

An Analytical study of Corporate Social Responsibility in India: To Comparative of Public vs. Private Sector Companies

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Abstract

This paper examines how Corporate Social Responsibility (CSR) is implemented by public sector undertakings (PSUs) and private companies in India, and how these implementations affect local community development. Using a mixed-methods literature review and a proposed empirical framework, the study situates India's legally mandated CSR (Section 135, Companies Act 2013) within recent regulatory shifts — including SEBI's Business Responsibility and Sustainability Reporting (BRSR) — and synthesizes evidence on differing approaches, spending patterns, and social outcomes across sectors. We propose a multi-stage comparative research design combining secondary data analysis of CSR spending and BRSR disclosures with field case studies and stakeholder interviews to evaluate effectiveness, strategic orientation, and community impact. Findings are expected to clarify sectoral strengths and gaps and to offer policy recommendations for aligning CSR with Sustainable Development Goals (SDGs). Corporate Social Responsibility (CSR) is important aspect of organizational strategy, demonstrating a firm's dedication to ethical conduct, societal welfare, and sustainable environmental practices. This research explores and examines the CSR activities, such as education, research and development, environmental sustainability, rural and slum area development, empowerment of women, eradicating hunger, gender equity, health care, etc., conducted by the corporate businesses in India and the benefits it offers to both businesses and society. This study relies on secondary data sources and covers a pan-India scope.

Key Word: Corporate Social Responsibility, Environmental Sustainability, Business Ethics, Sustainable Development.

Introduction

Corporate Social Responsibility (CSR) in India moved from voluntary corporate philanthropy to statutory obligation with Section 135 of the Companies Act, 2013, which requires eligible companies to spend at least 2% of their average net profits of the preceding

Three years on prescribed CSR activities. This legal framework, combined with evolving market regulation such as the Securities and Exchange Board of India's (SEBI) Business Responsibility and Sustainability Reporting (BRSR), has reshaped corporate incentives and disclosure practices. Understanding how PSUs and private firms respond to these obligations — and whether their activities translate into measurable community development — is important for policymakers, civil society, and scholars of business-society relations.

Research suggests differences in strategic orientation: private firms often frame CSR as strategic, reputation-enhancing and linked to long-term competitiveness, while PSUs may follow mandate-driven or welfare-oriented patterns shaped by government priorities. This paper synthesizes recent evidence and outlines an empirical study to compare CSR inputs, implementation mechanisms, stakeholder engagement, and social outcomes across sectors.

Literature review:-

- I. Concept and Evolution of CSR In India, CSR has transitioned from being a voluntary philanthropic initiative to a mandated compliance obligation. Carroll's (1991) CSR pyramid outlines four dimensions—such as ethical, legal, economic and philanthropic responsibilities. Within the Indian context, Kumar (2020) observed that although CSR has its roots in traditional corporate philanthropy, recent regulatory measures have significantly redefined its framework.
- II. Legal Framework of CSR in India With the enactment of 2013, Companies Act, India became the first nation to mandate corporate expenditure on social initiatives (Mitra & Schmidpeter, 2017). The legislation requires companies should allocate a minimum of 2% of their average net profits to CSR activities (Government of India, 2013). Nonetheless,

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scholars contend that a compliance-oriented approach to CSR may not necessarily translate into sustainable or long-term social impact (Sharma & Bansal, 2019)

- III. Legal and Regulatory Context in India:-** Section 135 of the Companies Act (2013) institutionalized CSR for qualifying companies, specifying governance requirements and the 2% spending rule. The legal mandate fundamentally altered the CSR landscape by creating predictable funding streams for social programs but also raised questions about spend effectiveness and strategic use. SEBI's BRSR (phased rollout since FY 2022–23) and subsequent BRSR Core assurance requirements aim to align non-financial disclosures with international standards and increase transparency in how firms pursue environmental, social, and governance (ESG) objectives.
- IV. CSR Practices: Public Vs Private Sectors:-** Comparative studies indicate private firms often allocate higher shares of CSR budgets to strategic, outcome-oriented programs (education, livelihoods tied to supply chains, skill development), whereas PSUs may focus more on infrastructure, basic services, or geographically mandated projects aligned with government priorities. Empirical analyses (recent journal articles and sectoral studies) suggest private companies demonstrate more strategic alignment between CSR and core business, whereas PSUs emphasize compliance and broad welfare provisions — though generalizations vary by industry and firm size.

Importance of the study:-

CSR has become an integral element of corporate governance and business ethics, especially in developing economies such as India. The introduction of Section 135 of the Companies Act, 2013, institutionalized CSR by making it mandatory for eligible companies, thereby fostering a more structured approach to social welfare initiatives. This study seeks to examine the role of CSR in India by evaluating its legal framework, financial commitments, and contributions across various sectors. Understanding the implementation of CSR under Section 135 is essential to evaluate how businesses fulfill their social responsibilities while aligning with national development goals. By examining the actual amount spent on CSR activities as per Schedule VII of the Act, this research provides insights into the effectiveness of corporate contributions to societal wellbeing.

The research also differentiates CSR contributions by public sector and non-public sector enterprises, offering a comparative perspective on how these entities prioritize social responsibility. Evaluating these differences helps understand the role of government-owned enterprises versus private sector firms in nation-building through CSR initiatives.

Objective of the Study:-

1. To Know the CSR.
2. To study the CSR in Companies Act, 2013 under section 135.
3. Compare CSR spending patterns and thematic priorities (education, health, livelihoods, and environment) between PSUs and private firms.
4. Evaluate differences in governance, beneficiary selection, and partner selection (NGOs, government agencies, implementing partners).
5. Assess measurable community development outcomes attributable to CSR initiatives using mixed indicators.
6. Identify best practices and policy recommendations to enhance CSR effectiveness and alignment with SDGs.
7. To appraise the CSR amount spent by the public sector and non-public sector units in India.

Scope of the study:-

This study is based on secondary data published by the national corporate responsibility portal about the amount spent by the corporate sectors towards corporate social responsibility activities based on schedule VII of the Act regions-wise and sector-wise.

Limitations of the study:-

It is confined the period of five years from 2019-20 to 2024-25. it is depicting some glimpses of CSR activities in India.

Research Methodology (Proposed Empirical Design)

This study adopts a mixed-methods comparative design consisting of three components:

Quantitative Secondary Analysis

- **Data Sources:** Companies' annual reports, CSR disclosures, Ministry of Corporate Affairs datasets, SEBI BRSR filings (top 1,000 listed firms required to file), and publicly available CSR spending databases.
- **Sample:** Stratified purposive sample of 60 companies (30 PSUs, 30 private firms) across sectors (energy, mining, manufacturing, banking, IT services) and regions. Timeframe: FY 2019–20 to FY 2024–25 to capture pre- and post-BRSR periods.
- **Variables:** CSR spend (absolute and % of net profit), thematic allocation (education, health, livelihoods, environment), disclosure quality (BRSR completeness scores), geographical focus (local district vs national).
- **Analysis:** Descriptive statistics, difference-in-means tests, regression models controlling for firm size, profitability, and sector to isolate sectoral effects on CSR allocation and reporting quality.

Expected findings and discussion (anticipated)

Based on recent literature and regulatory trends, the study expects to find:

- **Higher strategic orientation in private firms:** Private companies likely demonstrate more outcome-oriented CSR programs, integrated monitoring frameworks, and use CSR to support brand and supply-chain resilience.
- **Greater geographic or policy alignment in PSUs:** PSUs may allocate funds toward large infrastructure or community services aligned with state priorities, sometimes with less rigorous outcome measurement.
- **Improved disclosure but variable impact measurement:** BRSR adoption improves Transparency; however, consistent impact metrics remain uneven across firms. This suggests the need for standardized impact indicators to better align CSR with SDGs. Policy and managerial implications will focus on enhancing monitoring & evaluation capacity, incentivizing partnerships that leverage comparative strengths (PSUs' local reach with private sector innovation and measurement systems), and strengthening regulatory guidance to emphasize outcome measurement rather than only financial compliance.

Policy recommendations

- Standardize outcome indicators: Government and regulators (MCA, SEBI) should
- promote a core set of SDG-aligned outcome indicators for CSR programs to improve comparability and accountability.
- Encourage public-private partnerships: Combine PSUs' local footprint and public legitimacy with private firms' technical and monitoring capabilities to deliver scalable interventions.
- Capacity building for PSUs: Provide training and frameworks for PSUs in project management, M&E, and community engagement to move beyond compliance to impact-oriented CSR.
- Transparent reporting and third-party assurance: Expand BRSR core assurance
- phases to strengthen credibility of CSR impact claims and reduce green washing.

Conclusion

India's statutory CSR regime and evolving ESG disclosure requirements have created both an opportunity and a challenge: predictable funding for social development yet variable effectiveness and measurement. A systematic comparative analysis of PSUs and private firms — using BRSR disclosures, CSR spending data, and field evaluations — can surface sectoral best practices and policy levers that amplify social impact. Aligning CSR with robust outcome indicators and fostering strategic collaborations across sectors will be crucial to translate

corporate funds into sustainable, measurable community development and progress toward the SDGs. Recent regulatory conversations (including parliamentary recommendations to further embed ESG in corporate law) indicate an active policy environment that could be harnessed to strengthen CSR's developmental role.

The increasing CSR expenditure highlights the growing commitment of companies to social responsibility and sustainable development. The disparity between PSU and non-PSU contributions suggests that further policy interventions or incentives may be necessary to encourage greater engagement from public sector companies. Overall, CSR initiatives in India have played a crucial role in fostering social and economic development, yet there is scope for better strategic allocation to ensure more equitable and effective outcomes.

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