

Mandatory Corporate Social Responsibility (CSR) in India

India, 2014 -

Brief description

India's mandatory corporate social responsibility (CSR) initiative, established by the Companies Act of 2013, requires companies of a certain size to spend at least 2% of their average net profits from the previous three years on CSR activities. This pioneering legislation aims to leverage corporate resources and skills to address India's development challenges. Companies can implement CSR activities directly or through third-party agencies, focusing on 12 approved categories including education, health, and rural development.

The initiative has generated substantial funds for human development, with education receiving the largest share of CSR spending. The programme has shown promising results, including increased company compliance, improved transparency, and significant investments in education projects such as digital classrooms, career counseling, and teacher training. However, challenges persist, including varying company capacities to implement CSR effectively, lack of government guidance, focus on spending targets over social impact, and unequal distribution of funds across regions.

Framework pillars

-  Cost and sustainability
-  Capacity and culture
-  Content and solutions
-  Data evidence

Education level

- ☐ Primary education
- ☐ Secondary education
- ☐ Higher education

Pros

- Substantial generation of funds for human development in India
- Increased company compliance with CSR mandate
- Improved transparency and accountability
- Significant increase in spending on education and health
- Leverages corporate innovations and management skills for social development

Cons

- Varying capacities of companies to implement CSR effectively
- Lack of government guidance on fund distribution
- Focus on spending targets over social impact
- Need for strong oversight and enforcement mechanisms
- Unequal distribution of funding across regions
- Tendency towards short-term projects for quick recognition

Finance models

- ☐ Corporate social responsibility (CSR)
- ☐ Public-private partnerships

Partners

- ☐ Government of India
- ☐ Large corporations
- ☐ Non-Governmental Organizations (NGOs)
- ☐ Beneficiaries (education sector, health sector, environment, etc.)

Links and resources

- The Companies Act, 2013:
<http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>
- CSR in India: The numbers do add up:
[https://www.csrbox.org/media/CSR%20in India Numbers Do Add Up Report-2018 Web-lite.pdf](https://www.csrbox.org/media/CSR%20in%20India%20Numbers%20Do%20Add%20Up%20Report-2018%20Web-lite.pdf)
- National CSR Portal:
[https://www.csr.gov.in/about-us.php\[1\]](https://www.csr.gov.in/about-us.php[1])



Online version available at: <https://www.unesco.org/en/dtc-financing-toolkit>

Contact details: globalEDcoalition@unesco.org