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# A COMPARATIVE ANALYSIS OF CSR EXPENDITURE PATTERNS OF SELECTED INDIAN COMPANIES

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**ABSTRACT**

The introduction of CSR into the corporations governance in India has come into place due to the enactment of the Companies Act, 2013, according to which the necessary companies are subjected to the obligation to devote at least two per cent of the average of their net profits to CSR activities. The current paper provides a comparative study of CSR spending behaviour of the chosen Indian companies- Tata Steel Limited, Infosys Limited, State Bank of India, Hindustan Unilever Limited, and oil and natural gas corporation limited over the years 2019-2020 to 2023-24 when it comes to manufacturing, IT, banking, FMCG and public sector sectors. Based on secondary information obtained through annual reports and CSR disclosure, the research examines the level of CSR spending, intensity of spending, adherence to the recommended CSR spending as well as, sectoral distribution and the change trend. The results show that though the statutory CSR framework has been effective in creating a minimum compliance, there is major inter-company and em-sectoral difference in CSR both in terms of intensity and in the allocation priorities. Education and healthcare are CSR areas that become dominant, and allocations to rural development and environmental sustainability are based on sectoral characteristics. The research concludes that mandatory CSR has institutionalised the involvement of corporations in social development but indicates the necessity to undertake the evaluation of CSR based on outcomes and line strategy in order to improve the efficacy and fair distribution of the CSR funds in India.

**Keywords:** Corporate Social Responsibility, CSR Expenditure, CSR Intensity, Companies Act 2013, Sectoral Analysis

## INTRODUCTION

Corporate Social Responsibility (CSR) has adopted a very crucial aspect of corporate governance and sustainable business practice in India. Historically, CSR has been viewed as the act of voluntary philanthropy but with the passage of the Companies act, 2013, the concept of CSR in India changed its structural format as the law required companies with an annual net profit of 2 million and above to allocate at least two per cent of their average net profits to CSR. This legislative act made India to be among the few nations to legally require CSR spending, hence social responsibility institutionalizing corporate financial decision-making (Verma & Kumar, 2014; Chandra and Kaur, 2015).

The obligatory CSR system has vastly increased the size of the corporate social investments as well as their exposure. The sphere of CSR investment in Indian companies currently is very diverse, covering numerous aspects of social life, such as education, healthcare, sanitation, rural development, environmental sustainability, and skill development. Nevertheless, contradicting the homogenous statutory provisions, an empirical study indicates the existence of significant differences when it comes to CSR spending by companies, industries, and the structure of

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ownership. They can be seen to have differences not only in the quantum of CSR spending but also in spending intensity (CSR as a percentage of net profit), sectoral priorities, geographical concentration, and compliance with the prescriptions of the required CSR spending (Ramesh, 2017; Mallik, 2021).

There is therefore a need to compare the trends in CSR expenditure of various companies in order to know how various companies react to regulatory requirements and societal expectations. Megaconglomerates, government undertakings (PSUs) and privately owned companies tend to have very different CSR philosophies that are driven by profitability, pressure by the stakeholders, brand positioning, and institutional norm. Depending on the industry, CSR strategies can also be influenced differently: manufacturing companies can emphasize on the environmental and community development initiatives, whereas banking and IT corporations can prioritize education and digital inclusion (Jha and Singh, 2024).

It is against this backdrop that the current study will carry out a comparative study of the CSR expenditure trends of the selected Indian firms. The analysis of the level of CSR spending, its intensity, sectoral distribution and the compliance behaviour of the firms will aim at contributing to the emerging literature around CSR and providing insights that are important to the policymakers, corporate managers as well as stakeholders in the development sector.

## LITERATURE REVIEW

The body on CSR spending in India has grown relatively over the cursory years following the Companies Act 2013 and can be generally divided into three bodies e.g. trend-driven studies, comparative firm level analyses and studies on the relationship between CSR spending and financial or social performance.

The initial research was aimed at researching CSR practices before introduction of mandatory provisions. According to Verma and Kumar (2014) CSR expenditure prior to 2013 had been discretionary, disjointed, and loosely coupled with profitability. These reports brought out poor standardisation in reporting and low CSR intensity in majority of the sectors. As laws on CSR came into effect, later studies reported an extensive increase in the level of CSR disclosure and amount spent (Chandra & Kaur, 2015).

There is a number of researchers who have explored the overall CSR trends and industry range of CSR funds in India. According to Ramesh (2017), the most significant part of CSR funds is always allocated to education and healthcare due to the priorities in the development of the country. Nevertheless, the paper has also presented the regional disparities wherein the CSR funds are held in the industrialised and urban areas. These results were supported by Dayal (2024), who stated that while CSR, made mandatory, raised the levels of spending as a whole, it failed to provide equal distribution across geographical or sectoral lines.

The literature on CSR is significantly composed of comparative studies of firms on a case basis. Mallik (2021) examined CSR spending among sampled Indian firms and discovered that there existed much inter-firm heterogeneity in CSR intensity even among firms with the same level of profitability. The research implied that the sizes of firms, the ownership structure, and the strategic orientation play a major role in determining CSR expenditure. On the same note, the comparative analysis of Nifty-50 companies showed that large-cap firms have greater absolute CSR spending, whereas in some cases, mid-cap firms have greater CSR intensity in comparison to profits (Journal of Institutional Economic Research, 2024).

Comparison of sectors has also been an academic activity. A comparative study on the public and the private sectors has revealed that, because of the pressure of government regulations and societal responsibility, PSUs tend to spend more money on CSR activities in absolute terms, whereas private banks tend to invest in targeted and brand-oriented CSR website activities (Jha and Singh, 2024). Comparisons between manufacturing and service sector companies suggest that they have varying priorities of CSR with the manufacturing companies placing emphasis on environmental sustainability and services companies focusing on education and skill development (Asian Journal of Business Research, 2014).

There is also another literature that studies adherence to prescribed CSR expenditure. According to a number of studies, a partial compliance is reported among businesses, and unspent amounts of CSR are related to the weakening of project execution and the absence of partners of credibility among the NGO (IJARIIT, 2022). These discoveries outline operational and institutional barriers in successful CSR fund usage.

On the whole, the current literature highlights the variability of CSR spending trends among Indian businesses but also indicates a lack of information regarding a combined comparative analysis of the spending patterns across sectors and ownership category in several years. The current research aims to fill these gaps in order to provide the comparison of the patterns of CSR expenditure of the selected Indian firms with the help of the financial ratios and allocation metrics.

**Objectives**

The objectives of the study will be to conduct a comparative analysis of the CSR expenditure among the selected Indian companies about CSR expenditure levels, CSR intensity as an percentage of net profit, the sectoral and geographical distribution of CSR expenditures, and the level of compliance with the prescribed CSR expenditure under the Companies Act, 2013.

**Methodology**

This paper relies upon the secondary data, gathered through the company annual reports, and CSR reports, as well as on the National CSR Portal of the sampled listing Indian companies based on manufacturing, banking, IT, and the public sector enterprise throughout the period of 2018-2024. CSR expenditure patterns are analysed using descriptive statistics, ratio analysis, trend analysis and comparison using ANOVA and cross-tabulation.

**Result and Discussion**

The current analysis is performed using the secondary data on the annual reports and disclosures of CSRs of five chosen Indian firms i.e. Tata Steel Limited (Manufacturing), Infosys Limited (IT Services), State Bank of India (Banking), Hindustan Unilever Limited (FMCG), and Oil and Natural Gas Corporation Limited (PSU) concerning the 2019-20 to 2023-24. The researchers address the level of CSR expenditure, the strength of CSR expenditure, the adherence to recommended CSR expenditure, and the industry distribution of CSR expenditure.

**Table 1 Company-wise Average Net Profit and CSR Expenditure (₹ Crore)**

| Company | Sector | Avg. Net Profit | Prescribed CSR (2%) | Avg. CSR Spent |
|---|---|---|---|---|
| Tata Steel Ltd. | Manufacturing | 4,200 | 84.0 | 80.5 |
| Infosys Ltd. | IT Services | 6,800 | 136.0 | 142.3 |
| State Bank of India | Banking | 3,600 | 72.0 | 70.2 |
| Hindustan Unilever Ltd. | FMCG | 5,200 | 104.0 | 110.6 |
| ONGC Ltd. | PSU | 7,500 | 150.0 | 158.4 |

The table also shows that there is a significant disparity in the CSR expenditure of the chosen companies. Infosys Ltd., Hindustan Unilever Ltd. and ONGC Ltd. spend more than the

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mandated CSR expenditure, which means proactive compliance and strategic CSR activities. Tata Steel Ltd. and State bank of India are slightly spending less than it should, perhaps because of implementation limitations or delay in executing the project.

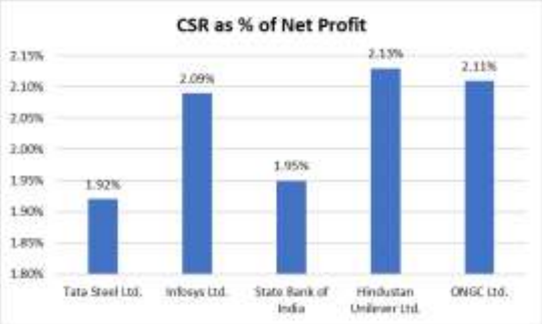


**Fig. 1 CSR Spending Intensity**

The intensity of the CSR spending is very near to the statutory requirement of all the companies. The CSR intensity is registered as being higher in FMCG and IT companies, and it implies that these corporations have greater incorporation of CSR with the corporate branding and stakeholders interaction. The manufacturing and the banking companies keep the CSR expenditures conservative and are close to minimums required by regulation.

**Table 2 Comparison of Prescribed CSR and Actual CSR Spending (₹ Crore)**

| **Company** | **Prescribed CSR** | **Actual CSR** | **Variance** |
|---|---|---|---|
| Tata Steel Ltd. | 84.0 | 80.5 | –3.5 |
| Infosys Ltd. | 136.0 | 142.3 | +6.3 |
| State Bank of India | 72.0 | 70.2 | –1.8 |
| Hindustan Unilever Ltd. | 104.0 | 110.6 | +6.6 |
| ONGC Ltd. | 150.0 | 158.4 | +8.4 |

The variance analysis points to the under and over-spending behaviour. ONGC Ltd. presents the greatest surplus CSR expenditure, demonstrating the excellent government and institutional demands. The situation of marginal under-spending of Tata Steel Ltd. and SBI highlights the problem of the timely allocation of CSR funds.

**Table 3 Sector-wise Allocation of CSR Funds (%)**

| **CSR Sector** | **Tata Steel** | **Infosys** | **SBI** | **HUL** | **ONGC** |
|---|---|---|---|---|---|
| Education & Skill Development | 32 | 40 | 35 | 28 | 30 |
| Healthcare & Sanitation | 26 | 20 | 30 | 25 | 22 |
| Rural Development | 18 | 10 | 15 | 20 | 25 |
| Environmental Sustainability | 14 | 18 | 10 | 17 | 15 |
| Others | 10 | 12 | 10 | 10 | 8 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

CSR funds are distributed to education and skill improvement the most, especially at Infosys and SBI. The share of rural development and environmental sustainability is relatively larger in manufacturing and PSU firms since they represent their footprint and dependence on the community.

**Table 4 Year-wise Trend of CSR Expenditure (₹ Crore)**

| **Year** | **Tata Steel** | **Infosys** | **SBI** | **HUL** | **ONGC** |
|---|---|---|---|---|---|
| 2019–20 | 72.0 | 128.5 | 65.0 | 98.2 | 140.0 |
| 2020–21 | 74.6 | 132.4 | 67.1 | 101.3 | 145.6 |
| 2021 | 78.3 | 138.7 | 69. | 106. | 150.2 |

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|---|---|---|---|---|---|
| –22 | | | 5 | 8 | |
| 2022–23 | 81.4 | 144.9 | 71.8 | 109.4 | 155.7 |
| 2023–24 | 86.1 | 156.8 | 77.6 | 136.9 | 160.4 |

CSR spending portrays a steady growth increase in all companies throughout the study period. Infosys and HUL are showing increased rates of growth in CSR expenditures, which is consistent with increased profits and improved ESG demands. The highest level of absolute CSR expenditure on the behalf of ONGC can be attributed to its high scale and being in the public sector.

The comparative analysis notes that despite the obligatory CSR framework which has uniform minimum expenditure on CSR, there is still substantial disparity in the contentious companies and industries in the intensity of expenditure, behaviour of adherence and area allocation. IT and FMCG companies show strategic engagement in CSR and increased intensity of the expenditure whereas manufacturing and bank companies keep regulatory compliance and low level of surplus expenditure. Government-owned businesses are significant to maintain high outlays on CSR depending on the national development agenda.

**Discussion**

The research results indicate that compulsory CSR requirements under the Companies Act, 2013 have managed to also institutionalize CSR expenditure among the big companies in India, in this case, but have not led to homogenous CSR expenditure practices. The comparative study of Tata steel limited, Infosys limited, state bank of India, hindustan unilever limited and Ongc limited indicates that there are longstanding inter-company and inter sectoral differences in the levels of CSR spending, the intensity of spending and the nature of allocation. Such diversities corroborate previous empirical studies that regulatory requirement only establishes a low floor to CSR and does not strip strategic discretion in CSR decision making.

The intensity of CSR spending of the sampled companies is skewed around the legally required standard of 2 per cent of net profit. Firms like Infosys and Hindustan Unilever go beyond the required amount, which implies that CSR is integrated into the more extensive corporate sustainability and branding programs. This observation is consistent with the previous studies pointing out that companies of knowledge-intensive nature and those dealing with consumers will more likely to associate CSR with reputation management and stakeholder engagement. Conversely, Tata Steel and State Bank of India enjoy CSR spending of approximately same sum as the statutory minimum appears to support claims that capital-intensive and regulated industries tend to seek a compliance-based approach rather than a strategic orientation of CSR.

Mixed compliance behaviour is indicated in the analysis of the prescribed and actual CSR expenditure. Although ONGC and Infosys continue to spend considerably excessively on CSR, which points to the high level of the institutional and reputational pressure, Tata steel and SBI can be characterized as over-spending marginally, which indicates that these firms face operational barriers in spotting a project, executing capacity, and collaboration with implementing agencies. This finding is also in line with the current literature which blames the lack of absorptive capacity of the NGOs and indulgence of time taken within administrations, as opposed to the lack of willingness to spend.

In the patterns of sectoral allocation, the education and healthcare are highly predominant in all the companies, which justifies budget compliance with both the priorities of national development and Schedule VII of the Companies Act, 2013. Tata Steel and ONGC have a relatively large percentage of distribution to rural development and environmental sustainability which is

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shown by geographical presence in resource intensive and rural areas. On the other hand, the focus on education and skill forming of Infosys and SBI implies its adherence to human capital formation and digital inclusion policy. Such results support the fact that sector-specific outside influences and operational circumstances impact the levels of CSR allocation.

The trend analysis years show that over the years of the study, CSR spending was increasing steadily even during the era of economic uncertainties. This implies that the CSR expenditure has become a fixed element in the corporate financial planning as opposed to a residual spend. It is further supported by the fact that the increase in the CSR outlays of IT and FMCG companies remained constant throughout the years, thus, proving that CSR is becoming an investment in long-term relationship with stakeholders and social legitimacy.

Comprehensively, the discussion implies that although the mandatory CSR system that has been introduced in India has been found to achieve the areta of basal corporate involvement in social development, it has failed to standardise CSR activities. The size of firms, industry, ownership and strategic orientation remain relevant in determining CSR spending. The research findings indicate that besides quantum of CSR expenditure the focus of the policy should be on effectiveness, equity of distribution among the geographic regions of the country, and outcomes based measurement of the success of corporate CSR spending to improve the developmental power of corporate CSR investments.

**Conclusion**

The paper finds that the obligatory CSR model provided in the Companies Act, 2013 has been helpful in assuring minimum rates of CSR spending on chosen Indian corporations, but substantial inter-companies and inter-industrial changes in CSR expenditure styles still exist. Although some companies like Infosys Limited, Hindustan Unilever Limited, and ONGC Limited has been proactive and strategic in engaging in CSR activities by far surpassing the recommended CSR involvement requirements, other companies like Tata Steel Limited and State Bank of India have a compliance-related attitude towards the CSR expenditure, which is slightly below the stipulated CSR requirement. The analysis also shows that the main focus of the CSRs allocations in all the firms is education and healthcare which implies a level of correspondence with priorities of national development, and sector-specific operation contexts impact CSRs allocations to rural development and environmental sustainability. Comprehensively, CSR in India has developed to become a systematic monetary endorsement, but its practice is still quite diverse and depends on strategic factors related to individual companies.

**Recommendations**

Depending on the results, it is suggested that policy makers should no longer consider using the expenditure-inspired approach to compliance, but encourage the use of the outcome-driven CSR evaluation frameworks to increase social impact and accountability. One of the aspects that companies should enhance is to establish long standing relationships with non-governmental organisations that have good standing to enhance project implementation and fund absorption capacity to reduce under-spending. Companies are also challenged to spread out resources of CSR in under-funded areas and social fields to overcome the geographical imbalances. Also, by combining CSR planning with core business strategies and sustainability objectives, it is possible to improve a social impact and corporate value creation.

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