Strategic Altruism: A Comprehensive Analysis of CSR Practices of India's Leading Companies

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Abstract. Globally, Corporate Social Responsibility (CSR) has become more popular as an essential component of business strategy and a means of addressing societal and environmental challenges. In India, the CSR landscape has grown significantly after the enactment of the CSR law in 2013, with companies launching a wide range of CSR projects. This paper presents a thorough analysis of the top ten leading CSR spending companies in India encompassing various industries such as manufacturing, information technology, mining, finance and energy. These companies were identified based on their disclosed CSR spending. The research involved integrating qualitative assessment of CSR projects and quantitative analysis of financial data through secondary research. The quantitative analysis focused on evaluating the financial commitment of each company to CSR activities. The qualitative assessment examined the sectors and geographies targeted by these companies, providing insights into their strategic CSR priorities. The findings not only provide an overview of CSR spending in India today, but they also lay the groundwork for further studies into the evolving dynamics of corporate responsibility in India. The paper contributes valuable insights for businesses, policymakers and academics seeking a deeper understanding of CSR practices in the Indian context.

Keywords: Corporate Social Responsibility (CSR), CSR Spending, CSR Projects, Business Strategy, India.

1 Introduction

CSR has always been firmly established in various Indian companies, mainly voluntarily, for over a century. India is the first country in the world to make CSR mandatory for companies that meet specific conditions under the Companies Act of 2013. Companies that meet specific conditions are obligated to spend a specified percentage of their profits on CSR projects. Failure to follow these regulations may result in penalties and other legal consequences. Countries in the middle, such as France, Denmark, and South Africa, have taken a different strategy, making CSR

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participation optional while forcing companies to report on the amount spent on CSR projects. For example, France mandates that publicly traded companies report on sustainability measures such as environmental effects, social responsibility, and governance standards. Similarly, the European Union requires non-financial disclosures, including CSR information, in annual reports (Knudsen, Moon and Slager, 2015).

Beginning April 1, 2014, companies in India coming under the preview of the Company Act of 2013, must spend at least 2% of their average profit-after-tax over the last three years on CSR projects. This regulatory mandate aims to institutionalize responsible business practices and encourage companies to make positive contributions to society's well-being (Guha and Roychowdhury, 2020). The new amendment to the Companies Act, which was notified on July 31, 2019, imposes severe penalties on companies that fail to invest 2% or transfer the required capital. As a result, CSR in India has been taken to extremes, departing significantly from the concept of voluntarism as understood elsewhere. The mandate has increased Indian corporations' CSR spending (MCA, 2020). The implementation of CSR regulation has altered company conduct, focusing on compliance rates and disclosure. A government assessment found that CSR compliance has climbed as a percentage of total mandatory expenditures (Guha and Roychowdhury, 2020).

Multiple research investigations have been conducted to understand the factors that encourage private and public companies to contribute to CSR. Compliance with the Companies Act of 2013 was ranked as the most important factor driving companies to contribute to CSR, followed by community pressures, increased awareness, commercial pressures and reputation (Jothi, 2016). For certain companies, simply adhering to the compulsion of the law is a compelling motivation to engage in CSR activities (Dixit, Verma, Priya, 2022).

The present paper examines the various initiatives taken by the top 10 CSR spenders in India. It specifically looks at the geographical outreach, sectoral spending and the implementation modalities adopted by these companies.

2 Conceptualizing CSR

Howard R. Bowen's seminal work, "Social Responsibility of the Businessman" (Rotman Bowen, 1953), is regarded as the first study on CSR within the business world. Since its publication, experts from several disciplines, including social sciences, humanities, and business studies, have investigated this multidimensional topic from a variety of perspectives including its implications, motivations, and effects on society, the environment, and business practices.

Archie Carroll (1991) defined CSR as a company's economic, legal, ethical, and philanthropic obligations. Furthermore, these obligations should be portrayed as a pyramid, highlighting that each of these four dimensions should be present in varied degrees throughout the business's operations and relationships with stakeholders. In a landmark study, Alexander Dahlsrud (2008) conducted a content analysis of published CSR definitions from 1980 to 2003 and discovered that stakeholder, social, economic, voluntary, and environmental are the most common features of the definitions.

For this study, CSR initiatives of Indian companies are defined as actions made by Indian companies that are coming under the purview of the Indian Companies Act, 2013 and engaged in any of the activities listed in Schedule VII of the Act.

3 Growth of CSR in India

The year 2014-2015 marks the commencement of mandatory CSR legislation in India. Since the adoption of Section 135 of the Corporations Act of 2013, there has been a significant rise in companies' absolute growth and growth rate of CSR expenditure between 2014-2015 and 2017-18. This increase in CSR spending indicates companies' increased realization of their social responsibility and the importance of contributing to the well-being of society. The national CSR data portal managed by the Ministry of Corporate Affairs (MOCA), Government of India, confirms this trend, showing a significant increase in total CSR expenditure by Indian companies from Rs. 17,098 crore in 2017-18 to Rs. 25,933 crore in 2021-22 (table 1).

Table 1: CSR expenditure trend for five years

Year	Total CSR Expenditure (INR.Cr)	Number of Projects
2017-18	17098.57	26585
2018-19	20217.65	32071
2019-20	24965.82	35290
2020-21	26210.95	39324
2021-22	25932.79	42440

Furthermore, the data shows a significant growth in the number of CSR projects implemented, which rose from 26,585 to 42,440 within the same period (MCA, 2024). This data reflects Indian companies increased commitment to CSR. The growing trend in CSR expenditure and efforts indicates positive change toward more sustainable and responsible business practices.

4 Methodology

This study looked at the top ten CSR spending companies registered with the Ministry of Corporate Affairs, Government of India. These companies are Reliance Industries Limited, Tata Consultancy Services Limited, HDFC Bank Limited, Oil And Natural Gas Corporation Limited, Indian Oil Corporation Limited, Infosys Limited, ITC Limited, NTPC Limited, Tata Sons Private Limited and Mahanadi Coal Fields Limited. The study encompasses years, from fiscal year 2017-18 to 2021-22. The companies under evaluation were identified and chosen based on their CSR spending within this time frame. The data was acquired from the Ministry of Corporate Affairs' national CSR website and the company's CSR reports. The study also gathered information from annual reports, CSR declarations, and other relevant research papers. Quantitative and qualitative tools were utilized to investigate spending trends, outreach, and implementation strategies.

5 CSR Spending Company-wise Analysis

The top ten CSR spending companies (table 2) contributed to almost 18 % of the total CSR expenditure in India over 5 years.

Table 2: Top CSR spending companies

S. no	Name of Company	Total money spent over 5 Financial years (2017-18 to 2021-22) in INR Crore
1	Reliance Industries Limited	4237.4
2	Tata Consultancy Services Limited	2829.92
3	HDFC Bank Limited	2711.05
4	Oil And Natural Gas Corporation Limited	2618.63
5	Indian Oil Corporation Limited	2046.77
6	Infosys Limited	1720.87
7	ITC Limited	1593.23
8	NTPC Limited	1302.58
9	Tata Sons Private Limited	1094.66
10	Mahanadi Coalfields Limited	601.85

6 Outreach Analysis

The findings show that state-specific CSR investment is concentrated in a few states, specifically Maharashtra, Gujarat, Andhra Pradesh, Karnataka, and Tamil Nadu, showing a geographical bias and the need to diversify the allocation across states (table 3). Furthermore, the data reveals that about 67% of expenditure is dedicated to local area development.

Table 3: Distribution of CSR projects across different regions

Sl. No	Name of Company	Total money spent over 5 Financial years (2017-18 to 2021-22)	Local Area Spent in INR Crore	% of local area spent	Geographical Region
1	Reliance Industries Limited	4237.4	1035.44	24.43	Andhra Pradesh, Goa, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Uttarakhand, Pan India (other central funds)
2	Tata Consultancy Services Limited	2829.92	2789.87	98.58	Pan India
3	HDFC Bank Limited	2711.05	2146.08	79.16	Pan India
4	Oil And Natural Gas Corporation Limited	2618.63	1192.91	45.55	Assam, Maharashtra, Himachal Pradesh, Andhra Pradesh, Haryana, Delhi, Gujarat, Kerala, Odisha, Pan India (Other Centralized Funds), Tripura, Uttar Pradesh, West Bengal
5	Indian Oil Corporation Limited	2046.77	1566.43	76.53	Assam, Bihar, Haryana, Madhya Pradesh, Odisha, Pan India (Other Centralized Funds), Rajasthan, Uttar Pradesh, West Bengal
6	Infosys Limited	1720.87	1385.95	86.53	Andhra Pradesh, Arunachal Pradesh, Chandigarh, Delhi, Haryana, Karnataka, Maharashtra, Odisha, Pan India, Tamil Nadu, Uttar Pradesh

7	ITC Limited	1593.23	1371.1	86.05	Andhra Pradesh, Bihar, West Bengal
8	NTPC Limited	1302.58	1094.66	84.03	Maharashtra, Kerela, Andhra Pradesh, Himachal Pradesh, Bihar, Madhya Pradesh, Mizoram, Odisha, Pan India, Pan India (Other Centralized Funds), Uttar Pradesh
9	Tata Sons Private Limited	1094.66	1017.13	92.91	Gujarat, Maharashtra, Pan India
10	Mahanadi Coal Fields Limited	601.85	434.68	76.22	Odisha

Sector-wise Spending:
As per the Indian Companies Act, 2013, companies have the flexibility to select from the diverse range of CSR initiatives listed in Schedule VII of the Companies Act, 2013. However, the expenditure of CSR funds is limited to a few sectors of development. The key sectors under which fund utilization is evaluated include rural development, education, health care services, water & sanitation and the environment sector.

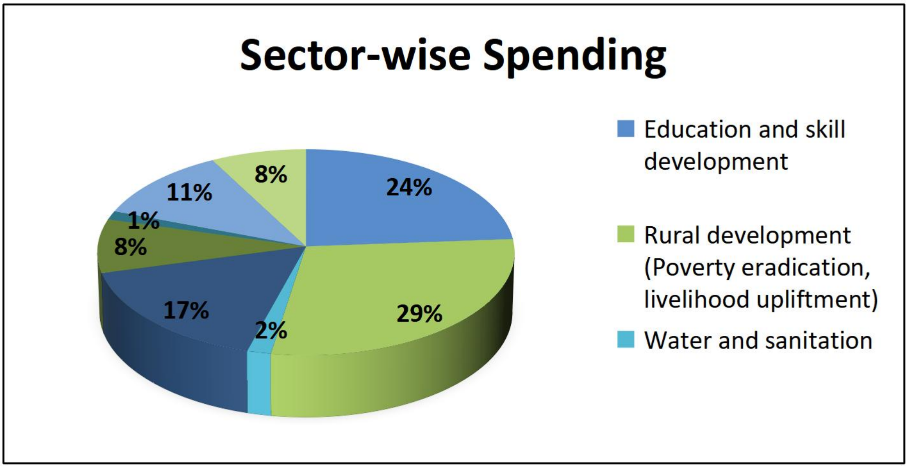

Figure 1: Sectoral analysis of five years

As seen in Figure 1, the companies spent the majority of their CSR funds on the heads of rural development/poverty eradication (28%), followed by education/skill development (23%), and healthcare services (16%). Surprisingly, just 8% of the contribution went towards environmental sustainability. Figure 2 also shows that in the last five years, except for the year 2021-22, there has been a decline in the amount spent on the environment.

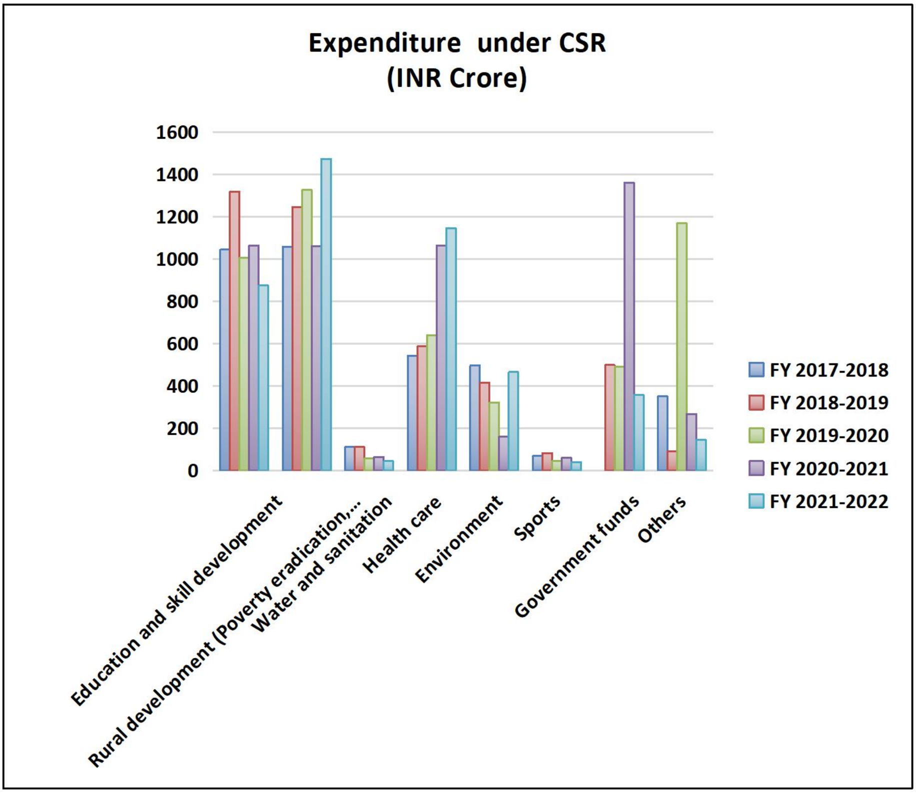

Figure 2: Sectoral spending over the years

Spending Pattern:

A large number of these top ten companies have spent more than is required. It indicates how companies are increasingly focusing on having an increased societal impact rather than merely complying with legal requirements. This trend of companies exceeding mandatory CSR spending in India represents a paradigm shift in the role and perception of CSR. It represents a growing recognition that companies are capable of playing a critical role in addressing societal concerns, moving beyond regulatory compliance to drive positive, sustainable change. Implications include a better image of the company, a competitive advantage, and an opportunity for reforming regulations to promote ethical business practices.

Implementation Modalities:

Different companies adopt various channels, depending on the nature of the CSR projects, the size of the CSR initiative, the geographic area, and the company's strategic objectives and goals. Some companies prefer to be directly involved in CSR initiatives, managing and executing programs without relying on external partners. Many companies work with non-governmental organizations (NGOs) to carry out their CSR initiatives. Some organizations use a collaborative partnership model, in which they work with a variety of stakeholders, including other companies, government agencies, and local communities.

While there is significant goodwill between the Company and the third-party agency to do more with the financial resources available through the CSR budget, CSR outsourcing carries numerous risks and performance issues. More precisely, the risks include inadequately stated and misaligned CSR projects, which are exacerbated by pressure from companies to meet yearly CSR spending targets (Subramaniam, Kansal, Mihret, and Babu, 2019).

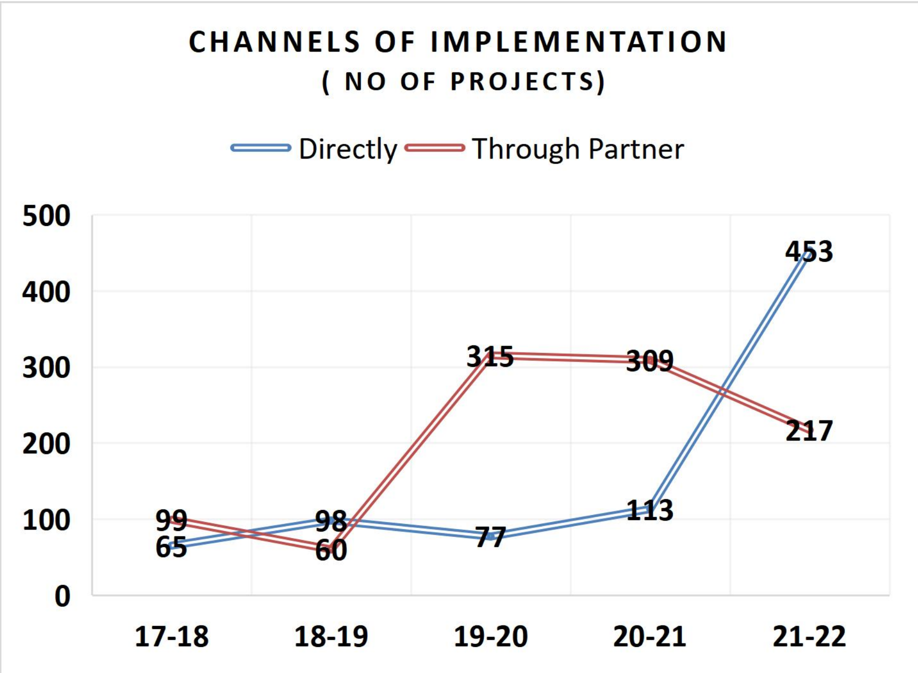

Figure 3: Implementation channels over the years

The number of projects implemented directly and through partners is shown in Figure 3. Over five years, the top ten CSR companies implemented 54% of their CSR projects through implementation partners, with a strong reliance on non-governmental organizations (NGOs). The strategic use of implementation partners is an established approach in the CSR landscape, allowing companies to benefit from NGOs' specialized experience, local knowledge, and community networks. The analysis also sheds insight on specific companies' practices, with HDFC Bank (90%) and Infosys

Limited (84%) standing out for outsourcing the majority of their CSR projects to implementation partners.

However, a slight change in this trend has been observed in recent years. Over the previous two years, there has been a noticeable shift in the approach of these top ten companies, with a significant increase in the number of projects implemented directly by the companies themselves (table 4). The shift could be attributed to several factors, including a desire for tighter direct control over project implementation, a focus on aligning CSR activities with core company objectives, or the development of in-house capabilities for overseeing and managing CSR projects. It also indicates the companies are willing to commit funds and develop internal capabilities for CSR projects. This could lead to greater resource efficiency and a more simplified approach to project execution. If the vast majority of companies continue to choose direct implementation, NGOs may need to change their approach to remain relevant and discover new ways to partner with companies.

Table 4: Number of projects implemented through different channels

Company Name	Direct					Partner				
	17-18	18-19	19-20	20-21	21-22	17-18	18-19	19-20	20-21	21-22
Reliance Industries Limited	4	15	6	14	8	25	8	14	6	15
Oil And Natural Gas Corporation Limited	6	10	0	15	0	23	14	32	10	0
Tata Consultancy Services Limited	2	2	10	10	24	4	20	15	15	10
HDFC Bank Limited	2	6	12	13	12	4	3	188	188	6
Indian Oil Corporation Limited	28	33	13	34	375	14	0	14	11	112
Infosys Limited	5	11	0	3	6	23	8	37	35	32
ITC Limited	1	0	11	11	15	6	6	12	12	18
Mahanadi Coalfields Limited	7	14	9	1	1	0	0	0	0	0

NTPC Limited	10	7	15	12	12	0	0	1	15	17
Tata Sons Private Limited	0	0	1	0	0	0	1	2	17	7

7 Conclusion

While the first response to the 2013 regulation was mostly focused on compliance, the CSR landscape has transformed in the years since. The findings demonstrate that state-specific CSR investment is concentrated in a few states that have received a sizable share of the CSR funds. Certain states may have a higher concentration of CSR investment due to having large industries, economic hubs, and corporate headquarters. However, this pattern underlines the importance of implementing a more equitable and geographically diverse strategy for CSR allocating resources. Furthermore, the data show that around 67% of expenditure is directed toward local area development. Investing in local areas where companies operate is laudable. This localized emphasis may improve the relationship between companies and the communities they serve. Companies that prioritize local development may unintentionally contribute to uneven growth, leaving underdeveloped regions with restricted access to resources and opportunities. To solve this, companies might form strategic partnerships with local governments, non-profit groups, and community stakeholders to identify and prioritize the unique requirements of each location. Additionally, diversifying CSR programs across states and regions might help to create a more comprehensive and inclusive national development strategy. In conclusion, while the current emphasis on local area development is beneficial, the data highlight the necessity of resolving regional disparities in CSR spending.

The increasing number of instances of direct implementation in the last two years shows that companies are taking a more hands-on approach to CSR. This also reflects a shift in the recognition of CSR as a strategic investment rather than a compliance-driven activity. Furthermore, this could suggest a rising realization among companies where direct involvement provides better control, responsibility, and alignment with their company goals.

Companies that take a proactive strategy to exceed their CSR spending may influence government and regulatory organizations. It might encourage discussions concerning future changes to CSR legislation, such as providing more flexibility or incentives for companies that demonstrate a commitment to exceeding the minimum legal requirements.

The present allocation of CSR funds to certain sectors indicates a strong emphasis on rural development, education, and healthcare. However, the comparatively low emphasis on environmental sustainability suggests a need for a more balanced and comprehensive approach to CSR. The implications include a possible shift in priorities, regulatory changes and the need for increased environmental knowledge and advocacy in the future of CSR practices in India. Regulatory bodies may consider actions to encourage companies to commit a greater proportion of their CSR funds to environmental sustainability.

This study is an initial attempt to assess the trends of CSR contributions made by the Indian corporate sector. It takes into account a sample size of the top 10 Indian companies. The trend of collective contribution of the entire Indian corporate sector could vary. To assess the aggregate CSR impact of the Indian corporate sector, further research could be conducted by including all the companies that fall within the purview of the CSR Law in India.

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