

# The Relevance of Corporate Social Responsibility Practices in Advancing Social Inclusion in India

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## Abstract

The emergence of Corporate Social Responsibility (CSR) as a compulsory framework has compelled private sector firms to take an active part in tackling social disparities and inequality in their communities. Corporations are now required to create chances for ethnic minorities, women, individuals with disabilities, and other socially disadvantaged groups, especially through welfare and development efforts that correspond with CSR objectives. There is an urgent necessity for a thorough assessment and documenting of these organizations' policies on social inclusivity to comprehend the methods by which they include inclusive practices into their strategies for tackling social issues.

The primary objective of this study is to explore the CSR activities of firms in India, with specific emphasis on investments in several development sectors. This research seeks to analyze the nature and extent of CSR efforts, focusing particularly on how these programs foster inclusive platforms for marginalized groups. This study examines secondary data from academic articles, government reports, and business annual disclosures to evaluate the efficacy of CSR in fostering social inclusion and mitigating systemic disparities.

The study concludes by providing insights into the future prospects and opportunities related to CSR and social inclusion in India, highlighting the potential for these activities to foster good change and enhance the well-being of marginalized communities.

**Keywords:** Corporate Social Responsibility; Social Inclusion; Development sectors; NGO; Equality; Marginalized communities.

## Introduction:

Historically, the companies across globe have evolved with the agenda of profits making. But the times changed and the companies began to understand their liability towards the 'people' and 'planet'. Therefore the concept of "Corporate Social Responsibility" (CSR) has emerged. According to Caroll (1999), Corporate Social Responsibility (CSR) is related to the social contract between the business and the society. It is important to note that CSR goes beyond philanthropy and adopts the principle of responsibilities, accountability and sustainability in its operational implications.

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In recent times the concept of corporate social responsibility gets more attention in India. The government comes with various laws of CSR across globe; the New Companies Act 2013 is the result of the same. The New Companies Act 2013 specifies the criteria of CSR expenditure, through which company has to mandatory to spend at least 2 per cent for the benefit of the community and society at large. The act provides good opportunity to corporate houses to eradicate the inequalities. Through CSR activities the companies can make the efforts for eradicating the inequalities and provide inclusive platforms for marginalized communities.

Social Inclusion is one of the agenda of sustainable goals. The primary idea behind the agenda is every individual should get the benefits of prosperity and minimum standards of well-being. This is retrieved from the 17<sup>th</sup> SDG which aimed at freeing all nations and people and all segments of society from poverty and hunger and to ensure, among other things, healthy lives and access to education, modern energy and information. Everyone is familiar that these goals are difficult to achieve without making institutions work for the weaker section of the society, the agenda embraces broad targets aimed at promoting social inclusion, ensuring equal access to justice and fostering inclusive and participatory decision-making. Hence, the companies can work more in the area of Social Inclusion through their CSR practices, where the company delivers the CSR programs by giving more attention for the upliftment of marginalize sections.

### Definitions of Key Concepts:

**CSR:** According to World Business Council for Sustainable Development (WBCSD) <sup>3</sup> definition: "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large"

**Social Inclusion:** Drawing from the basic definition of Social Inclusion given by World Bank (2013)<sup>4</sup>, 'Social Inclusion' is an approach of improving the social environment for individuals and groups to be benefited from social rewards ascribed by the society especially the disadvantaged on the basis of age, sex, disability, race, ethnicity, origin, religion, caste, economic or other statuses, through enhanced opportunities, access to resources and respect for their rights.

### Objectives:

1. To highlight the relevance of CSR and social inclusion.
2. To identify the CSR funding pattern in across developmental sectors in India.
3. To highlight the funding pattern of GWOR section in CSR.

### Research Methodology:

The paper is based on literature review and secondary data. CSR and Social inclusion are two broader themes are chosen for present study. The literature review has been done on the basis on the relevant articles annual reports of the companies. In this background, we intend to find out the CSR policies, programs, gaps, challenges, etc. in relation with Social Inclusion.

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<sup>3</sup><https://www.wbcsd.org/>

<sup>4</sup><https://www.worldbank.org/en/topic/social-inclusion>

For this paper, content analysis method has been used, which was very useful to finding the CSR data from the government websites and reports. The National CSR portal of GOI is very useful to identifying and analyzing the data. Through the data the researchers has drawn and linked the two broad themes of CSR and social inclusion. The paper attempts to draw connection between corporate social responsibility and social inclusion through secondary sources. Secondary data collected from published and non-published documents i.e. books, journals, newspapers, articles, reports, website, NGO's etc. The paper identifies the gap between the Social Inclusion and Corporate Social Responsibility practices through literature. The research is conducted to identify and discuss the research gaps so that the research work can be useful towards addressing the gaps in future.

### **Literature Review:**

The discourse surrounding Corporate Social Responsibility (CSR) in India reflects the intricate relationship between business practices, societal expectations, and state regulations, particularly in addressing marginalized communities and socio-economic inequalities. Despite constitutional provisions aimed at protecting the rights of marginalized groups, including persons with disabilities (PWDs), scholars such as Pooja Singh highlight the persistence of discriminatory practices that undermine the effectiveness of these protections. Singh's use of census data (1872-2011) underscores the growing disability ratio, especially within the Dalit community, revealing the compounded challenges of caste-based discrimination faced by PWDs. While CSR initiatives have the potential to amplify the visibility of PWD contributions, Singh suggests that these efforts are insufficient in addressing the systemic barriers that perpetuate marginalization. Amita V. Joseph critiques CSR from a broader socio-political perspective, arguing that CSR efforts are often driven by corporate self-interest rather than genuine social responsibility. While acknowledging the importance of corporate investments in community development and sustainable livelihoods, Joseph emphasizes that these efforts are frequently constrained by external socio-economic, political, and cultural disturbances. Her analysis raises important questions about the real motives behind CSR, challenging businesses to move beyond risk management strategies and invest meaningfully in community welfare. Similarly, Peter Utting stresses that CSR should prioritize the promotion of equality and equity, emphasizing collaboration between the state and private organizations to address pressing social challenges such as social protection and empowerment. Utting calls for the development of CSR strategies that go beyond tokenistic gestures and have tangible impacts on social reform.

Athreya's argument for inclusive growth highlights the limitations of government interventions and the critical role of corporate actors in fostering societal well-being. He critiques the often superficial nature of CSR reporting, where businesses treat CSR as a compliance exercise rather than a meaningful strategy for social change. Athreya advocates for a more collaborative model where businesses, governments, and individuals share responsibility for addressing societal needs. Peter Newell and J.G. Frynas support this view, underscoring the importance of business engagement in addressing poverty and social exclusion. They argue that as the state's role in development diminishes, businesses must assume greater responsibility in ensuring that their practices promote social equity and do not exploit vulnerable workers. Seema Sharma's critical examination of CSR practices in India focuses on the exploitation of marginalized communities by corporate houses, particularly tribal populations. She highlights the tension between CSR rhetoric and the reality of corporate actions, where skill development initiatives often fail to address the actual needs of these communities. Sharma argues that

many CSR efforts are more concerned with corporate image-building than with achieving substantive social change. She calls for a more value-driven approach to CSR, one that involves genuine collaboration between state and corporate sectors to address socio-economic inequalities and foster inclusive growth.

In the case of Mahindra & Mahindra, Nikita Singh provides an example of CSR initiatives focused on education, such as the Nanhi Kali project, which aims to provide education to underprivileged girls. While Mahindra's CSR activities reflect a commitment to long-term social value, Singh emphasizes that such initiatives, though impactful, often focus on isolated issues, neglecting the broader structural inequalities that continue to hinder inclusive growth. Similarly, N.K. Nair and J.S. Sodhi's exploration of CSR practices among small and medium-sized enterprises (SMEs) reveals that while these companies engage with local communities, their efforts are often limited in scope and fail to reach a larger population. They argue that more robust organizational frameworks are needed at both state and central levels to enhance the reach and effectiveness of CSR initiatives in marginalized communities.

Finally, Seema Sharma revisits the broader social, political, and economic context of CSR in India, drawing attention to systemic issues such as caste discrimination, religious conflict, and bureaucratic corruption, which undermine the effectiveness of CSR initiatives. Sharma critiques the sustainability rhetoric often employed by businesses, suggesting that CSR investments are frequently driven by commercial interests rather than a genuine commitment to addressing social issues. She calls for CSR to move beyond superficial corporate strategies and adopt a more transformative approach that prioritizes the welfare of marginalized communities.

In sum, the literature critically highlights the gaps in CSR implementation in India, suggesting that while CSR has the potential to address significant socio-economic challenges; its effectiveness is contingent upon overcoming issues of inequality, discrimination, and corporate self-interest. Scholars argue for a shift towards more inclusive, equitable, and impactful CSR practices that not only contribute to community development but also address structural barriers to social and economic progress. The current state of CSR in India, as reflected in the literature, indicates a need for a more comprehensive and systemic approach to truly realize its potential for fostering inclusive growth and social change.

### **CSR funding patterns in Development sectors:**

To attain an adequate understanding of the present scenario of Corporate Social Responsibility (CSR) activities in India, it is essential to analyze the data patterns following the enactment of the Companies Act, 2013, initiated by the Ministry of Corporate Affairs, Government of India. This legislative framework mandated CSR for corporations that fulfill certain criteria, obligating them to participate in CSR activities within certain sectors. The Act has been crucial in directing corporate engagement in social welfare activities by offering a systematic framework for firms to formulate and execute policies and programs that address societal concerns.

The Companies Act, 2013, significantly contributes to the advancement of the nation's Sustainable Development Goals (SDGs), linking corporate initiatives with overarching global objectives. The table's data provides significant insights into investment trends in CSR, the rising participation of companies in CSR activities, the geographic distribution of these initiatives across states and Union Territories (UTs), the increasing number of CSR projects, and the development sectors prioritized by the Government of India. These figures collectively underscore the broadened reach and profundity of CSR programs,

indicating a notable transformation in the corporate sector's approach to social responsibility and its contribution to national development.

<b>Financial Year</b>	<b>Total No. of Companies</b>	<b>Total Amount Spent on CSR (INR Cr.)</b>	<b>States &amp; UTs Covered</b>	<b>Total No. of CSR Projects</b>	<b>Development Sectors</b>
<b>FY 2014-15</b>	16548	10066	36	9352	14
<b>FY 2015-16</b>	18290	14517	36	18423	14
<b>FY 2016-17</b>	19539	14330	36	23008	14
<b>FY 2017-18</b>	21397	13624	36	23489	14
<b>FY 2018-19</b>	24902	18653	36	30619	14
<b>FY 2019-20</b>	22985	24965.82	38	35290	14
<b>FY 2020-21</b>	20840	26210.95	39	39324	14
<b>FY 2021-22</b>	19888	26579.78	40	44425	14
<b>FY 2022-23</b>	24392	29986.92	40	51966	14

**Table No. 1; Source: National CSR Portal<sup>5</sup>; table is modified.**

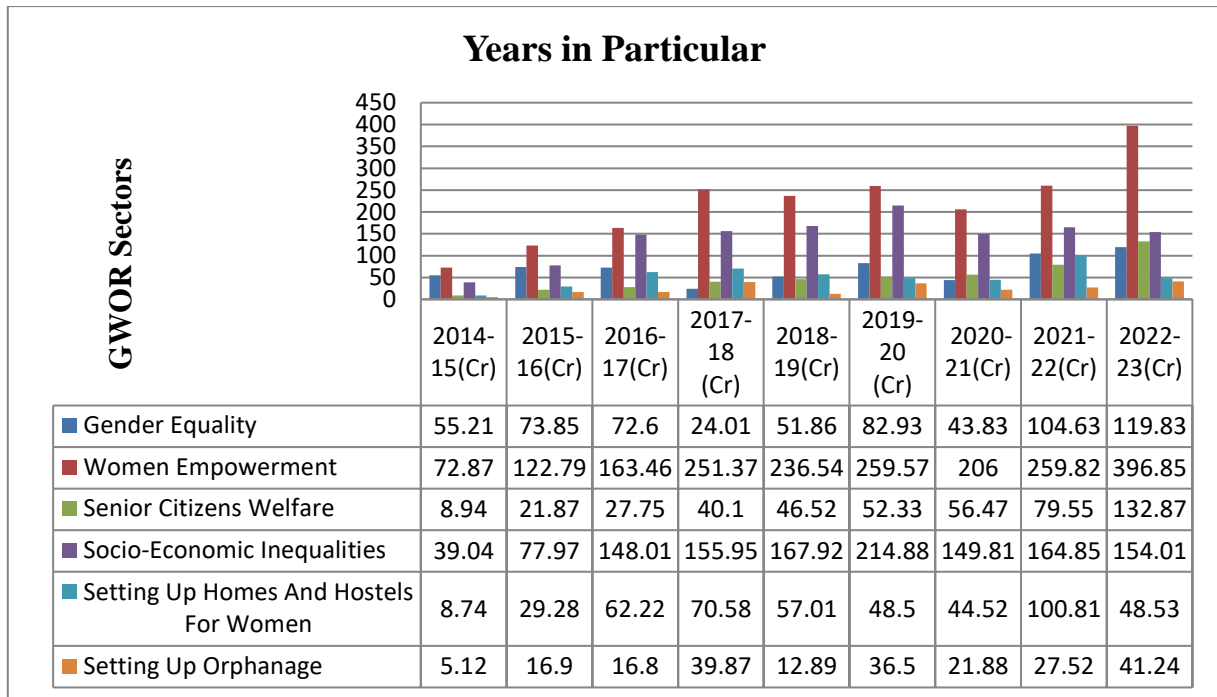
The data indicates a substantial rise in Corporate Social Responsibility (CSR) initiatives in India, with the number of participating firms increasing from 16,548 in FY 2014-15 to 24,392 in FY 2022-23. This expansion is primarily driven by the obligatory CSR mandates specified in the companies Act, 2013, which necessitate corporations to designate a portion of their revenues for social initiatives. Moreover, corporations acknowledge CSR as a strategic instrument for improving reputation and cultivating goodwill. CSR expenditure has increased from ₹10,066 crore in FY 2014-15 to ₹29,986.92 crore in FY 2022-23, indicating both enhanced business profitability and a heightened emphasis on tackling societal issues such as poverty, education, and healthcare. The consistent geographical expansion of CSR, encompassing 36 to 40 states and union territories, is attributable to governmental incentives and the initiative to mitigate regional inequities. The number of CSR projects has risen from 9,352 in FY 2014-15 to 51,966 in FY 2022-23, reflecting corporations' expanded focus on a wider array of societal challenges. The number of development sectors has stayed constant at 14, in accordance with national development priorities, including rural development and environmental sustainability. The increase in CSR participation and investment signifies the corporate sector's changing role in promoting inclusive development, influenced by legislative requirements, strategic business objectives, and a dedication to tackling urgent societal issues.

**CSR and GWOR:**

Under the guidelines of the Government of India (GOI), companies are mandated to focus on fourteen key development sectors for CSR activities. One such sector is Gender Welfare and Other Related

<sup>5</sup> <https://www.csr.gov.in/content/csr/global/master/home/home.html>

(GWOR), which encompasses six sub-sectors: Gender Equality, Women Empowerment, Senior Citizens Welfare, Reducing Socio-economic Inequalities, Setting up Homes and Hostels for Women, and Setting up Orphanages. This section examines CSR expenditure within the GWOR sector, highlighting corporate contributions toward promoting social equity, addressing gender disparities, and supporting vulnerable groups as part of their broader social responsibility efforts.



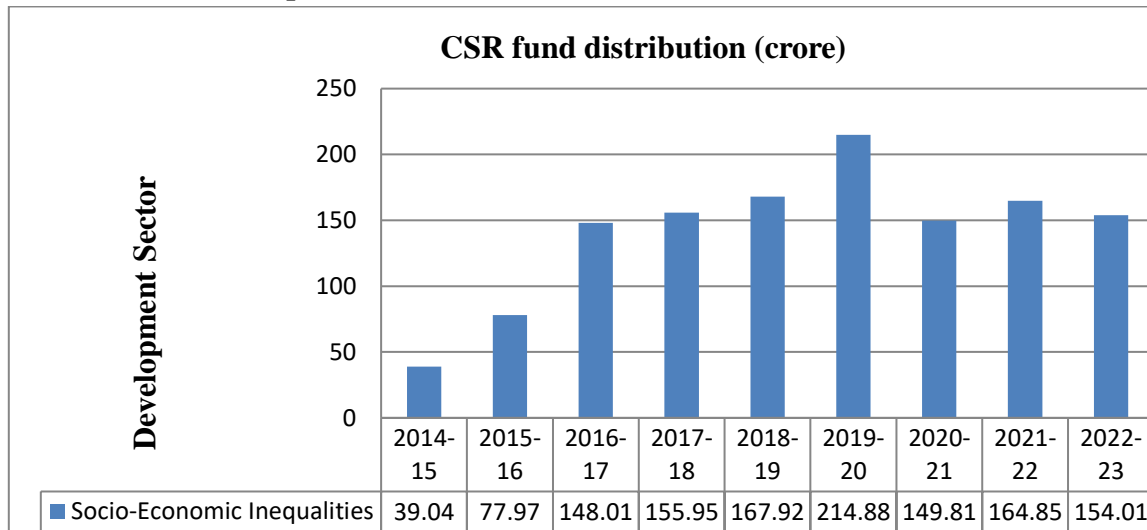
**Chart No. 1; Source: National CSR Portal<sup>6</sup>; Chart is modified.**

The chart illustrates the growing CSR expenditure in the Gender Welfare and Other Related (GWOR) Sector from FY 2014-15 to FY 2022-23, reflecting an increasing commitment to addressing critical social issues. Women Empowerment consistently received the highest funding, rising from ₹72.87 crore in FY 2014-15 to ₹1,969.27 crore in FY 2022-23, driven by a focus on gender parity, education, and leadership. Similarly, investments in Gender Equality and Senior Citizens Welfare grew significantly, reaching ₹628.75 crore and ₹466.4 crore, respectively, in FY 2022-23, reflecting heightened awareness and corporate responsibility towards gender equality and the welfare of the elderly, especially as India’s population ages. Expenditure on Socio-Economic Inequalities also surged, peaking at ₹1,272.44 crore in FY 2022-23, driven by efforts to address poverty and regional disparities. Investments in Setting up Homes and Hostels for Women and Orphanages showed fluctuations, but both areas still received substantial funding, with ₹470.19 crore and ₹218.72 crore spent in FY 2022-23, highlighting ongoing corporate support for vulnerable populations.

This upward trend in CSR spending reflects the impact of the Companies Act, 2013, the growing corporate focus on social issues, and the alignment with national priorities and the Sustainable Development Goals (SDGs). Companies are increasingly recognizing the importance of long-term investments in social welfare and inclusivity.

<sup>6</sup> <https://www.csr.gov.in/content/csr/global/master/home/home.html>

**CSR & Socio-Economic Inequalities:**



**Chart No. 2; Source: National CSR Portal<sup>7</sup>; Chart is modified.**

The chart illustrates the CSR expenditure directed toward addressing Socio-Economic Inequalities from FY 2014-15 to FY 2022-23. The data reveals a steady increase in spending from ₹39.04 crore in FY 2014-15 to ₹214.88 crore in FY 2019-20, indicating growing corporate awareness and involvement in tackling socio-economic disparities, including poverty, lack of access to basic services, and wealth inequalities.

The surge in expenditure from FY 2014-15 to FY 2019-20 can be attributed to several factors. First, the implementation of the Companies Act, 2013, which mandated CSR spending for eligible companies, likely prompted greater corporate engagement in social welfare initiatives. Additionally, the increasing focus on inclusive growth, driven by both government initiatives and global sustainability goals (such as the UN's Sustainable Development Goals), encouraged companies to invest in reducing socio-economic inequalities.

After FY 2019-20, the spending saw some fluctuation, with a slight decline to ₹149.81 crore in FY 2020-21, followed by a recovery to ₹154.01 crore in FY 2022-23. These fluctuations may reflect the impact of external factors such as the COVID-19 pandemic, which affected economic conditions and corporate priorities. Some companies might have shifted focus to urgent relief measures, such as healthcare or disaster response, leading to a temporary reduction in funding for long-term socio-economic projects. However, despite these fluctuations, the overall increase in CSR expenditure dedicated to socio-economic inequalities underscores the ongoing commitment of the corporate sector to address social and economic disparities. This trend is consistent with the broader national focus on achieving more inclusive growth, as well as the growing recognition among businesses that addressing inequality is not only a social responsibility but also a strategic priority that contributes to long-term economic stability and social cohesion.

<sup>7</sup> <https://www.csr.gov.in/content/csr/global/master/home/home.html>

**CSR expenditure in reducing socio-economic inequalities & top states:**

Financial Year	Top States & Amount spent (crore)
FY 2014-15	Maharashtra (8.59), Karnataka (2.95), West Bengal (2.71), Chhattisgarh (2.52), Orissa (1.91)
FY 2015-16	Maharashtra (19.62), Rajasthan (6.90), Andhra Pradesh (6.08), Tamil Nadu (5.85), Delhi (2.86)
FY 2016-17	Rajasthan (30.29), Maharashtra (27.49), Uttarakhand (15.39), Tamil Nadu (15.34), Karnataka (11.64)
FY 2017-18	Maharashtra (45.47), Uttarakhand (17.32), Kerala (7.03), Delhi (6.75), Tamil Nadu (5.87)
FY 2018-19	Maharashtra (39.73), Tamil Nadu (14.85), Uttarakhand (11.07), Gujarat (9.75), Rajasthan (8.83)
FY 2019-20	Maharashtra (41.46), Gujarat (10.53) Karnataka (9.71), Rajasthan (8.2), Tamil nadu (4.76).
FY 2020-21	Maharashtra (16.86), Gujarat (9.57), Delhi (8.24) West Bengal (6.38), Tamil Nadu (6.81).
FY 2021-22	Bihar (39.66), Maharashtra (23.7), Tamil Nadu (16.8), Delhi (16.76), Kerala (6.83).
FY 2022-23	Maharashtra (31.75), Delhi (21.07), Gujarat, (19.21) Karnataka (7.76), West Bengal (7.73).

**Table No: 2; Source: National CSR Portal<sup>8</sup>; the table is modified.**

The table shows CSR expenditure distribution across states in India from FY 2014-15 to FY 2022-23. Maharashtra consistently receives the highest CSR funding, reflecting its economic prominence with numerous large corporations. Other states like Rajasthan, Tamil Nadu, Gujarat, Karnataka, and Delhi also feature prominently, though the amounts fluctuate yearly. For instance, Rajasthan saw a significant rise in funding in FY 2016-17, while Bihar emerged as a major recipient in FY 2021-22, signalling a growing focus on regional development and socio-economic inclusion.

Fluctuations, such as the decline in Maharashtra's funding in FY 2020-21, can be attributed to factors like the COVID-19 pandemic, which redirected resources to immediate relief efforts. Overall, the data highlights both regional disparities and shifting corporate priorities, with increasing attention to less-developed regions like Bihar and the impact of external events on CSR strategies.

**Conclusion:**

The study finds out that the area of corporate social responsibility in connection with social inclusion needs to be given more attention at both the policy level as well as the practice/field level. Through literature and the government based data it is found that the CSR programs and activities are in the cycle of basic necessities of the communities. They need to go beyond that where they can reach out the cause and find out the solutions accordingly. The literature review depicts that there is clear relationship between corporate social responsibility and social inclusion. The companies can definitely provide a

<sup>8</sup> <https://www.csr.gov.in/content/csr/global/master/home/home.html>



proper platform to the weaker section of the society and bring about changes starting from the micro level initiatives and transform to macro level practices.

In this backdrop, there is a need to draw attention of the corporate houses regarding reducing inequalities and giving more inclusive platforms to the marginalized section of the society. In the context of corporate world, the inclusion and exclusion process depends on the functions, approaches and policies of the organizations where they decide strategically to what extent they can take steps to curb the social exclusion. Nevertheless, the problem is known to everyone, but it is the matter of giving serious attention towards this problem and decides what can be effective policies and solutions, and opportunities these companies can create for the marginalized section of the society through the perspective of social inclusion.

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