

60% of CSR funds spent in 5 States, Delhi: DIU study

Our Bureau

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Pointing out a substantial geographical imbalance in corporate social responsibility (CSR) spending by companies, a study found that five States — Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh and Gujarat — and the Union Territory of Delhi received over 60 per cent of the funds.

According to the Development Intelligence Unit's (DIU) report titled '*Investing in Tomorrow: Need for re-aligning CSR spends with district development*', released on Thursday, India's most

underdeveloped districts got only a small fraction of the total amount spent under CSR activities.

Corporates spent a record ₹34,909 crore on CSR initiatives in 2024, up 13 per cent from the previous year.

The study said that companies were focusing their spending in areas close to their operations, often due to a misunderstanding that the law mandates such local investment.

"Only 30 per cent of eligible rural districts receive CSR support that aligns with their development needs. About 23 per cent show a complete mismatch, while 47 per cent are only partially

aligned. This indicates that companies are guided more by convenience or compliance than by data, evidence-based approaches or development priorities," Transform Rural India (TRI) said in a statement.

DIU is a joint enterprise of TRI and Sambodhi Research and Communications.

FUNDING GAP

India's CSR framework requires eligible companies to allocate at least 2 per cent of their average net profits from the preceding three years toward social development.

The report noted a major misalignment between CSR

fund distribution and the actual development needs of rural districts.

"Invest money where it's needed not necessarily where your factory sits," said Sandeep Ghosh, Director of DIU. "We have found that too much CSR funding is given on the basis of convenience, and not on the basis of need. This needs to change for those in need," Ghosh said.

The findings are based on a data-driven methodology that contrasts district-level CSR allocations over five years (2018-2023) with the quality of life in rural areas, measured through a rural quality of life (RQOL) index,

developed by the DIU using 69 indicators from 13 official data sets from nine key development areas such as health, education, infrastructure, employment, gender and sustainability.

RECOMMENDATIONS

The report stated that many CSR initiatives lack impact assessments, duplicate government schemes and show weak community participation, limited innovation and poor strategic planning.

It suggested that the Ministry of Corporate Affairs create clear policies to help companies direct CSR funds to the regions and sectors that need them the most.