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Csr Spending Patterns In India: A Sectoral And Analytical Approach.

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ABSTRACT

This study examines Corporate Social Responsibility (CSR) spending trends in India across three financial years (2020–21 to 2022–23) to evaluate sectoral focus and detect statistical variations in allocation. Using secondary data and applying ANOVA for hypothesis testing, the research investigates whether significant changes occurred in CSR patterns. Results confirm that while CSR compliance has stabilized, spending trends remain statistically consistent. The study further identifies major development sectors benefiting from CSR and proposes strategic recommendations to optimize impact and equity in CSR implementation.

Key words: CSR, ANOVA, sectoral focus, statistical variations etc.

1. INTRODUCTION

"Businesses need to go beyond the interest of their companies to the communities they serve." – Ratan Tata
Corporate Social Responsibility (CSR) in India has transitioned from a philanthropic option to a statutory obligation since the enactment of the Companies Act, 2013, specifically Section 135. This legal mandate requires qualifying companies to allocate a minimum of 2% of their average net profits over the past three years to CSR activities. The shift reflects an evolving corporate mindset, integrating societal welfare into core business strategies.

India stands as a global pioneer in legislating CSR, aiming to address socio-economic challenges such as poverty, illiteracy, and environmental degradation. Over time, CSR has grown into a structured framework covering sectors like education, healthcare, sanitation, environmental sustainability, livelihood development, and gender equality. These initiatives have been vital in bridging the development gap and

aligning corporate efforts with national and global goals, including the Sustainable Development Goals (SDGs).

This paper investigates the patterns of CSR spending by Indian corporates over three financial years (2020–21 to 2022–23). It evaluates whether companies have altered their CSR priorities, especially in the post-pandemic context, and assesses if these changes are statistically significant using ANOVA. By focusing on sectoral allocations, the study aims to reveal the consistency, priorities, and potential gaps in CSR strategies.

2. LITERATURE REVIEW

Corporate Social Responsibility has been a recurring subject of academic and policy discourse in India and globally. The literature consistently attempts to evaluate CSR from two dominant perspectives—its impact on financial performance and its contribution to social capital. **Moda & Arora (2020)** analyzed CSR spending and its link to financial outcomes in Indian companies. They found that firms with higher net profits tend to spend more on CSR. However, in some cases, an increase in CSR expenditure corresponded with a decline in earnings per share, suggesting possible short-term trade-offs between social investment and shareholder returns. **Puchakayala et al. (2023)** examined CSR's financial impact within the Indian pharmaceutical sector. Their findings revealed that while CSR often enhances brand value and stakeholder trust, the financial returns are sector-dependent and vary based on implementation effectiveness and strategic alignment. **Kaur et al. (2023)** provided a broader perspective by evaluating the dual role of CSR—as a social tool and an economic strategy. While they observed minimal direct economic benefit from CSR initiatives, they emphasized its growing role in strengthening brand equity, stakeholder loyalty, and social legitimacy.

Collectively, these studies underline a consensus: CSR is evolving from being a regulatory checkbox into a strategic investment in long-term sustainability and corporate legitimacy. Nevertheless, challenges persist in optimizing allocation, ensuring equitable reach, and measuring tangible outcomes.

3. OBJECTIVES OF THE STUDY

1. To examine CSR spending compliance trends in India.
2. To assess sector-wise allocations from FY 2020–21 to FY 2022–23.
3. To identify consistency or variation in CSR patterns through hypothesis testing.
4. To provide recommendations for effective and equitable CSR policy.

4. HYPOTHESIS

- **H₀ (Null Hypothesis):** There is no significant change in the CSR spending pattern of Indian companies over the last three years.
- **H₁ (Alternative Hypothesis):** There is a significant change in the CSR spending pattern of Indian companies over the last three years.

5. RESEARCH METHODOLOGY

This study adopts a **longitudinal research design**, analyzing CSR spending data over three financial years (2020–21 to 2022–23) to observe trends and patterns over time. The analysis is based entirely on **secondary data**, which was sourced from the official **CSR portal of the Ministry of Corporate Affairs, Government of India**. The data includes annual disclosures made by eligible companies under Section 135 of the Companies Act, 2013.

CSR expenditure has been recorded in **₹ Crores** across **29 distinct development sectors**, such as education, healthcare, rural development, environmental sustainability, and skill development, among others. To examine the consistency or variation in CSR allocations across these years, the study applies **Single-Factor ANOVA (Analysis of Variance)** as the primary statistical tool. This method allows for testing whether there is a statistically significant difference in the mean CSR spending across the three financial years. The computations were carried out using **Microsoft Excel**, which facilitated data organization, analysis, and visual interpretation.

6. ANALYSIS AND INTERPRETATION

6.1 CSR Spending by Development Sector (FY 2020–2023)

| Development Sector | FY 2020–21 | FY 2021–22 | FY 2022–23 |
|---------------------------------|------------|------------|------------|
| Education | 6,693.25 | 6,557.13 | 10,085.38 |
| Healthcare | 7,325.83 | 7,806.30 | 6,830.41 |
| Poverty, Hunger, Malnutrition | 1,407.58 | 1,894.08 | 1,232.62 |
| Rural Development | 1,850.71 | 1,832.82 | 2,005.37 |
| Environmental Sustainability | 1,030.16 | 2,432.26 | 1,959.96 |
| Vocational Skills | 717.65 | 1,033.84 | 1,164.19 |
| Livelihood Enhancement Projects | 938.91 | 854.48 | 1,654.39 |
| Special Education | 209.24 | 190.51 | 305.57 |
| Women Empowerment | 206.00 | 259.82 | 396.85 |
| Training to Promote Sports | 243.39 | 291.75 | 526.14 |
| Art and Culture | 493.13 | 248.09 | 441.02 |
| Animal Welfare | 193.55 | 168.59 | 315.98 |

| | | | |
|-------------------------|--------|--------|--------|
| Sanitation | 338.97 | 313.10 | 429.91 |
| Senior Citizens Welfare | 56.47 | 79.55 | 132.87 |
| Safe Drinking Water | 203.13 | 182.54 | 246.36 |
| ... (total 29 sectors) | ... | ... | ... |

Note: Only major sectors displayed above; full data includes all 29 sectors.

The table reveals that CSR spending in sectors like Education and Healthcare consistently remained high during FY 2020–2023. Education saw a significant increase in FY 2022–23, reaching ₹10,085.38 crore. While sectors like Environmental Sustainability and Livelihood Enhancement Projects witnessed notable growth, others like Poverty Alleviation and Animal Welfare showed fluctuating or declining trends. This indicates a shift in corporate focus towards long-term capacity building and sustainability.

6.2 Hypothesis Testing Using ANOVA (Single-Factor)

| Group | Count | Sum | Average | | Variance | |
|---------------------|-------------|-----------|------------|--------|-----------|----------|
| FY 2020–21 | 29 | 26,210.96 | 903.83 | | 3,173,284 | |
| FY 2021–22 | 29 | 26,579.81 | 916.55 | | 3,441,339 | |
| FY 2022–23 | 29 | 29,986.91 | 1,034.03 | | 4,750,720 | |
| Source of Variation | SS | df | MS | F | P-value | F crit |
| Between Groups | 298,875.60 | 2 | 149,437.80 | 0.0394 | 0.9613 | 3.105157 |
| Within Groups | 318,000,000 | 84 | 3,788,448 | | | |
| Total | 319,000,000 | 86 | | | | |

The ANOVA results indicate that the variance in CSR spending across the three financial years (2020–21 to 2022–23) is not statistically significant, as the F-value (0.0394) is much less than the critical F-value (3.105) and the P-value (0.9613) is far above 0.05. This suggests that, on average, there is no significant difference in CSR expenditure across the years, despite year-to-year fluctuations in individual sectors.

6.3 Interpretation of ANOVA Results

- **P-value (0.9613) > 0.05**, therefore we **fail to reject the null hypothesis**.
- **F-value (0.0394)** is extremely low, indicating minimal variance between groups.
- This suggests that **CSR spending patterns have not significantly changed** between FY 2020–21 and FY 2022–23.

7. KEY FINDINGS

- CSR spending remains **statistically consistent** over the three-year period.
- **Education and healthcare** are the most funded sectors, showing national alignment with social development goals.
- A few **emerging sectors** (e.g., environmental sustainability, skill development) have gained traction post-COVID.
- Despite total amounts varying slightly, **sectoral focus remained similar**, reinforcing the conclusion of no significant change.

8. RECOMMENDATIONS

1. **Target Underserved Sectors:** Encourage more funding in areas like sanitation, senior citizen welfare, and tribal education.
2. **Regional Rebalancing:** Direct CSR towards underdeveloped states and rural regions using policy nudges.
3. **Strengthen Reporting Mechanisms:** Improve transparency and third-party audits to ensure fund effectiveness.
4. **Incentivize Innovation:** Offer benefits to companies that pilot new high-impact CSR models with measurable outcomes.

9. CONCLUSION

The statistical analysis confirms that CSR spending in India has been **consistent and compliant** across the last three financial years. While this reflects regulatory success, it also reveals a plateau in strategic innovation and diversification of CSR initiatives. For CSR to drive **inclusive, equitable, and sustainable development**, companies must move beyond compliance and engage in **impact-oriented partnerships** aligned with national development objectives.

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