CSR Expenditure and Sustainable Development in India

[1]Priteshkumar Patil., [2]Dr Sheetal Mali

[1]Research scholar The Department of Business and Industrial Management, VNSGU, Surat

[2]Temporary Assistant Professor, Department of Rural Studies, VNSGU, Surat

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ABSTRACT

When Section 135 of the Companies Act, 2013 came into force, India became the first country to require a minimum level of corporate social responsibility spending by law rather than simply encourage it. This article looks at what that decade of mandatory spending has actually produced, tracing CSR expenditure from financial year 2014-15 through financial year 2024-25 and setting it against the framework of the Sustainable Development Goals (SDGs). Using secondary data from the Ministry of Corporate Affairs, the National CSR Portal, and a mix of government and industry sources, the article follows the growth in overall CSR spending, breaks down where that spending goes by sector, and asks how well CSR activity under Schedule VII of the Companies Act actually serves specific SDGs. Total CSR expenditure has grown roughly fourfold over the decade, and education and healthcare between them now absorb more than half of it, while rural development, livelihood enhancement, and gender-related spending lag well behind despite mattering just as much, arguably more, to inclusive development outcomes. The article argues that CSR has become a genuinely significant source of development financing in India, but that realising its potential will need firmer outcome reporting, a more deliberate rebalancing of sectoral priorities, and tighter coordination with local development needs than the current mandate requires.

Keywords: Corporate Social Responsibility, Sustainable Development Goals, Companies Act 2013, Schedule VII, CSR expenditure, rural development, India

INTRODUCTION

Most countries still treat corporate social responsibility as something companies choose to do. India decided, in 2013, to make it something large companies must do. Under Section 135 of the Companies Act, 2013, and the accompanying Companies (Corporate Social Responsibility Policy) Rules, 2014, any company that crosses a specified threshold of net worth, turnover, or net profit is required to spend at least two per cent of its average net profit from the previous three years on activities listed in Schedule VII of the Act. The rule took effect on 1 April 2014. It was, at the time, the first law of its kind anywhere in the world, and it remains one of the few examples of a government converting what elsewhere is a voluntary, reputation-driven practice into a binding financial obligation.

The timing turned out to matter more than the drafters could have anticipated. India's CSR law was in place a year before the United Nations adopted the 2030 Agenda, yet the categories written into Schedule VII, poverty and hunger, education, environmental sustainability, gender equality among them, read almost like a rough draft of the Sustainable Development Goals that followed. That coincidence has not gone unnoticed. Researchers and policymakers have increasingly asked whether the money companies are already required to spend could double as a genuine stream of SDG financing, running alongside, rather than instead of, government expenditure.

This article takes up that question through secondary data. It asks three things in particular: how CSR expenditure in India has grown since the mandate came into force; how that money is actually distributed across development sectors, since a legal category and an on-the-ground priority are not always the same thing; and how closely the resulting spending pattern tracks India's sustainable development needs, with a deliberate emphasis on rural livelihoods and gender equity, given that these remain central concerns in India's broader development policy. The sections that follow move from the legal architecture of the mandate, through a decade of expenditure and sectoral data, to a closer look at where CSR spending lines up with the SDGs and where it does not.

Objectives of the Study

Four objectives shape the discussion that follows. The first is to trace how aggregate CSR expenditure has changed since the statutory mandate began, up to the most recent year for which figures are available. The second is to unpack the sector-wise pattern of that spending, since aggregate growth on its own says little about where the money actually lands. The third is to weigh how well CSR activity under Schedule VII lines up with the Sustainable Development Goals, with particular attention paid to rural development and gender equality. The fourth is to draw out the structural features of the CSR regime that appear to be holding back its developmental impact, based on what the secondary data and existing scholarship indicate.

METHODOLOGY

The discussion draws entirely on secondary data; no primary survey or field data was collected for this article. Figures on CSR expenditure, sectoral allocation, and company participation come from the Ministry of Corporate Affairs and the National CSR Portal (csr.gov.in), from a Ministry response to a Parliamentary question placed on record in the Rajya Sabha, and from industry reports published by CSRBOX and India CSR, as well as market-tracking data compiled by Prime Database. These figures are read alongside peer-reviewed literature on CSR-SDG alignment in India. Where two sources reported slightly different numbers for the same year, usually because of differing cut-off dates or differences in how fund transfers to government schemes were treated, the source in question is named directly rather than the discrepancy being smoothed over. The approach throughout is descriptive and interpretive; it identifies patterns in existing data rather than testing a formal hypothesis.

The Legal and Institutional Framework

The obligation under Section 135 kicks in once a company crosses one of three thresholds: a net worth of ₹500 crore, a turnover of ₹1,000 crore, or a net profit of ₹5 crore in the immediately preceding financial year. Once a company qualifies, it has to set up a CSR Committee of the Board, put together a CSR policy, and spend at least two per cent of its average net profit on activities drawn from the list in Schedule VII. That list is broad. It covers hunger and poverty eradication, education, gender equality and women's empowerment, environmental sustainability, protection of national heritage, and contributions to central government funds such as the Prime Minister's National Relief Fund, among other categories.

Amendments passed in 2019 and 2021 gave the law considerably more bite. Unspent amounts tied to an ongoing project now have to be moved into a designated Unspent CSR Account and used up within three years; if they are not, the balance is redirected to a Schedule VII fund such as the PM Relief Fund. Money that is not tied to any ongoing project has to be transferred to a Schedule VII fund within six months of the close of the financial year, and companies that fail to comply face monetary penalties, as do their officers. In effect, the regime moved from something closer to a comply-or-explain arrangement toward one with real enforcement teeth. What has not changed, though, is the basic shape of the obligation: it is still a spending requirement, not an outcomes requirement. That distinction turns out to matter quite a lot for how CSR money actually gets used, a point this article returns to later.

Trends in Aggregate CSR Expenditure

The headline number is a straightforward growth story, interrupted only briefly by the pandemic. Table 1 sets out how CSR expenditure, company participation, and project volume have moved since the mandate began, based on figures reported by the Ministry of Corporate Affairs and the National CSR Portal.

Financial Year	CSR Expenditure (₹ Crore)	Participating Companies	CSR Projects
2014-15	10,065.93	16,548	—
2019-20	20,150 (approx.)	—	—
2022-23	26,579.78	—	44,425
2023-24	34,908.75	27,188	59,634
2024-25	40,794 (approx.)	—	—

Table 1. Growth in CSR expenditure, participation, and project volume, FY 2014-15 to FY 2024-25. Sources: Ministry of Corporate Affairs, National CSR Portal (as cited in India CSR, 2026); Ministry of Corporate Affairs, Press Information Bureau (2025).

In the mandate's first year, FY 2014-15, companies reported spending around ₹10,066 crore. By FY 2023-24 that figure had climbed to ₹34,909 crore, roughly two and a half times higher, and early figures for FY 2024-25 put the total closer to ₹40,794 crore. Looking at just the five years from FY 2019-20 to FY 2023-24, cumulative CSR spending came to more than ₹1.44 lakh crore, an increase of close to 89 per cent over the preceding five-year block (Press Information Bureau, 2025). The number of companies filing CSR disclosures grew alongside this, from 16,548 in FY 2014-15 to 27,188 in FY 2023-24, and the number of individual CSR projects on record rose from around 44,000 in FY 2022-23 to nearly 60,000 the following year (India CSR, 2026).

Two things about this growth are worth pausing on, because the aggregate figures alone can be misleading. The first is that compliance is genuinely high: roughly 98 per cent of companies subject to the mandate meet their obligation in a given year, and close to half spend more than the statutory minimum. The second, though, is that a meaningful pool of money still goes unspent every year despite that high compliance rate. Listed companies alone carried forward an unspent CSR balance of about ₹1,475 crore in FY 2022-23, the highest in five years (Varghese, 2024). Read together, these two facts suggest that the growth captured in Table 1 is real, but it sits alongside implementation problems at the level of individual companies and projects that the topline number does not show.

Ownership and geography both shape where this money goes. Privately owned, non-PSU companies account for around 84 per cent of total CSR spending, with public sector undertakings responsible for the rest. Geographically, spending is lopsided: roughly 60 per cent of total CSR funds go to just ten states, with Maharashtra, Karnataka, Gujarat, and Tamil Nadu appearing consistently near the top, while the North-Eastern states, Lakshadweep, and Ladakh receive very little by comparison. This is not really a reflection of where development need is greatest. It tracks, instead, where companies happen to have their registered offices and head offices, which means large parts of rural and eastern India, where deficits in basic services tend to be more severe, end up on the losing side of this geography almost by default.

Sector-wise Allocation of CSR Expenditure

On paper, Schedule VII gives companies a long menu of sectors to choose from. In practice, most of them choose the same two or three items off that menu. Table 2 lays out the approximate sectoral split of CSR spending in the most recent financial years, alongside the SDG each sector maps onto most directly.

Development Sector	Approx. Share of Total CSR (FY 2023-24/2024-25)	Primary SDG Linkage
Education (incl. skill development, differently-abled, livelihood)	34–35%	SDG 4 (Quality Education), SDG 8 (Decent Work)

Healthcare and Sanitation	20–21%	SDG 3 (Good Health), SDG 6 (Clean Water and Sanitation)
Rural Development Projects	7–8%	SDG 1 (No Poverty), SDG 11 (Sustainable Communities)
Environmental Sustainability	8%	SDG 13 (Climate Action), SDG 15 (Life on Land)
Gender Equality and Women's Empowerment	3–4%	SDG 5 (Gender Equality)
Poverty, Hunger and Malnutrition Alleviation	5–6%	SDG 1 (No Poverty), SDG 2 (Zero Hunger)
Vocational Skills and Livelihood Enhancement	3–4%	SDG 8 (Decent Work), SDG 1 (No Poverty)
Others (disaster management, sports, heritage, animal welfare)	8–10%	SDG 11, SDG 13, SDG 15

Table 2. Approximate sector-wise share of CSR expenditure and associated SDGs, FY 2023-24 / FY 2024-25. Sources: Ministry of Corporate Affairs, National CSR Portal, as reported in Protean eGov Technologies (2024), India CSR (2026), and The Economic Times, as reported in CAalley (2025). Shares are approximate, drawn from more than one reporting period, and will not sum precisely to 100 per cent.

Education has topped this list every year since the mandate began, and its lead has if anything widened, moving from ₹13,209 crore in FY 2022-23 to ₹13,877 crore in FY 2024-25, or roughly a third to just over a third of all CSR money. Healthcare and sanitation come second, at ₹8,531 crore in FY 2024-25, up nineteen per cent on the year before. Put these two together and they have swallowed more than half of everything spent on CSR in most years of the mandate's existence. Part of the explanation is fairly mundane: a new school building or a health camp is easy to photograph, easy to report against, and comparatively low-risk to execute, whereas something like a multi-year rural livelihood programme involves more moving parts, more partners, and a much longer wait before anyone can point to a result.

Rural development, poverty and hunger alleviation, and livelihood enhancement tell a less encouraging story. These are, not coincidentally, the categories that speak most directly to India's rural and agrarian population, and their combined share of CSR spending has been shrinking rather than growing. Data covering FY 2019-20 through FY 2023-24 shows that the average share going to rural development, poverty and hunger eradication, sanitation, safe drinking water, agroforestry, slum development, and socio-economic equality programmes actually fell compared with the previous five-year block (CAalley, 2025). The numbers on vocational skills training make the point concretely: spending there dropped from ₹325.55 crore in FY 2019-20 to ₹115.66 crore in FY 2020-21, recovering only partially after that, while livelihood enhancement spending fell from ₹72.01 crore to ₹27.83 crore over roughly the same window.

One category bucking this trend is environmental sustainability, which reached ₹3,397 crore in FY 2024-25, up forty per cent year on year, likely reflecting how much more attention climate disclosure and reputational risk now get in corporate boardrooms. Gender equality and women's empowerment spending, by contrast, remains a small slice of the total, as do categories like senior citizens' welfare, art and culture, and animal welfare, even though several of these smaller categories have posted fast percentage growth simply because they started from such a low base.

CSR and Alignment with the Sustainable Development Goals

How well does Schedule VII actually map onto the SDG framework? Fairly well, as it turns out, though not completely. Researchers who have built alignment matrices between Schedule VII categories and the seventeen SDGs find that CSR-eligible activities touch nearly all of them, with SDG 16, on peace, justice, and strong institutions, and SDG 17, on partnerships for the goals, standing out as the two that simply do not lend themselves to a corporate expenditure obligation (Poddar & Narula, 2020). Within the goals that are covered, engagement is far from even. SDG 4 and SDG 3, education and health, draw a disproportionate share of corporate attention, which lines up with the sectoral pattern already described. National campaigns with a clear SDG hook, Swachh Bharat Abhiyan and SDG 6 being the obvious example, have also pulled in substantial CSR co-financing, arguably because piggybacking on a recognised government programme takes some of the design and due-diligence burden off corporate CSR teams.

On the other end of the scale, SDG 10 (reduced inequality) and SDG 12 (responsible consumption and production) remain badly underfunded through the CSR route. This fits a broader pattern noted in the literature: CSR spending tends to gravitate toward visible, easily measured service delivery and away from structural goals whose progress is harder to attribute to any single funder. A recent longitudinal study tracking CSR-SDG alignment across the pre-pandemic, intermediate, and pandemic phases in India, using data from more than ten thousand companies filing under Section 135, found that education and health consistently drew the largest CSR allocations across all three phases, while gender equality, reduced inequalities, and sustainable consumption were persistently and significantly underfunded by comparison, a pattern the study's authors describe as reflecting both national priorities and corporate reputational calculus rather than a considered assessment of where CSR money is most needed (Poddar et al., 2025).

Gender equality, SDG 5, presents a genuinely mixed picture. High-profile government schemes like Beti Bachao Beti Padhao have attracted meaningful CSR support, and it is increasingly common for companies to fold gender-focused components, a skill-training track for women within a larger livelihood project, for instance, into programmes reported under some other Schedule VII heading. That reporting habit cuts both ways. It probably means the real level of gender-relevant CSR spending is somewhat higher than what shows up under the gender equality category alone, but it also means the published sectoral totals understate, rather than accurately capture, CSR's actual contribution to SDG 5. Either way, gender equality as its own reported category still trails education and health by a wide margin, and earlier research examining the top BSE 500 companies found gender-related SDG engagement to be one of the weaker areas of corporate CSR portfolios even a decade after the mandate began (Poddar et al., 2019).

Rural development connects most directly to SDG 1 (no poverty) and, in its rural form, to SDG 11 (sustainable communities), which covers access to basic services, housing, and resilient infrastructure outside urban centres. Given how modest, and in several sub-categories declining, the CSR allocation to rural development, agroforestry, and livelihood enhancement has been, it is hard to argue that CSR is currently functioning as a proportionate complement to public rural development spending delivered through channels such as the National Rural Livelihoods Mission. The two funding streams are, in principle, working toward overlapping goals in overlapping geographies. In practice, the private one is contributing far less to that shared objective than its aggregate size would suggest it could.

DISCUSSION

Constraints on CSR's Developmental Contribution

Why does the pattern above keep repeating itself, year after year? Part of the answer lies in how the law itself is written. Section 135 asks companies to spend a defined sum on eligible activities; it does not ask them to show that the spending achieved anything in particular. That asymmetry quietly shapes behaviour. A grant toward a school building or a hospital wing is easy to execute, easy to photograph, and easy to report against a compliance checklist. A livelihood diversification programme or a natural resource management project, by contrast, needs years of community engagement before anyone can point to a result, and its benefits are much harder to attribute cleanly to a single corporate funder. Given a choice between the two, and no requirement to prove impact either way, most companies understandably lean toward the former.

A second, more practical constraint shows up in the unspent-fund figures discussed earlier. High compliance at the aggregate level can mask a real capacity gap at the level of individual companies, particularly the newer entrants who cross the CSR threshold for the first time and suddenly find themselves needing to design, execute, and monitor development projects they have no in-house expertise to run. Many end up routing the money through implementing partners of uneven quality, which widens the distance between funds disbursed and outcomes actually delivered on the ground.

A third constraint is geographic, and it compounds the first two. Because CSR spending clusters around corporate head offices rather than around areas of greatest need, it does little to complement public spending in the regions that need it most. The Companies (CSR Policy) Rules do express a general preference for local-area spending, but the term is loosely defined enough that companies can, and often do, interpret it narrowly, and there is no requirement anywhere in the current framework that CSR money be weighted toward underserved districts or states.

A fourth issue is simply one of measurement. Reporting standards have improved with the introduction of mandatory impact assessments for larger projects and CFO certification of CSR expenditure, but consistency across companies still varies considerably, and the sector categories in Schedule VII are broad enough that a single project can plausibly sit under more than one heading. A skill-training programme for rural women, for example, could reasonably be filed under education, livelihood enhancement, gender equality, or rural development, depending on which company is reporting it and how. That ambiguity is worth flagging honestly here too: any sector-wise analysis built on published aggregate data, including the one in this article, inherits some of that imprecision.

CONCLUSION

Ten years into the mandate, India's CSR regime has clearly done what it set out to do in the narrowest sense: it has generated a large and growing pool of privately financed development spending, moving from just over ₹10,000 crore in FY 2014-15 to close to ₹41,000 crore in FY 2024-25, backed by compliance rates that keep improving. Because Schedule VII and the SDG framework share so much common ground, this spending arguably maps onto sustainable development priorities more closely than comparable corporate obligations do almost anywhere else. But closeness on paper is not the same as balance in practice. The money still tilts heavily toward education and healthcare, and toward states and districts that already have a strong corporate presence, while rural development, livelihood enhancement, and, to a lesser but still real extent, gender-focused programming keep receiving a smaller share than their importance to India's largely rural population would seem to justify.

None of this means CSR has failed at what it does. It means the current design leaves real gains on the table. Getting more out of the same pool of money would likely need something beyond the existing spending mandate: outcome reporting alongside expenditure disclosure, some form of incentive or guidance nudging companies toward underserved regions and rural livelihood work, and better coordination between CSR implementation and the public rural development machinery that is often working the same ground. With 2030 drawing closer, the evidence gathered here points to a fairly clear conclusion: CSR is a genuinely useful supplementary resource for India's sustainable development financing, but its current shape does not yet add up to a proportionate response to the country's rural and gender-related development needs.

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