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Regional Disparities in CSR Spending: An Inter-State Analysis

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ABSTRACT

Corporate Social Responsibility (CSR) has emerged as a significant development strategy in India following the implementation of Section 135 of the Companies Act, 2013. While the legislation mandates corporate spending on socially beneficial activities, it does not prescribe the geographical allocation of CSR funds, leading to growing concerns about regional imbalances in CSR distribution. This study examines inter-state disparities in CSR spending across India and investigates whether CSR allocation is economically concentrated, particularly in states with higher Gross State Domestic Product (GSDP). Using state-wise CSR expenditure data from the National CSR Portal and GSDP figures from the Ministry of Statistics and Programme Implementation (MOSPI) and the Reserve Bank of India, the analysis employs descriptive statistics, inequality measures, and correlation techniques. The coefficient of variation demonstrates a clear deviation from equitable distribution. Pearson's and Spearman's correlation analysis further confirms a strong and statistically significant positive relationship between state GSDP and CSR spending, suggesting that CSR flows are closely aligned with economic activity rather than developmental necessity. These results imply that CSR in India, instead of promoting balanced regional development, tends to reinforce existing economic disparities. The study highlights the need for more equitable geographic deployment of CSR resources, particularly toward economically weaker and socially vulnerable regions.

***Keywords**: Corporate Social Responsibility, Gross State Domestic Product, Pearson Correlation, Economic Disparities, Inter-State Disparities.*

Introduction

Corporate Social Responsibility (CSR) has emerged as a critical instrument for promoting development, particularly in developing economies like India where corporate resources are increasingly being aligned with national development priorities. The institutionalization of CSR in India through the introduction of Section 135 of the Companies Act, 2013 transformed it into a legally mandated developmental responsibility. India thus became the first country in the world to make CSR spending mandatory for qualifying companies, requiring them to allocate at least 2% of their average net profits of the previous three years towards socially beneficial activities. This was intended not only to institutionalize corporate contribution towards societal welfare but also to ensure that economic growth translates into social equity, improved living standards, and regional development.

However, while the CSR legislation defines the spending obligations and permissible areas of intervention, it does not legally mandate the geographic allocation of CSR funds across Indian states. Consequently, CSR spending patterns have evolved largely in response to corporate presence, industrial concentration, and economic activity rather than developmental needs. India's economic landscape is characterized by stark regional imbalances, with economic output, industrial development, and

investment heavily concentrated in a few states such as Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Delhi-NCR, whereas several states in the North-Eastern, Eastern, and Central regions lag behind in both economic capabilities and developmental indicators. This structural imbalance raises a critical concern: whether CSR funds are being equitably distributed across Indian states or are merely reinforcing existing regional economic disparities.

The regional distribution of CSR assumes great importance in India because the vision behind CSR aligns with thenational development framework and Sustainable Development Goals (SDGs). Ideally, CSR spending should act as a complementary development resource that bridges gaps in public expenditure, particularly in socially and economically backward regions. However, emerging evidence and preliminary data trends suggest that CSR spending is disproportionately concentrated in industrially advanced states. In contrast, states with lower Gross State Domestic Product (GSDP) and weaker industrial penetration continue to receive relatively lower CSR inflows.

In this context, analyzing regional disparities in CSR spending becomes crucial. Understanding how CSR funds are geographically distributed, which states attract higher allocations, and whether CSR spending correlates with state-level economic strength is important. The relationship between CSR spending and GSDP is particularly important because it indicates whether CSR allocation is driven primarily by corporate presence and high economic activity rather than socio-developmental needs. If CSR spending is found to be highly correlated with GSDP, it would imply that richer states receive more CSR due to greater corporate presence, whereas poorer states are disadvantaged within the CSR framework. Alternatively, a weaker correlation would suggest that CSR may indeed be functioning as a developmental equalizer, supporting regions beyond corporate hubs.

Furthermore, regional disparities in CSR have broader socio-economic implications. Unequal CSR allocation may result in uneven development outcomes across states, reinforcing regional inequality in areas like healthcare, education, livelihood support, environmental sustainability, and social infrastructure development. Against this backdrop, this study undertakes an inter-state analysis of CSR spending in India with a specific focus on regional disparities and their economic output. It examines variations in CSR expenditure across Indian states, evaluates regional concentration patterns, and investigates the empirical relationship between CSR spending and GSDP. The study seeks to determine whether CSR spending aligns with the economic strength of states or whether it addresses developmental imbalances. By employing quantitative analysis and correlation assessment using authentic secondary data, this research aims to provide systematic insights into CSR distributional dynamics in India.

Review of Literature

Corporate Social Responsibility (CSR) in India has transformed significantly since the enactment of Section 135 of the Companies Act, 2013, which introduced a mandatory 2 % profit-linked CSR expenditure requirement for qualifying companies. Early CSR literature in India largely focused on conceptual foundations, compliance behaviour and sectoral priorities under the legal mandate, examining how companies responded to obligations and integrated CSR into corporate governance frameworks (Ramesh &Peswani, 2017).

Spatial or regional inequality in CSR spending has now received increasing scholarly attention. Thadikaran et al. (2021) used national CSR portal data to examine whether CSR expenditures varied across Indian states during 2017–19 and found clear evidence of spatial inequalities, with economically weaker regions, particularly the Northeast, consistently receiving lower CSR inflows compared to industrialized states. Complementary studies reinforce this finding. An analysis based on MCA data reported that a large proportion of CSR funds are concentrated in a handful of industrialized states such as Maharashtra, Karnataka, Tamil Nadu and Gujarat, leaving many regions and aspirational districts underfunded (PWOnlyIAS, 2024). These patterns suggest that operational region of companies, infrastructure availability and firm presence influence CSR allocation. A study (Islam et al., 2024) examining geographical differences in CSR spending found that regions with stronger economic growth and corporate presence attract more CSR funds, which in turn reflects broader socioeconomic patterns of inequality (e.g., industrial hubs drawing disproportionate CSR investments).

Most of the academic analysis, studies, literature and policy commentaries also highlight that CSR concentration reinforces existing regional disparities rather than narrowing them. The Times of India (2025) reported that development reviews project that eight industrialised states will continue to command the majority share of CSR spending, with low-income states and aspirational districts capturing

only a small fraction, sometimes as low as 2-4 % of total spending. An article by India CSR (2025) states that aspirational districts have shown minimum results, inspite of being focus point for the government. In addition, several scholars point to structural causes of regional disparity in CSR, including firm proximity, administrative ease, and the presence of implementing partners, which advantage economically stronger states with better institutional infrastructure (Islam et al., 2024).

Overall, the literature reveals two core insights relevant to this study. First, CSR spending in India is unevenly distributed across regions, with pronounced disparities between economically strong and weaker states. Second, the state GSDP and corporate presence appears strongly linked to CSR allocation patterns, suggesting that CSR may follow economic opportunity rather than equitable developmental need. These insights provide a foundation for the present research's focus on testing the relationship between GSDP and CSR spending empirically.

Objectives of the study

This study has the following objectives:

- To analyze inter-state variation in CSR spending across Indian states.
- To study the relationship between State GSDP and CSR spending.
- To assess whether CSR allocation aligns more with economic size (GSDP) or social development needs.

Hypothesis

The study aims to put the following hypothesis to test:

Hypothesis 1: Regional Disparity Hypothesis

H_{01}: There is no significant difference between the CSR expenditure received by the states.

Hypothesis 2: Economic Concentration Hypothesis

H_{02}: There is no significant correlation between GSDP and CSR expenditure received by the states.

Research Methodology

- **Variables used in the study:** The study uses two variables. The first one is total CSR expenditure received by the states and the second variable is Gross State Domestic Product (GSDP) at current price.
- **Data sources:** The data for the two variables has been collected from the following government websites.
- **CSR data:** National CSR Portal (MCA, Govt. of India); State-wise CSR spending
- **GSDP Data:** (i) Ministry of Statistics and Programme Implementation (MOSPI) (ii)RBI Handbook of Statistics on States of India.

Period of Study: The study is based on GSDP and CSR data for 5 years from 2019-20 to 2023-24.

- **Nature of Study:** This study is based on secondary data. This study is quantitative in nature. The research paper uses the statistical tools like mean, standard deviation and coefficient of variation to analyze if there is disparity in CSR spending among states. The paper uses Pearson's and Spearman's correlation to find out if there is any significant relation between Gross State Domestic Product (GSDP) and CSR spendings in the states.

Analysis and results

- **Regional Disparity in CSR Spendings**

To analyze the regional disparities in CSR spendings, we have considered 33 states &UTs of India and used the data of CSR spendings done in these states from FY 2019-20 to 2023-24. The data of state-wise CSR spending is available on National CSR portal. Mean annual CSR expenditure done in the states &UTs in the period of study was calculated.

Table 1 below shows the minimum average CSR expenditure of these 5 years is ₹3.8840 crore, while the maximum average CSR was ₹4799.3880 crore. This clearly shows enormous difference in the CSR fundings received by the states. The minimum funding was received by Andaman& Nicobar, while Maharashtra received the highest fundings. According to the data, other states which received large proportions of CSR fundings are Karnataka, Tamil Nadu, Gujarat and Delhi. States like Rajasthan, West Bengal, Haryana and Telangana receive more than the national average, but it is still quite low compared to industrially advanced states. The findings also reveal that on an average, states receive around ₹598

crore in CSR funds. However, the standard deviation is larger than the mean, indicating that CSR spending is highly uneven, meaning some states get extremely high CSR investments while many get very little.

Table 1: Mean & Standard Deviation of CSR Spending among States

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
CSR	33	3.8840	4799.3880	597.985273	918.0023321
Valid N (listwise)	33				

Based on standard deviation and mean CSR expenditure of states, we also calculate coefficient of variation. This helps us measure relative variability or dispersion of data compared to its mean i.e., variability as a percentage of the mean.

CV = (Standard Deviation / Mean) ×100

The coefficient of variation for CSR spending is 153.52% and this indicates extremely high interstate disparities. This suggests that CSR allocation is unevenly distributed across Indian states.

- **Correlation between GSDP and CSR Expenditure**

To calculate the correlation between GSDP and CSR spendings in the states, we can use Pearson's correlation or Spearman's correlation. Pearson's correlation is used when data is normally distributed and has no serious outliers and Spearman's rank correlation is used for non-normal, skewed data with outliers. Since, CSR and GSDP data are highly skewed and have outliers (e.g., Maharashtra), using Spearman in addition to Pearson is methodologically correct.Thus, we have tried to establish the relationship between these variables using both methods.

Table 2 shows the results of Pearson's correlation calculated for our study. Here, r = 0.888 which indicates a verystrong positive correlation. It means that as State GDP increases, CSR spending also increases. p< 0.01, meaning the correlation is highly statistically. It implies that states with high economic output attract more CSR spending.

Table 2: Pearson's correlation between CSR and GSDP

Correlations

		CSR	GSDP
CSR	Pearson Correlation	1	.888
	Sig. (2-tailed)		.000
	N	33	33
GSDP	Pearson Correlation	.888	1
	Sig. (2-tailed)	.000	
	N	33	33

. Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows results of Spearman's rho which is used for non-normal data. Here, ρ = 0.939 which indicates an even stronger positive relationship. It means that CSR ranking for high GSDP ranking states is also high. Again, this relationship is also highly significant (p < 0.01). It implies, even if we convert data into ranks, the relationship remains extremely strong.

Table 3: Spearman's Correlation between CSR and GSDP

Correlations

			CSR	GSDP
Spearman's rho	CSR	Correlation Coefficient	1.000	.939**
		Sig. (2-tailed)	.	.000
		N	33	33
	GSDP	Correlation Coefficient	.939**	1.000
		Sig. (2-tailed)	.000	.
		N	33	33

**. Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation analysis indicates a very strong positive association between State GSDP and CSR spending ($r = 0.888$, $p < 0.01$), suggesting that economically advanced states receive significantly higher CSR investments. To validate the robustness of this relationship, a non-parametric Spearman's rank correlation was also conducted. The results again revealed a very strong and statistically significant correlation ($\rho = 0.939$, $p < 0.01$), confirming that the positive association persists. These findings provide strong empirical evidence to show CSR spending is spatially concentrated in high-GSDP states.

Both methods of measuring correlation giving strong results strengthens our conclusion. Based on this, we can reject the null hypothesis (H02) and conclude that there is a positive and significant correlation between state GDP and CSR spending.

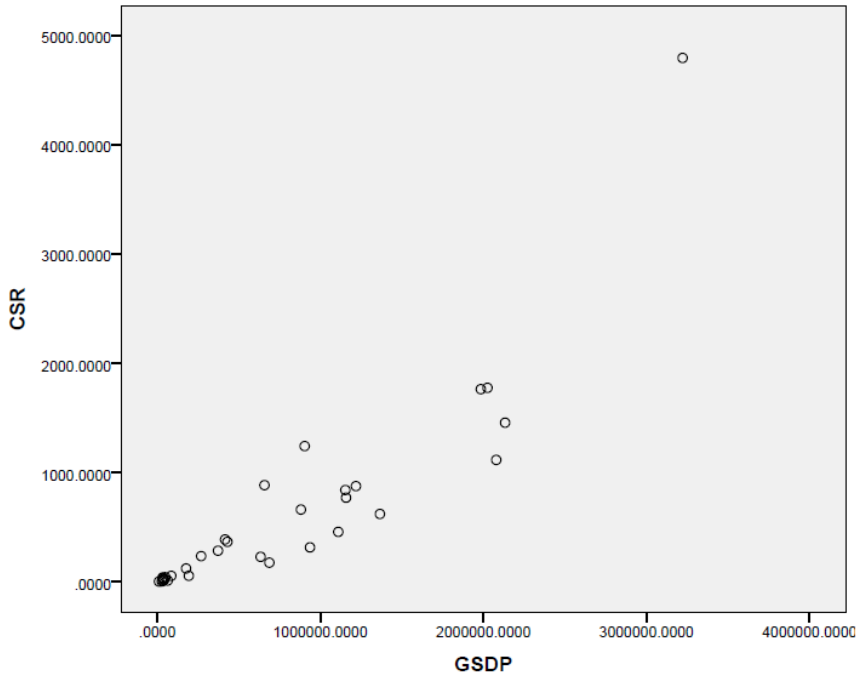

Figure 1: Scatter plot diagram showing correlation between CSR and GSDP

The study also shows correlation between average GSDP and CSR spendings in the period of study using a scatter plot diagram. X-axis in the diagram show average state GSDP while Y-axis shows CSR Spending.

Figure 1 depicts a clear upward trend which indicates that economically stronger states receive higher CSR allocations. Many states are clustered near the **lower end of both CSR and GSDP.** A few states on the**far right with very high GSDP**also receive **very high CSR. There is a positive and significant correlation between State GSDP and CSR spending.** This indicates **CSR is concentrated in economically developed states,** suggesting spatial inequality.

Conclusion

This study set out to examine regional disparities in CSR spending across Indian states and to assess whether CSR allocations are associated with state-level economic strength. The findings clearly demonstrate substantial interstate inequality in CSR distribution, with a few economically advanced states attracting a disproportionately large share of CSR funds. Descriptive statistics and coefficients of variation confirmed high variability in both CSR spending and GSDP, indicating structural regional imbalances.

The strong and statistically significant positive correlation between GSDP and CSR spending, validated through both Pearson ($r = 0.888$) and Spearman's rho ($\rho = 0.939$) implies that CSR spending tends to follow the geography of industrialization and economic power rather than acting as a redistributive mechanism toward lagging regions.

Overall, the results imply that while India's CSR regime has significantly increased corporate contributions to development, it has not adequately addressed regional disparity. Policy refinements may be required to ensure a more equitable spatial distribution of CSR resources, especially toward states with lower economic capacity and developmental deficits.

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Appendix A

Table I: CSR expenditure in Indian States from 2019-20 to 2023-24 (in crores)

States	2019-20	2020-21	2021-22	2022-23	2023-24	Mean CSR expenditure (2019-20 to 2023-24)
Andaman And Nicobar	1.29	2.86	9.71	2.53	3.03	3.884
Andhra Pradesh	710.23	719.81	663.5	986.77	1129.75	842.012
Arunachal Pradesh	18.02	10.58	119.42	13.36	39.57	40.19

Assam	285	180.23	406.42	474.96	488.62	367.046
Bihar	110.48	89.89	178.97	241.41	260.53	176.256
Chandigarh	15.58	13.4	51.19	18.44	113.31	42.384
Chhattisgarh	269.68	325.63	317.7	609.08	422.73	388.964
Delhi	830	724.59	1198.5	1517.07	1949.95	1244.022
Goa	43.91	41.92	45.43	60.91	85.79	55.592
Gujarat	984.37	1461.6	1613.18	2060.02	2707.54	1765.342
Haryana	537.91	550.86	687.13	720.38	816.95	662.646
Himachal Pradesh	78.78	106.31	140.27	141.4	148.59	123.07
Jammu And Kashmir	25.27	35.56	50.68	72.19	98.54	56.448
Jharkhand	155.21	226.54	243.95	389.65	414.63	285.996
Karnataka	1448.16	1277.81	1849.82	2058.73	2254.88	1777.88
Kerala	298.56	290.67	241.58	362.85	387.91	316.314
Madhya Pradesh	220.46	375.51	427.48	668.32	600.47	458.448
Maharashtra	3353.24	3464.81	5407.4	5705.54	6065.95	4799.388
Manipur	14.21	10.39	15.62	53.6	83.19	35.402
Meghalaya	17.65	17.63	19.63	22.94	30.94	21.758
Mizoram	0.25	0.97	6.94	11.01	4.48	4.73
Nagaland	5.1	3.57	12.46	13.57	15.41	10.022
Odisha	717.39	578.16	752.37	994.82	1389.39	886.426
Puducherry	11.32	12.43	9.31	14.29	32.68	16.006
Punjab	189.44	158.46	185.41	263.51	351.89	229.742
Rajasthan	734.12	670	713.85	1122.65	1145.67	877.258
Sikkim	10.99	17.28	28.24	36.18	41.87	26.912
Tamil Nadu	1072.26	1174.07	1441.03	1637.12	1968.76	1458.648
Telangana	445.8	627.71	688.58	1040.61	1054.92	771.524
Tripura	9.4	9.29	15.91	19.26	9.45	12.662
Uttar Pradesh	577.98	907.32	1345.02	1213.12	1545.01	1117.69
Uttarakhand	124.7	160.58	228.09	307.6	360.76	236.346
West Bengal	423.85	471.48	571.89	782.74	862.57	622.506

Source: National CSR Portal (MCA, Govt. of India)

Appendix B

Table II: Gross State Domestic Product of Indian States from 2019-20 to 2023-24 (in lakhs)

States	2019-20	2020-21	2021-22	2022-23	2023-24	Mean GSDP (2019-20 to 2023-24)
Andaman & Nicobar Islands	976500	931040	1039210	1197668	1249911	10,78,866
Andhra Pradesh	92583912	97858146	113162895	130946397	142209390	11,53,52,148
Arunachal Pradesh	3002365	3052535	3270526	3571150	3856532	33,50,622
Assam	34685068	33980298	41072356	48498493	56928729	4,30,32,989
Bihar	58185548	56781402	64739435	76316472	87719656	6,87,48,503
Chandigarh	4342143	3941149	4605000	5596274	6253564	49,47,626
Chhattisgarh	34467204	35232751	41161335	45889132	51210749	4,15,92,234
Delhi	79291127	74427725	87062704	99974939	111290482	9,04,09,395
Goa	7503209	7415792	8122613	9367238	10653257	86,12,422
Gujarat	161714327	161610636	192092658	220341897	256297500	19,84,11,404
Haryana	73805238	73044177	87726891	97473233	108551028	8,81,20,113
Himachal Pradesh	15916402	15190542	17037595	19202613	21216943	1,77,12,819
Jammu & Kashmir*	16410322	16779269	18856107	20981552	23605885	1,93,26,627
Jharkhand	31030536	29666400	37612669	41430768	46563801	3,72,60,835

Karnataka	161582653	164081146	199202931	231969623	255724135	20,25,12,098
Kerala	81293463	77172389	92446542	103873406	113537156	9,36,64,591
Madhya Pradesh	92785500	94621772	110116804	122181250	135380897	11,10,17,245
Maharashtra	265680647	261065110	314382142	364154290	405584723	32,21,73,382
Manipur	2981303	2977609	3502748	3852431	4341376	35,31,093
Meghalaya	3477040	3377616	4022204	4683380	5322333	41,76,515
Mizoram	2498960	2392294	2669526	3018418	3327673	27,81,374
Nagaland	2971587	2983164	3226538	3562863	3980865	33,45,003
Odisha	53750171	54018517	69553008	71526245	79896950	6,57,48,978
Puducherry	3699874	3617958	4090292	4231529	4694498	40,66,830
Punjab	53703104	54085261	62771739	69251925	77174361	6,33,97,278
Rajasthan	100003215	101791733	119564058	135647987	152150965	12,18,31,592
Sikkim	3144100	3301783	3764963	4267745	4893694	38,74,457
Tamil Nadu	174314396	178807437	207249579	237246927	268896332	21,33,02,934
Telangana	95009049	94307799	112408564	131072067	146183594	11,57,96,215
Tripura	5415112	5350412	6230246	7063344	7943406	64,00,504
Uttar Pradesh	174513119	168294255	202803029	229576318	264287702	20,78,94,885
Uttarakhand	23926290	22561676	25496648	29266994	33299788	2,69,10,279
West Bengal	117912746	114179769	134003023	151556450	165137373	13,65,57,872

Source: RBI Handbook of Statistics on States of India.

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