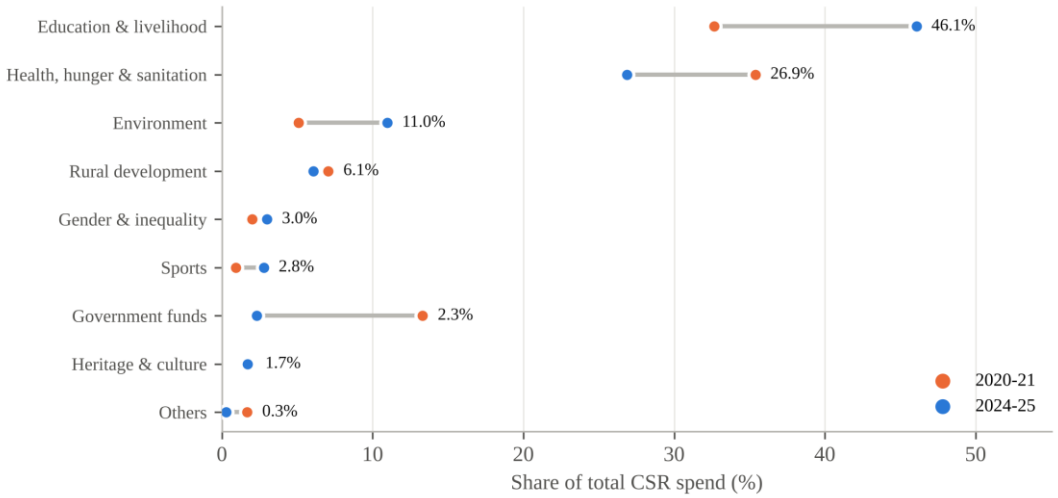


Fig No. 3: Change in sector shares of CSR spending, FY 2020-21 vs FY 2024-25

Source: *Computed from National CSR Portal, MCA.*

5.3 Spatial distribution: who receives CSR?

Geographic reporting has improved: the share of spending reported only as "PAN India" or "not mentioned" fell from 43.7% in FY 2020-21 to 3.9% in FY 2024-25, and the share that can be assigned to one of the 28 states rose from 53.1% to 88.1%. Among the amounts that can be located, however, concentration is persistent. Six destinations—Maharashtra, Gujarat, Karnataka, Delhi, Tamil Nadu and Uttar Pradesh—received 62.0% of state-allocated CSR in FY 2024-25, and Maharashtra alone received 22.0%. Figure 4 shows the state-wise heatmap.

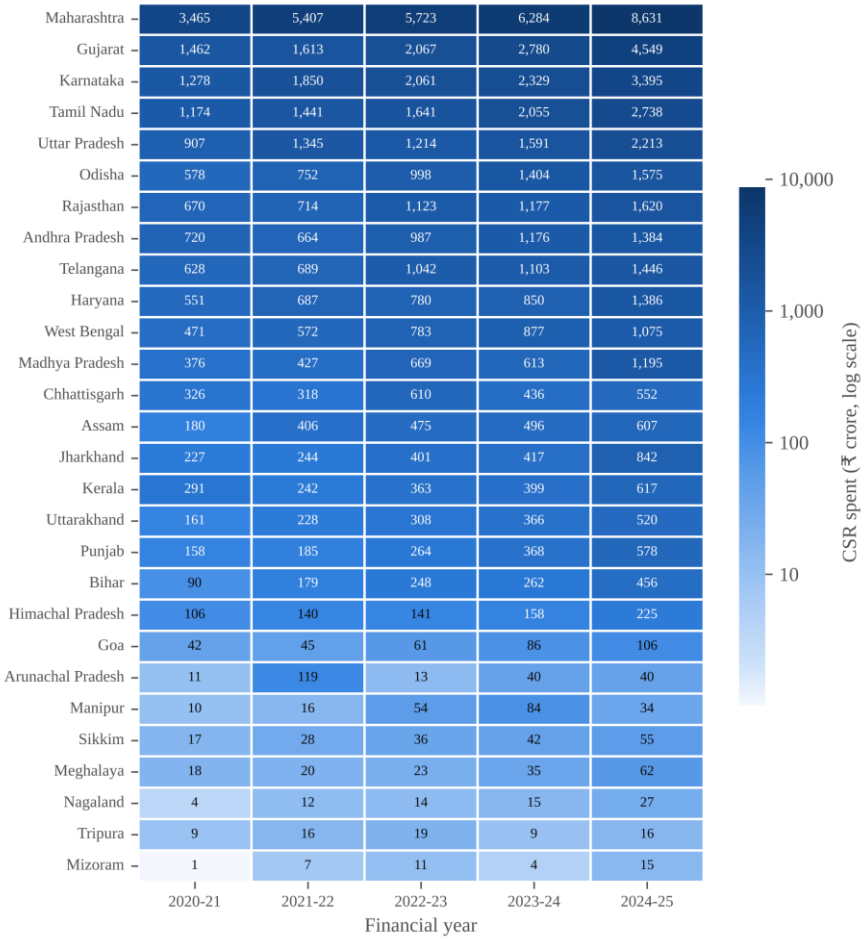


Fig No. 4: Heatmap of CSR spending by state, FY 2020-21 to FY 2024-25 (₹ crore)

Note: *States sorted by five-year total; colour on a log scale. Because the PAN India share fell over time, part of the growth in state amounts reflects better geographic reporting. Source: National CSR Portal, MCA.*

Absolute amounts favour large states, so Figure 5 adjusts for population. The Lorenz curve of five-year CSR lies well below the line of equality, giving a population-weighted Gini coefficient of 0.425. For comparison, the Gini coefficient of GSDP across the same states is 0.279. In other words, CSR is distributed more unequally across Indian citizens than income itself. The annual Gini has hardly changed—0.426 in FY 2020-21 and 0.422 in FY 2024-25—so the growth in total CSR has not been accompanied by a more even spread.

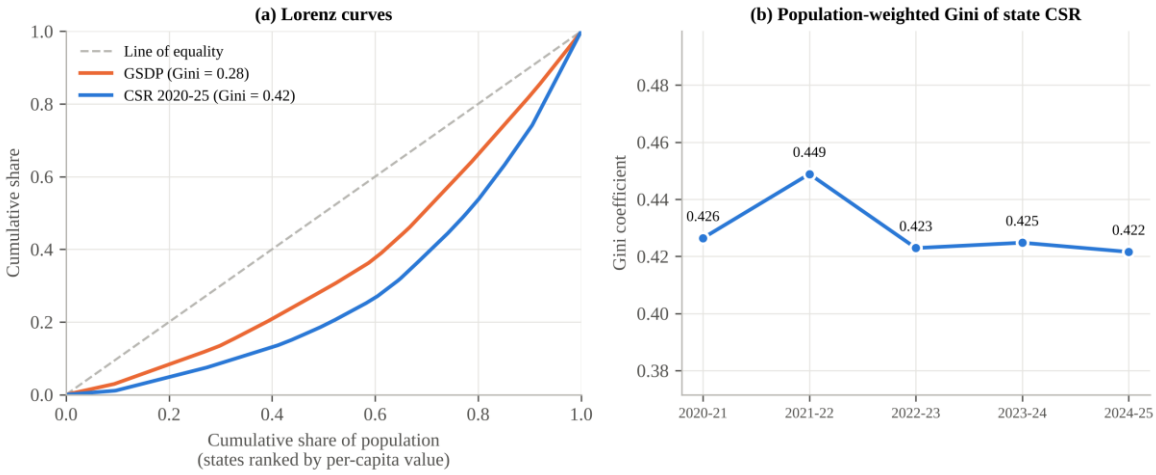


Fig No. 5: Lorenz curves and population-weighted Gini coefficients of state CSR spending

Note: *Population is the implied 2022-23 population (NSDP ÷ per capita NSDP). Source: Computed from National CSR Portal and RBI (2025).*

Table 4 compares the six states with the highest poverty headcount (Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh, Meghalaya and Assam) with six large industrialised states. The high-poverty group holds 39.0% of the population of the 28 states and 64.5% of the multidimensionally poor, but received only 14.0% of state-allocated CSR. The industrialised group, with 30.4% of the population and 14.2% of the poor, received 61.4%. Average annual CSR per person was ₹61.9 in the first group and ₹347.3 in the second—a gap of 5.6 times. At the extremes, Bihar received ₹19.6 per person a year against ₹468.5 in Maharashtra.

Table No 4: Population, poverty and CSR: high-poverty vs industrialised states

Group of states	Share of population (%)	Share of MPI poor (%)	Share of state CSR (%)	CSR per person per year (₹)
High-poverty six: Bihar, Uttar Pradesh, Jharkhand, Madhya Pradesh, Meghalaya, Assam	39.04	64.47	14.02	61.85
Industrialised six: Maharashtra, Gujarat, Karnataka, Tamil Nadu, Telangana, Haryana	30.44	14.18	61.38	347.31
All 28 states	100.00	100.00	100.00	172.27

Note: *Shares are of the 28-state totals; CSR is the five-year state-allocated total (FY 2020-21 to 2024-25); MPI poor = MPI headcount 2019-21 × population. Source: Computed from MCA (2026a), NITI Aayog (2023) and RBI (2025).*

5.4 Does CSR follow need or income?

Table 5 reports descriptive statistics for the 28 states. Average annual CSR per person ranges from ₹19.6 to ₹519.3 (a ratio of 26.5 to 1), and CSR equals only about 0.08% of GSDP on average. Figure 6 plots CSR per person against the MPI headcount. The relationship is clearly negative: states with more poor people receive less CSR per person. Spearman's correlation between ln CSR per person and the MPI headcount is $\rho = -0.48$ ($p = 0.011$), while its correlation with ln NSDP per capita is much stronger, $\rho = 0.73$ ($p < 0.001$).

Table No 5: Descriptive statistics of state-level variables (n = 28)

Variable	Mean	SD	Min	Median	Max
CSR per person per year (₹)	192.18	135.55	19.60	140.36	519.28
CSR as % of GSDP (2022-23)	0.08	0.04	0.03	0.07	0.16
State CSR CAGR 2020-25 (%)	32.56	16.78	14.10	28.07	98.31
NSDP per capita 2022-23 (₹)	2,08,833	1,14,507	54,637	1,95,136	5,32,854
MPI headcount 2019-21 (%)	12.14	8.72	0.55	10.66	33.76
Change in MPI 2015-16 to 2019-21 (pp)	-7.95	5.04	-18.13	-7.14	-0.15
SDG score 2020-21	65.50	6.23	52.00	66.00	75.00
SDG score 2023-24	70.64	5.81	57.00	72.00	79.00

Variable	Mean	SD	Min	Median	Max
Change in SDG score	5.14	1.80	2.00	5.00	8.00

Source: *Computed from MCA (2026a), NITI Aayog (2023, 2024) and RBI (2025).*

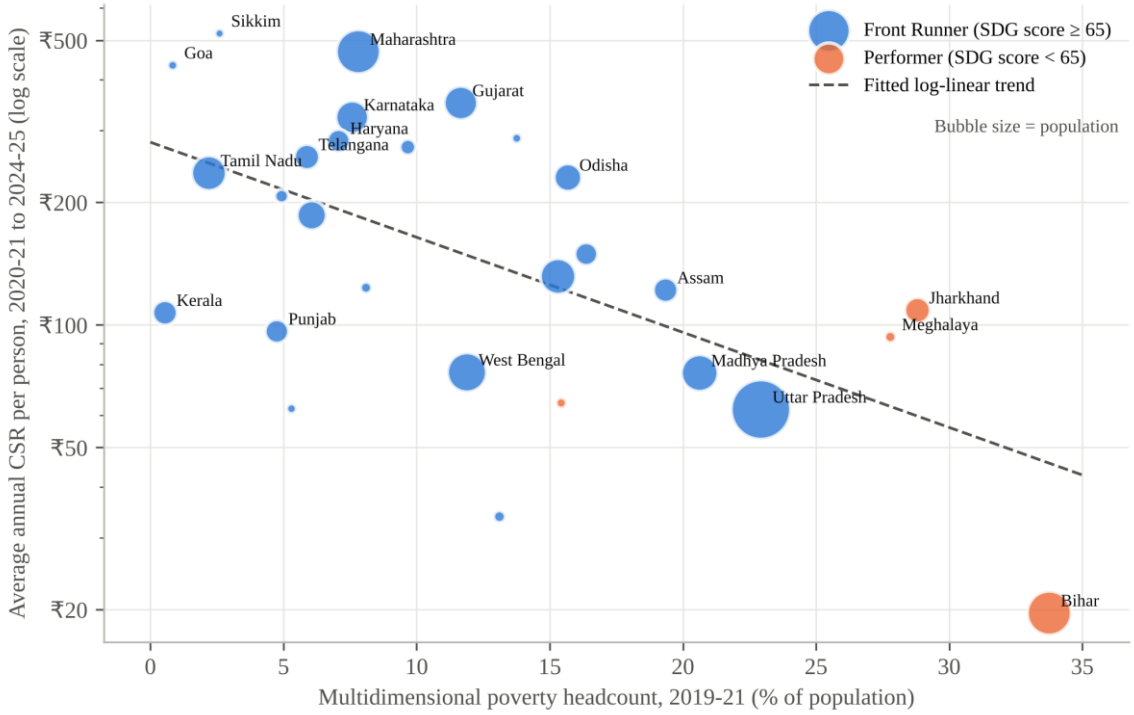


Fig No. 6: Multidimensional poverty and CSR per person across 28 states

Note: *Bubble size is proportional to population; colour shows SDG India Index category in 2023-24. The dashed line is a log-linear fit. Source: Computed from MCA (2026a), NITI Aayog (2023, 2024) and RBI (2025).*

The regression results in Table 6 separate the roles of need and income. In Model 1, a one-percentage-point higher MPI headcount is associated with about 5.2% lower CSR per person (β = -0.054, p = 0.002), and poverty alone explains 33.8% of the variation. Once income is added in Model 2, the poverty coefficient becomes small and insignificant (β = 0.023, p = 0.369), while income is large and highly significant: a 1% higher NSDP per capita is associated with about 1.54% higher CSR per person (p < 0.001). Model 2 explains 63.2% of the variation (adjusted R^2 = 0.603). The negative raw link between poverty and CSR is therefore explained by the fact that poorer states are also lower-income states with fewer large companies. H1 and H2 are supported: CSR follows economic capacity, not need. Model 5 shows that neither poverty nor income explains which states saw faster CSR growth (R^2 = 0.027), so there is no evidence that poorer states are catching up.

Table No 6: OLS regression results (HC3 robust standard errors in parentheses)

Variable	M1: ln CSR per person	M2: ln CSR per person	M3: Δ SDG score	M4: Δ SDG score	M5: CSR CAGR
Constant	5.638***	-13.932**	12.102***	16.424	77.431
	(0.246)	(5.423)	(3.540)	(11.877)	(103.048)
MPI headcount 2019-21	-0.054***	0.023			0.102
	(0.017)	(0.026)			(0.612)
ln NSDP per capita		1.538***		-0.562	-3.804
		(0.420)		(1.654)	(7.715)
ln CSR per person (2020-23)			0.044	0.209	
			(0.463)	(0.756)	

Variable	M1: ln CSR per person	M2: ln CSR per person	M3: Δ SDG score	M4: Δ SDG score	M5: CSR CAGR
SDG score 2020-21			-0.109**	-0.083	
			(0.055)	(0.106)	
N	28	28	28	28	28
R^2	0.338	0.632	0.135	0.139	0.027
Adjusted R^2	0.313	0.603	0.066	0.032	-0.051
F-statistic (p)	9.78 (0.004)	18.84 (0.000)	2.20 (0.132)	1.78 (0.178)	0.99 (0.384)
Max VIF	1.00	3.34	1.52	5.76	3.34
Breusch–Pagan (p)	0.638	0.222	0.208	0.364	0.513
Shapiro–Wilk (p)	0.157	0.628	0.894	0.951	0.000

Note: **** p < 0.01, ** p < 0.05, * p < 0.1. Dependent variables: M1–M2 = ln of average annual CSR per person, FY 2020-21 to 2024-25; M3–M4 = change in SDG India Index score, 2020-21 to 2023-24; M5 = state CSR CAGR, FY 2020-21 to 2024-25. Source: Author's estimation.*

5.5 Is CSR associated with better welfare outcomes?

Figure 7 presents the full Spearman correlation matrix. States with more CSR per person have higher SDG scores in 2023-24 ($\rho = 0.50$, $p = 0.007$), but this simply mirrors income ($\rho = 0.78$ between income and SDG score). What matters for welfare impact is change. The correlation between CSR per person and the improvement in SDG scores between 2020-21 and 2023-24 is negative and insignificant ($\rho = -0.20$, $p = 0.30$). Regression Models 3 and 4 confirm this: the coefficient on ln CSR per person is small and far from significance (M3: $\gamma_1 = 0.044$, $p = 0.925$; M4: $\gamma_1 = 0.209$, $p = 0.782$). The only significant term is the baseline SDG score in M3 ($\gamma_2 = -0.109$, $p = 0.048$), which shows convergence: states that started lower improved faster, largely through public programmes. H3 is not supported at the state level there is no evidence that more CSR per person is associated with faster progress on the SDGs. Figure 8 shows the standardised coefficients with 95% confidence intervals.

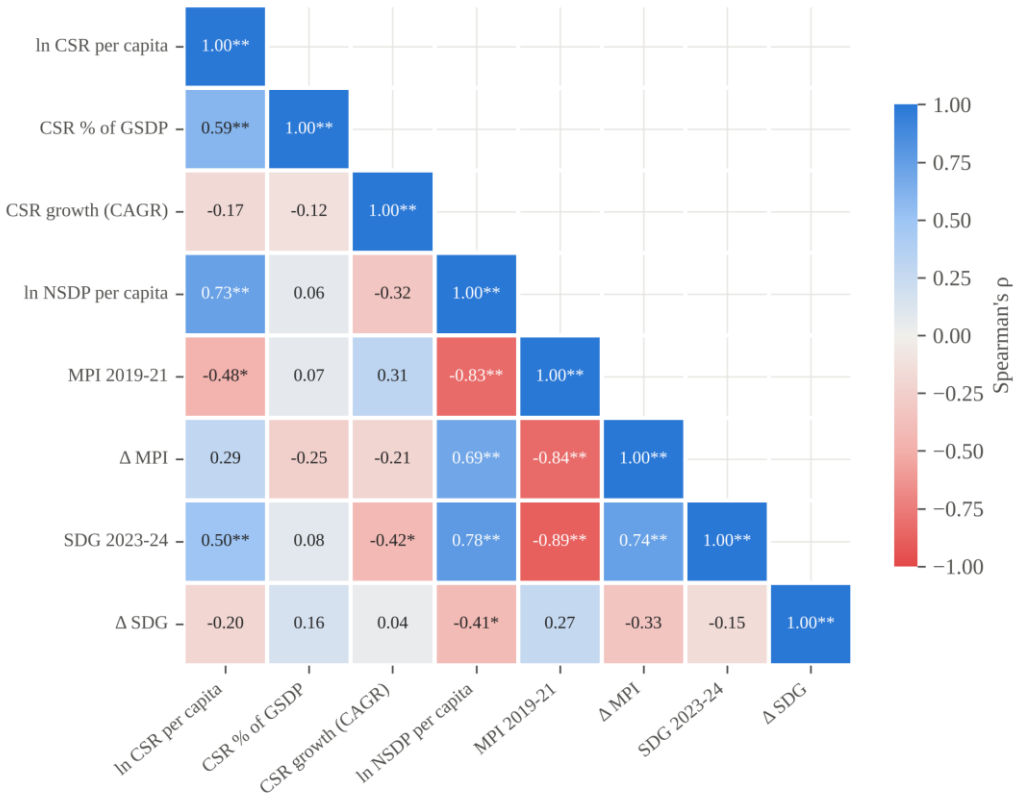


Fig No. 7: Spearman correlation matrix of CSR and welfare indicators (n = 28)

Note: *** p < 0.01, * p < 0.05. Δ MPI is the change in headcount between 2015-16 and 2019-21 (negative = poverty reduction); Δ SDG is the change in SDG score between 2020-21 and 2023-24. Source: Author's*

computation.

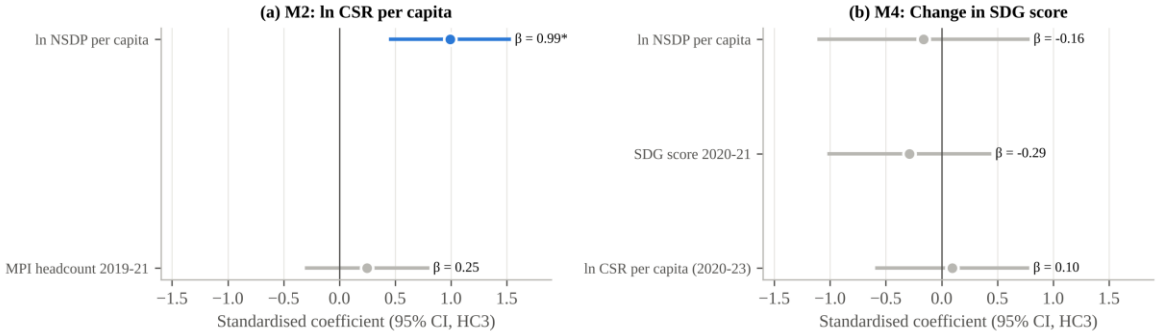


Fig No. 8: Standardised regression coefficients with 95% confidence intervals (HC3)

Note: *Blue markers are significant at 5%; grey markers are not significant. Source: Author's estimation.*

5.6 Diagnostics and robustness

The diagnostic tests in Table 6 support the specifications. VIF values are below 5 in Models 1–3 and 5 and reach 5.76 in Model 4, where income and the baseline SDG score are correlated; this is why Model 4 is presented as a robustness check rather than the main model. The Breusch–Pagan tests do not reject homoskedasticity (all $p > 0.20$), and Shapiro–Wilk tests do not reject normality of residuals in Models 1–4. Residuals in Model 5 are not normal because of a few very high growth rates in small states (for example, Mizoram), so its results are interpreted with caution. When the eight small states (Sikkim, Goa, Mizoram, Arunachal Pradesh, Nagaland, Manipur, Meghalaya and Tripura) are excluded ($n = 20$), the income effect in Model 2 becomes stronger ($\beta = 2.08$, $p < 0.001$; $R^2 = 0.761$), and the poverty coefficient becomes small but positive ($\beta = 0.047$, $p = 0.029$). This suggests that, among large states with similar income, mineral-rich states with large public-sector operations (such as Odisha, Jharkhand and Chhattisgarh) receive somewhat more, consistent with the local-area preference in the law. The CSR coefficient in the SDG model remains insignificant ($p = 0.547$).

Two further facts round out the picture. First, compliance is incomplete: of 26,500 companies required to spend in FY 2022-23, 4,981 (18.8%) reported zero spending and 5,212 (19.7%) spent less than prescribed, although 54.9% spent more than required. Second, spending is also concentrated among companies: the ten largest spenders contributed ₹7,124 crore, or 17.5% of all CSR in FY 2024-25.

6. Discussion

The results show a clear contrast between the volume and the direction of mandatory CSR. In terms of volume, the law has succeeded: CSR grew by more than half in four years, the number of projects rose by more than 80%, and the 2021 rules on unspent funds appear to have reinforced steady growth. In terms of direction, however, CSR behaves more like a by-product of where business is located than a tool for reaching the poor. Income alone explains most of the variation in CSR per person, poverty has no independent effect, and CSR is spread less evenly than income. These findings are consistent with legitimacy theory (Suchman, 1995) and with the shared-value logic (Porter & Kramer, 2011): firms invest in communities around their operations, where their stakeholders and their licence to operate are located. The local-area preference in Section 135(5) legitimises this behaviour, and the result is that states with the most industry receive the most CSR.

The lack of association between CSR and SDG improvement should be read carefully. It does not mean that individual CSR projects have no impact; many evaluations show positive local results. It means that, at the level of states, CSR is too small and too unevenly targeted to show up in aggregate welfare. Average CSR equals less than one-tenth of one per cent of GSDP, and the poorest states Bihar, Uttar Pradesh and Jharkhand where SDG progress depends most on additional resources, receive the

least per person. The convergence in SDG scores observed in the data is better explained by public programmes than by CSR. The findings therefore support the view of earlier studies that mandatory CSR raised spending without solving problems of targeting and impact measurement (Bergman et al., 2019; Mukherjee et al., 2018), and they extend the district-level evidence on aspirational districts (India Data Insights, 2023) to the state level using population-weighted measures.

The sectoral shift also deserves attention. The rapid rise of education and livelihood, environment and sports reflects a move from emergency giving during the pandemic to long-term causes. Yet rural development and slum development areas that most directly target poor communities have grown slowly. A portfolio dominated by education and health can benefit poor households, but only if the projects are located where those households live. The spatial and sectoral results together suggest that the main challenge for Indian CSR in its second decade is not raising more money but putting it in the right places.

7. Implications

For policy makers. The Ministry of Corporate Affairs could consider need-weighted incentives, for example allowing CSR spent in aspirational districts or high-MPI states to count at a higher weight towards the 2% obligation, or relaxing the local-area preference for companies that spend in high-poverty regions. Pooled state-level CSR funds with transparent governance could help companies without local operations invest in poorer states.

For companies and boards. CSR committees can use public indicators such as the MPI and the SDG India Index when choosing project locations, and can report project-level outcomes rather than only amounts spent. Partnering with implementation agencies in under-served states can extend the reach of CSR beyond the company's immediate neighbourhood.

For communities and state governments. States with low CSR inflows can actively attract CSR by publishing shelves of ready-to-fund projects, aligning them with Schedule VII categories and offering convergence with government schemes.

For data and reporting. The fall in the PAN India share shows that better geographic reporting is possible. District-level and outcome-level reporting on the National CSR Portal would allow far stronger evaluation of CSR's contribution to community welfare.

8. Limitations and Scope for Further Research

The study has limitations. First, the state-level analysis is cross-sectional with 28 observations, so the regressions identify associations, not causal effects. Second, CSR reported as PAN India could not be assigned to states; its decline over time means that part of the growth in state amounts reflects better reporting. Third, the welfare measures are composite indicators published at intervals and may not capture the specific outcomes targeted by CSR projects. Fourth, population is derived from official income tables and may differ slightly from census projections. Future research could use district-level CSR data with district poverty indicators, longer panels as more years become available, project-level outcome data, and quasi-experimental methods to estimate the causal impact of CSR on community welfare.

9. Conclusion

A decade after India made CSR mandatory, the movement "from profit to purpose" is real in scale but incomplete in reach. Between FY 2020-21 and FY 2024-25, CSR spending grew at 11.7% a year to ₹40,794 crore, and its focus moved towards education, environment and livelihood. But the money remains concentrated in the most industrialised states: the distribution of CSR per person is more unequal than the distribution of income, high-poverty states that hold almost two-thirds of India's poor receive about one-seventh of state-allocated CSR, and state income not poverty explains where CSR goes. At the state level, CSR is not associated with faster progress on the SDGs. For mandatory CSR to become a genuine instrument of community welfare, the next phase of policy and corporate practice must focus on where and how CSR is spent,

not only on how much.

Declarations

Funding: The author received no specific funding for this work.

Conflict of interest: The author declares no conflict of interest.

Data availability: All data are publicly available from the National CSR Portal (www.csr.gov.in), NITI Aayog and the Reserve Bank of India; the compiled dataset is available from the author on request.

References

[1] Alkire, S., & Foster, J. (2011). Counting and multidimensional poverty measurement. *Journal of Public Economics, 95*(7–8), 476–487. https://doi.org/10.1016/j.jpubeco.2010.11.006

[2] Bansal, S., Khanna, M., & Sydlowski, J. (2021). Incentives for corporate social responsibility in India: Mandate, peer pressure and crowding-out effects. *Journal of Environmental Economics and Management, 105*, Article 102382. https://doi.org/10.1016/j.jeem.2020.102382

[3] Bergman, M. M., Bergman, Z., Teschemacher, Y., Arora, B., Jyoti, D., & Sengupta, R. (2019). Corporate responsibility in India: Academic perspectives on the Companies Act 2013. *Sustainability, 11*(21), Article 5939. https://doi.org/10.3390/su11215939

[4] Breusch, T. S., & Pagan, A. R. (1979). A simple test for heteroscedasticity and random coefficient variation. *Econometrica, 47*(5), 1287–1294. https://doi.org/10.2307/1911963

[5] Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business Horizons, 34*(4), 39–48. https://doi.org/10.1016/0007-6813(91)90005-G

[6] Carroll, A. B., & Shabana, K. M. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews, 12*(1), 85–105. https://doi.org/10.1111/j.1468-2370.2009.00275.x

[7] Dharmapala, D., & Khanna, V. (2018). The impact of mandated corporate social responsibility: Evidence from India's Companies Act of 2013. *International Review of Law and Economics, 56*, 92–104. https://doi.org/10.1016/j.irle.2018.09.001

[8] Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.

[9] Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *The New York Times Magazine*, 32–33, 122–126.

[10] Gatti, L., Vishwanath, B., Seele, P., & Cottier, B. (2019). Are we moving beyond voluntary CSR? Exploring theoretical and managerial implications of mandatory CSR resulting from the new Indian Companies Act. *Journal of Business Ethics, 160*(4), 961–972. https://doi.org/10.1007/s10551-018-3783-8

[11] India Data Insights. (2023, December 12). *Aspirational districts receive only 2% share of CSR funds*. Sattva. https://indiadatainsights.com/aspirational-districts-receive-only-2-share-of-csr-funds/

[12] Jamali, D., & Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. *Journal of Business Ethics, 72*(3), 243–262. https://doi.org/10.1007/s10551-006-9168-4

[13] Long, J. S., & Ervin, L. H. (2000). Using heteroscedasticity consistent standard errors in the linear regression model. *The American Statistician, 54*(3), 217–224. https://doi.org/10.1080/00031305.2000.10474549

[14] Lorenz, M. O. (1905). Methods of measuring the concentration of wealth. *Publications of the American Statistical Association, 9*(70), 209–219. https://doi.org/10.2307/2276207

[15] Manchiraju, H., & Rajgopal, S. (2017). Does

corporate social responsibility (CSR) create shareholder value? Evidence from the Indian Companies Act 2013. *Journal of Accounting Research, 55*(5), 1257–1300. https://doi.org/10.1111/1475-679X.12174

[16] Ministry of Corporate Affairs. (2014). *Companies (Corporate Social Responsibility Policy) Rules, 2014*. Government of India.

[17] Ministry of Corporate Affairs. (2021). *Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021* (G.S.R. 40(E), 22 January 2021). Government of India.

[18] Ministry of Corporate Affairs. (2026a). *National CSR Portal: CSR expenditure summary, FY 2020-21 to FY 2024-25* [Data set]. Government of India. Retrieved October 4, 2026, from https://www.csr.gov.in

[19] Ministry of Corporate Affairs. (2026b, February 10). *Annual filings by companies on development CSR expenditure totals over ₹1,44,159 crore in last five FYs (2019-20 to 2023-24)* [Press release]. Press Information Bureau, Government of India.

[20] Mukherjee, A., Bird, R., & Duppati, G. (2018). Mandatory corporate social responsibility: The Indian experience. *Journal of Contemporary Accounting & Economics, 14*(3), 254–265. https://doi.org/10.1016/j.jcae.2018.06.002

[21] NITI Aayog. (2023). *National multidimensional poverty index: A progress review 2023*. Government of India.

[22] NITI Aayog. (2024). *SDG India Index 2023-24* [Report and dashboard]. Government of India. https://sdgindiaindex.niti.gov.in

[23] Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review, 89*(1–2), 62–77.

[24] Reserve Bank of India. (2025). *Handbook of statistics on Indian states 2024-25*. Reserve Bank of India.

[25] Shapiro, S. S., & Wilk, M. B. (1965). An analysis of variance test for normality (complete samples). *Biometrika, 52*(3–4), 591–611. https://doi.org/10.1093/biomet/52.3-4.591

[26] Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review, 20*(3), 571–610. https://doi.org/10.5465/amr.1995.9508080331

[27] Visser, W. (2008). Corporate social responsibility in developing countries. In A. Crane, A. McWilliams, D. Matten, J. Moon, & D. S. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 473–479). Oxford University Press.

[28] White, H. (1980). A heteroskedasticity-consistent covariance matrix estimator and a direct test for heteroskedasticity. *Econometrica, 48*(4), 817–838. https://doi.org/10.2307/1912934

Appendix A. State-level dataset

Table No A1: CSR, income, poverty and SDG scores by state (sorted by CSR per person)

State	Population (crore)	CSR 2020-25 (₹ cr)	CSR per person per year (₹)	NSDP per capita (₹)	MPI 2019-21 (%)	SDG 2020-21	SDG 2023-24
Sikkim	0.07	178.11	519.28	5,20,466	2.60	71	76
Maharashtra	12.60	29,510.27	468.49	2,52,289	7.81	70	73
Goa	0.16	340.70	433.74	5,32,854	0.84	72	77
Gujarat	7.12	12,470.71	350.55	2,72,451	11.66	69	74
Karnataka	6.75	10,913.00	323.28	3,10,325	7.58	72	75
Arunachal Pradesh	0.16	223.25	287.14	2,04,469	13.76	60	65
Haryana	3.01	4,253.97	283.05	2,89,213	7.07	67	72
Uttarakhand	1.16	1,582.42	273.14	2,19,850	9.67	72	79
Telangana	3.80	4,907.42	258.29	3,12,046	5.88	69	74
Tamil Nadu	7.68	9,050.13	235.79	2,75,272	2.20	74	78
Odisha	4.62	5,307.82	230.00	1,34,612	15.68	61	66
Himachal Pradesh	0.75	771.58	207.05	2,14,952	4.93	74	77
Andhra Pradesh	5.31	4,930.04	185.76	2,19,917	6.06	72	74

State	Population (crore)	CSR 2020-25 (₹ cr)	CSR per person per year (₹)	NSDP per capita (₹)	MPI 2019-21 (%)	SDG 2020-21	SDG 2023-24
Chhattisgarh	3.00	2,241.00	149.22	1,34,996	16.37	61	67
Rajasthan	8.07	5,303.90	131.51	1,50,020	15.31	60	67
Manipur	0.32	197.90	123.34	1,07,133	8.10	64	72
Assam	3.56	2,164.40	121.69	1,21,573	19.35	57	65
Jharkhand	3.93	2,131.20	108.57	95,839	28.81	56	62
Kerala	3.57	1,911.63	107.05	2,57,307	0.55	75	79
Punjab	3.23	1,554.05	96.36	1,85,802	4.75	68	76
Meghalaya	0.34	157.03	93.36	1,24,673	27.79	60	63
West Bengal	9.89	3,779.23	76.44	1,37,909	11.89	62	70
Madhya Pradesh	8.62	3,280.42	76.16	1,27,947	20.63	62	67
Nagaland	0.22	71.79	64.30	1,38,889	15.43	61	63
Mizoram	0.12	38.37	62.24	2,13,665	5.30	68	72
Uttar Pradesh	23.47	7,269.45	61.95	84,640	22.93	60	67
Tripura	0.41	69.79	33.82	1,53,584	13.11	65	71
Bihar	12.60	1,234.54	19.60	54,637	33.76	52	57

Source: *Compiled from MCA (2026a), NITI Aayog (2023, 2024) and RBI (2025).*