

## Corporate Social Responsibility and Spatial Inequality in India

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**Abstract:** The study aims to determine whether there exist spatial inequalities in the Corporate Social Responsibility (CSR) spending among various states in India during the period 2017-2019 by considering section 135 of the Companies Act 2013, which elaborates on CSR provisions in India. The study has utilized secondary data published in the National CSR portal, maintained by the Ministry of Corporate Affairs. Percentage analysis and ranking were done for the 29 States to determine the existence of spatial inequalities in CSR spending. Furthermore, for an in-depth analysis, ten states (N=10) were taken as a sample to understand and analyse the impact of spatial inequalities. The study revealed that there exist spatial inequalities in CSR spending among various States. Moreover, the North-East States received the least amount of CSR in comparison to other states. The study provides insights to the government authorities, companies, and other stakeholders in implementing effective policies related to CSR. The study adds another field to the existing literature on CSR by incorporating the dimensions of spatial inequality and confirming the existence of spatial inequalities in CSR spending in India, which was not explored previously. Finally, the study points out the loophole present in section 135 of the Companies Act 2013, which elevates the spatial inequalities in CSR spending.

**Keywords:** Companies Act 2013, Corporate Social Responsibility (CSR), CSR spending, and Spatial Inequalities

### 1. Introduction

The involvement of business towards the society can be traced back to centuries (Carrol, 1999). The modern concept of CSR took shape from the 20th century (Carrol, 2016). CSR has been defined in diverse ways over the period of time (Wright, McWilliams, & Siegel, 2006). However, a common thread that links all the CSR perspectives is the concern of the business towards society. The idea of CSR was challenged by various radical views, such as the business has only one responsibility, that is, to increase the wealth of shareholders by increasing profits (Friedman, 1970). Nevertheless, CSR remains a pivotal concept that integrates business to society.

CSR's evolution in India can be classified into four phases, phase one concentrated on charity and philanthropy, the second phase focused on social development, the third phase gave importance to the paradigm of a mixed economy, and the fourth phase integrated philanthropy and business approaches (Ghanghas, 2018). CSR in India encompasses human rights, workplace protection, consumer protection, environmental protection, and sustainable management of resources (Hole, Hole, & Bendale, 2019). In the year 2013, the central government of India came up with section 135 in the Companies Act, making it mandatory for thousands of corporations across the country to keep aside 2 percent of their profits for activities in accordance to a CSR policy approved by the Board of Directors (Krichewsky, 2017). India has become the first country to have mandated legislation for CSR contribution (Singh & Verma, 2014). CSR plays a significant role in promoting inclusive growth by supplementing government schemes and reaching underprivileged communities (Chauhan & Dawra, 2017).

The first proviso to section 135 clearly states that companies must prefer the local area in which they operate to undertake CSR. Nevertheless, this proviso may add fuel to the fire and deepen the unbalanced regional development or spatial inequality in India. The Gini Coefficient that measures the inequality of all the regions in a country has increased from 32.1% in 1983 to 37.8% in 2011 (World Bank, n.d.). India's spatial inequality has drifted up drastically, and inequalities have increased with disparities in output per capita and access to core public services (Bourrousse, Morgavi, & Joumard, 2017). Spatial inequality in CSR spending can accelerate the development of certain regions, whereas other regions remain stagnant, thereby leading to unbalanced regional development.

It is unsure whether CSR legislation goes far enough in reducing the inequalities and bringing about balanced development. This paper tries to investigate the existence of spatial inequality in CSR spending across various States in India. Furthermore, the study attempts to determine the possible reasons for such spatial inequalities and suggest appropriate measures to tackle the issue of spatial inequality in CSR spending across the Indian States. The paper also tries to evaluate the role of the first proviso to section 135 of the Companies Act 2013 in intensifying the spatial inequality in CSR spending.

The objectives of this paper are to determine whether there exists spatial inequality in CSR expenditure received by various States in India. Secondly to investigate the reasons for spatial inequality in CSR expenditure, and finally to suggest appropriate measures to tackle the problem of spatial inequality in CSR expenditure.

## Review Of Literature

CSR is a diverse concept that includes society, ecology, economic, political, and legal aspects (Sheehy, 2015). CSR's concept arose in the United States of America in the late 19th century (Bureana & Farcane, 2015). Studies reveal that CSR in India evolved from various models: the ethical model, the statist model, the liberal model, and the shareholders model (Soni & Sharma, 2017). Moreover, Philanthropic Model, Strategic Model, Embedded Model are the emerging models of CSR practices in India (Baral K. S., 2017). However, the Stakeholder model is the most popular CSR approach in India (Aravind & Arevalo, 2011).

The aim of implementing a mandatory CSR policy through section 135 of the Companies Act 2013 is to reduce inequalities, balance the economy, and make resources available for development (Guha, 2020). Besides, mandatory CSR in India can create an opportunity to amplify the country's development and address social and environmental issues (Cottier, Seele, Vishwanath, & Gatti, 2019). Besides, the CSR provision of the Companies Act 2013 opens up various opportunities for social innovation in India (Gupta & Gupta, 2019). Moreover, section 135 of the Companies Act 2013 has transformed the development panorama in India, and corporates can now commit themselves, to the national agenda in a big way (Lawania & Kapoor, 2018). Likewise, there was a remarkable increase in CSR spending after implementing section 135 in the Company Act 2013 (Dharmapala & Khanna, 2018). Yet off late, studies reveal that clause under section 135, which mandates CSR spending in local areas, can create inequalities, as states with higher companies will account for higher CSR spending (Kumar V. S., 2017).

Furthermore, corporates are focusing their CSR initiatives in their operational areas and based on the stakeholders' demand (Singh K. A., 2018). Moreover, states of Maharashtra, Tamil Nadu, Karnataka, Gujarat, and Chhattisgarh receive the highest CSR expenditure, whereas states of Sikkim, Tripura, Mizoram, and Nagaland receive the least CSR expenditure (Nath, 2017). On the contrary, the lowest CSR expenditure is spent in the North East States (Pandya & Zalavadia, 2020). In addition, the CSR provision contained in section 135 of the Companies Act 2013 limits the companies to undertake CSR in specified areas mentioned in schedule 7 (Ramesh & Mendes, 2015).

Activities that form a part of CSR initiatives in companies are education, healthcare, women empowerment, environmental sustainability, infrastructure development, and disaster relief (Chandra & Kaur, 2015). Nevertheless, not all companies have CSR initiatives that contribute to the different aspects of inclusive growth (Biswas, Garg, & Singh, 2016). Moreover, education and health are the major areas that receive higher CSR spending, even though Central and State governments have separate departments for health and education (Vastradmath, 2015). Furthermore, only fewer companies concentrate their CSR initiatives on infrastructure and environment (Das, 2015). Studies reveal that CSR practices in companies are related to the reputation of the company; hence reputation plays the role of mediating the relationship of CSR activities in a company and its financial performance (Aggarwal & Jha, 2019).

Furthermore, companies undertake CSR initiatives to gain reputation and financial benefits (Sarkar & Sarkar, 2015). Moreover, CSR has a positive and significant relationship with firm performance (Mitra, Akhtar, & Gupta, 2018). However, public sector undertakings companies lag behind private companies in terms of CSR expenditure (Basak, 2016). Besides, public sector enterprises should blend more social aspects of corporate responsibility, and CSR should be a crucial part of framing the mission and vision statement (Mansi, Pandey, & Ghauri, 2017). In addition, smaller companies show less interest in taking up CSR initiatives (Jaysawal & Saha, 2015). Companies need to formulate a strategic framework for successfully execution of social responsibility initiatives (Sharma, 2016). Likewise, Companies should use CSR as an opportunity to address society's problems (Nanjunda, 2016).

Analysis of studies reveals a positive and significant relationship between CSR and the company's performance (Mikołajek-Gocejna, 2016). Furthermore, CSR has a positive relationship with profitability ratios and firm size. Hence, large companies with higher profits are in a better position to allocate more funds for CSR initiatives (Pradhan & Nibedita, 2019). Besides, companies should continue their endeavors in the areas of community, environment, and governance as these areas have a potential impact on the profit of the company (Arbogast & Agrawal, 2019). Yet off late, studies have also revealed that CSR has a neutral or negative impact on financial performance (Sekhon & Kathuria, 2020).

CSR has a relationship with sustainable development, and corporates have a significant role in contributing to sustainable development (Behringer & Szegedi, 2016). Nevertheless, larger companies exhibit more compliance with Global Reporting Initiatives (GRI) reporting standards than smaller companies (Jain & Winner, 2016).

Furthermore, the voluntary nature of reporting standards leads to a lack of transparency and accountability (Lamb, Jennings, & Calain, 2017). Moreover, corporates that are more visible execute more CSR initiatives to be more transparent and gain a reputation (Baraibar-Diez & Sotorrio, 2017). In addition, corporates that have adverse CSR performance exhibit lower disclosure quality (Hsu, Koh, Liu, & Tong, 2019). Nevertheless, CSR is positively associated with the company's CSR disclosures (Michaels & Grüning, 2018). Furthermore, CSR disclosure's quality and contents have increased over period of time (Kallarakal & Arjun, 2019).

CSR has a positive effect on consumer loyalty (Gürlek, Düzgün, & Uygur, 2017). Furthermore, corporates engaging in CSR activities are favored by customers (Pradhan, 2018). In addition, an increase in the organization's philanthropic responsibility can increase the consumer's buying intention (Yeo, Lee, & Carter, 2018). Corporate Social Irresponsibility refers to the organization's failure to meet the minimum behavioral standards in its relationship with the stakeholders (Sulphey, 2017). Moreover, environmentally conscious consumers are the most responsive to corporate failures (Russell, Russell, & Honea, 2016). However, organizations that have higher CSR orientation have lower intensity of fraud (Harjoto, 2017). Furthermore, Corporate Governance has a positive relationship with CSR, indicating that the board of directors influences CSR (Rao & Tilt, 2016). Besides, Corporate Governance is a critical element that determines the success of CSR (Shahin & Zairi, 2007).

Global studies reveal that spatial inequalities can decrease economic development and tear down the spirit of nationalism and democracy (Sharafat, 2019). Therefore countries need to identify areas of need, and make policies based on the geographical location rather than for the entire country, to harmonize the inequalities (Greenberg, 2016). Yet off late, studies reveal that capitalism may not be ideal and can cause spatial inequalities (Yousefi & Farahani, 2019).

Studies in India reveal that the Ginni coefficient has been increasing from 1981-2010, indicating India's growing income disparity (Mishra, 2016). Moreover, Interstate inequalities play a significant role in driving up rural income inequalities (Azam & Bhatt, 2018). Additionally, prosperous states could gain more than the poor states from the economic growth that came about after the execution of the structural reform policy post 1990 (Kalra & Sudhir, 2015). The advancement of social development among states is not consistent; there is an increase in the inequalities in almost all socio-economic indicators among various states (Kumar & Rani, 2019). Infrastructural growth and economic development move together; therefore, more focused investment towards health, education, transportation, agriculture, and energy infrastructure will accelerate the overall growth prospects of the Indian states, especially the weaker ones (Chotia & Rao, 2015). Besides, all the North East States have a low infrastructure index; the development of infrastructure in the North East would enhance the trade relations with South East Asian Countries (Ziipao, 2018). Furthermore, the state Nagaland in the North East falls behind all other states in all development aspects, and economic inequality is growing drastically within the districts over the years (Ezung & Jamir, 2016).

Studies have not been conducted to know if there is an equal distribution of CSR expenditure and if the Companies Act can reduce the inequalities present. There are not many studies focused on understanding whether section 135 of the company's Act, which specifies companies to spend CSR in the local areas, leads to the concentration of CSR in fewer states. Yet off late, though a few studies mention that certain states receive more CSR spending, the same was not proved quantitatively.

### **Csr Provision Contained In Section 135 Of The Companies Act 2013**

According to section 135(1) of the Company Act 2013, all those companies which have a turnover of Rs. 1,000 crores or more, or net worth of Rs. 500 crores or more, or net profit of Rs. 5 crores or more during any accounting or financial year has to constitute a corporate social responsibility committee. The committee should consist of three or more directors, out of which at least one director is an independent director. Furthermore, under section 135(5) of the Company Act 2013, the board shall ensure that the company spends at least two percent every financial year out of the computed average profits of the company earned in the 3 immediately preceding financial years towards the CSR activities. Moreover, the first proviso of section 135(5) mandates that companies shall give preference to the nearby and local areas or the areas around where the companies operate for spending the amount earmarked for CSR.

## **2. Research Methodology**

In this research, the major focus has been placed on the analysis of the existence of spatial inequalities in the CSR spending among the various States in India and to further interpret the reasons behind such spatial inequalities. This study is wholly dependent on secondary data available on the National Corporate Social Responsibility (NCSR) Portal. The CSR portal is owned by the Ministry of Corporate Affairs (MCA), and it collects information about the companies' CSR activities from the director's reports and various forms filled by the companies on the MCA portal. The data collected includes the amount of CSR spent in each State in India during

the financial year 2017-2018 and 2018-2019. The data is collected for two consecutive years in order to analyze the consistency of the results. CSR portal data gets updated by MCA quarterly, and the information collected for this study is true as of 8 June 2020. In light of the study's first objective, state-wise data of CSR amount spent in the respective states is collected and presented in Table 2 (FY 2017-2018 & FY 2018-2019). The method of percentage analysis is used to analyze the total share of CSR spending received by the states. Percentage analysis provides a clear picture of the share of CSR spending received by each state in India. After the percentage analysis, the states are ranked based on the highest contribution received by a state, and the analysis of the spatial inequalities between states is done.

In the second part of the research, 10 states are selected to do an in-depth analysis. The selection of the sample states is based on the GDP performance of states in the year 2017-18 (Table 1), and top 5 and bottom 5 states were selected. The intent behind the selection of top and bottom 5 states based on GDP is to analyze the spatial inequalities in CSR spending in the most and least developed states in India. The GDP information of states is collected from the site of the Ministry of Statistics and Programme Implementation. In order to analyze the reasons for the spatial inequality of CSR spending among the Indian states, the details of the companies spending towards the sample states were collected. A total of 6372 companies in FY 2017-18 and 7612 companies in FY 2018-19 were analyzed, and their place of registration was noted. This was done in order to find the CSR contribution of companies towards the states in which they were registered. Table 3 presents the number of companies that contribute to CSR activities in the sample states. Table 4 (2017-2018) and Table 5 (2018-2019) shows the cumulative result of the total amount of CSR spending received by states and the amount of CSR spending received by the states from the companies registered within that particular state. Furthermore, percentage analysis is carried out to analyze the share of CSR contributions made in states by the state registered companies. This was done in order to figure out the reasons for the spatial inequalities in CSR spending in Indian states.

**Table 1**

*Sample states*

States	GDP (2017-2018)
Maharashtra	14.11%
Tamil Nadu	8.55%
Uttar Pradesh	8.05%
Karnataka	7.90%
Gujarat	7.69%
Nagaland	0.14%
Manipur	0.14%
Sikkim	0.14%
Arunachal Pradesh	0.13%
Mizoram	0.11%

*Note:*Data taken from the website of the Ministry of Statistics and Programme Implementation, India.

### 3. Results And Discussion

#### Results

State-wise percentage analysis of CSR spending received by states was undertaken for two financial years, 2017-18 and 2018-19, to identify the magnitude of CSR contribution received by states in India.

**Table 2** State-wise data of CSR spending for the FY 2017-18 and 2018-19

Sl.No	States	FY 2017-2018			FY 2018-2019		
		Amount Spent (INRCr.)	Percentage share of states	Ranks	Amount Spent (INR Cr.)	Percentage share of states	Ranks
1	Andhra Pradesh	274.95	3.46	<b>9</b>	643.33	5.75	<b>6</b>
2	Arunachal Pradesh	11.93	0.15	<b>23</b>	24.49	0.22	<b>23</b>
3	Assam	86.22	1.09	<b>15</b>	205.60	1.84	<b>14</b>
4	Bihar	42.17	0.53	<b>20</b>	136.43	1.22	<b>17</b>
5	Chhattisgarh	71.78	0.90	<b>21</b>	135.52	1.21	<b>18</b>
6	Goa	53.33	0.67	<b>18</b>	46.73	0.42	<b>21</b>
7	Gujarat	774.93	9.75	<b>3</b>	1059.41	9.47	<b>3</b>
8	Haryana	265.58	3.34	<b>10</b>	334.73	2.99	<b>12</b>
9	Himachal Pradesh	60.52	0.76	<b>17</b>	79.97	0.72	<b>19</b>
10	Jammu& Kashmir	14.75	0.19	<b>22</b>	35.25	0.32	<b>22</b>
11	Jharkhand	45.91	0.58	<b>19</b>	70.26	0.63	<b>20</b>
12	Karnataka	956.78	12.04	<b>2</b>	1222.44	10.93	<b>2</b>
13	Kerala	167.21	2.10	<b>12</b>	385.98	3.45	<b>10</b>
14	Madhya Pradesh	147.24	1.85	<b>13</b>	245.68	2.20	<b>13</b>
15	Maharashtra	2545.80	32.04	<b>1</b>	2846.73	25.46	<b>1</b>
16	Manipur	4.03	0.05	<b>26</b>	7.64	0.07	<b>26</b>
17	Meghalaya	5.48	0.07	<b>25</b>	16.67	0.15	<b>25</b>
18	Mizoram	0.22	0.00	<b>29</b>	0.10	0.00	<b>29</b>
19	Nagaland	0.36	0.00	<b>28</b>	2.11	0.02	<b>28</b>
20	Odisha	469.47	5.91	<b>5</b>	682.6	6.10	<b>5</b>
21	Punjab	89.32	1.12	<b>14</b>	164.53	1.47	<b>16</b>
22	Rajasthan	263.48	3.32	<b>11</b>	546.29	4.89	<b>7</b>
23	Sikkim	6.84	0.09	<b>24</b>	4.58	0.04	<b>27</b>
24	Tamil Nadu	627.36	7.89	<b>4</b>	823.33	7.36	<b>4</b>
25	Telangana	291.93	3.67	<b>7</b>	421.42	3.77	<b>9</b>
26	Tripura	1.83	0.02	<b>27</b>	23.06	0.21	<b>24</b>
27	Uttar Pradesh	301.51	3.79	<b>6</b>	476.95	4.27	<b>8</b>
28	Uttarakhand	82.64	1.04	<b>16</b>	173.32	1.55	<b>15</b>

29	West Bengal	282.87	3.56	<b>8</b>	366.59	3.28	<b>11</b>
Grand Total		7946.44			11181.74		

*Note:*Data taken from the website of National CSR portal by MCA

Table 2 presents the state-wise CSR contribution received by each state in India in the FY 2017-18 and 2018-19. From the table, it is clear that in the FY 2017-18, Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Odisha received the highest CSR contribution, and Mizoram, Nagaland, Tripura, Manipur, Meghalaya, Sikkim, and Arunachal Pradesh were the states that received the least CSR contribution. Furthermore, the results show that the same states, Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Odisha, as in the previous year, have received the highest share of CSR contributions in the FY 2018-19 and are ranked in the first 5 positions respectively. Subsequent year analysis is done in order to inspect the consistency of the CSR spending in the states. Overall, the CSR spending has increased from 7,946.44 Crores in FY 2017-18 to 11,181.74 Crores in FY 2018-19. This indicates that companies are becoming more concerned about their CSR obligations and have spent more on CSR activities in FY 2018-19.

In the FY 2017-18, first, three ranked states, Maharashtra, Karnataka, and Gujarat, received more than 50% of the total CSR contribution. However, in FY 2018-19, the percentage share of the top 3 ranked states has reduced compared to the previous year and that other states have increased. On the contrary, 13 of Indian states receive less than 1% each of the total CSR contributions in FY 2017-18. This clearly proves that there is spatial inequality in the CSR spending among the various states in India. Moreover, in the FY 2017-18, it was observed that the North-Eastern states receive the least contribution of CSR spending, and they rank in the last seven states. It was further noted that the North-Eastern states continue to receive the least contribution of CSR spending in the FY 2018-19 as well, and there has been a very minimal increase in their share of CSR contribution compared to the previous year.

**Table 3**

*Number of companies contributing to CSR in the state*

State	Number of Companies Contributed to CSR as per CSR Portal (2017-18)	Number of Companies Contributed to CSR as per CSR Portal (2018-19)	Number of Companies Increased or Decreased from (2017-18-2018-19)
<b>Top 5 States</b>			
Maharashtra	2,472	2,889	417
Tamil Nadu	994	1,243	249
Uttar Pradesh	594	747	153
Karnataka	1,268	1,411	143
Gujarat	986	1,247	261
<b>Total</b>	<b>6,314</b>	<b>7,537</b>	<b>1,223</b>
<b>Below 5 States</b>			
Nagaland	2	9	7
Manipur	22	28	6
Sikkim	19	18	(1)
Arunachal Pradesh	12	16	4
Mizoram	3	4	1

Total	58	75	17
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*Note:*Data taken from the website of National CSR portal by MCA

Table 3 presents the number of companies contributing to CSR in the selected 10 sample states. The table clearly shows that the top five states that are Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, and Gujarat are having a higher number of companies that contribute towards CSR, whereas the North-East states have the least number of companies that contribute towards CSR. The primary reasons for higher CSR expenditure in Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, and Gujarat are mainly because of the higher number of companies that are contributing towards CSR in these states. Furthermore, the number of companies contributing towards CSR has increased from the year 2017-2018 to 2018-2019 for all the states except Sikkim, where the number of companies contributing towards CSR reduced by one in the year 2018-2019. Moreover, from the years 2017-2018 to 2018-2019, there was an increase of 1223 companies contributing CSR in the top 5 states; however, only 17 companies contributed towards CSR in the North East States.

**Table 4**

*State-wise data of CSR spending in the states for the year 2017-2018*

State	Total CSR Spending in the State	CSR Spending in the State by Companies Registered in the State	Percentage of CSR Spending by Companies Registered in the State
Maharashtra	25,45,80,86,043.77	21,69,79,77,179.58	85.23
Tamil Nadu	6,27,36,02,205.03	5,10,38,74,649.35	81.35
Uttar Pradesh	3,01,51,97,237.15	57,04,51,476.70	18.92
Karnataka	9,56,78,12,683.20	7,97,45,59,413.98	83.35
Gujarat	7,74,93,18,937.23	5,13,62,80,755.38	66.28
Total	52,06,40,17,106.38	40,48,31,43,474.99	77.76
Nagaland	36,00,000.00	0	0
Manipur	4,03,38,548.00	0	0
Sikkim	6,84,34,254.00	0	0
Arunachal Pradesh	11,93,50,189.77	0	0
Mizoram	22,73,376.00	0	0
Total	23,39,96,367.77	0	0

*Note:*Data taken from the website of National CSR portal by MCA

**Table 5**

*State-wise data of CSR spending in the states for the year 2018-2019*

State	Total CSR Spending in the State	CSR Spending in the State by Companies Registered in the State	Percentage of CSR Spending by Companies Registered in the State
Maharashtra	28,46,73,08,121.35	24,76,39,99,024.49	86.99
Tamil Nadu	8,23,33,03,306.05	6,51,32,42,815.75	79.11

Uttar Pradesh	4,76,95,49,016.11	78,91,85,512.09	16.55
Karnataka	12,22,44,31,855.94	10,22,18,24,919.53	83.62
Gujarat	10,59,41,40,698.12	6,77,87,96,215.81	63.99
Total	64,28,87,32,997.57	49,06,70,48,487.67	76.32
Nagaland	2,11,40,000.00	0	0
Manipur	7,64,17,576.00	0	0
Sikkim	4,58,13,495.00	0	0
Arunachal Pradesh	24,49,97,880.00	0	0
Mizoram	10,76,711.00	0	0
Total	38,94,45,662.00	0	0

Note: Data taken from the website of National CSR portal by MCA

Table 4 and Table 5 presents the data relating to CSR expenditure spending in the selected 10 sample states contributed by the companies that are situated within the state itself for the year 2017-2018 and 2018-2019. From the tables, it is clear that Maharashtra receives the highest CSR contribution from various companies situated in Maharashtra itself to the tune of 85.23% in the year 2017-2018, and the amount has increased to 86.99% in the year 2018-2019. Furthermore, in all the top 5 states except Uttar Pradesh, the states receive more than 50% of the CSR amount contributed by the companies situated in the states itself for both the years. Moreover, out of the total CSR spending received by the top 5 states 77.76% of the total amount of CSR is contributed by the companies that are situated within the state itself for the year 2017-2018 and 76.32% for the 2018-2019. There has been a decrease in the percentage of CSR contribution towards the top 5 states by the companies situated in the same states by 1.44%. The scenario of the bottom 5 states situated in the North East is very different; the entire amount of CSR spending is contributed by the companies that are situated in other states. Therefore, the bottom 5 states depend on the companies situated in other states for receiving CSR. The same pattern is witnessed for both the years.

### Discussion

The first objective of the study is to know whether there is spatial inequality in the CSR expenditure across various states; table 2 indicates that there is spatial inequality in the CSR spending across various states. The study clearly indicates that the states Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Odisha received the highest CSR contribution, and Mizoram, Nagaland, Tripura, Manipur, Meghalaya, Sikkim, and Arunachal Pradesh were the states that received the least CSR contribution in the years 2017-18 as well as 2018-19.

The second objective of the study was to find out the reasons for spatial inequality in CSR expenditure. Table 3 clearly gives an account of the number of companies contributing to CSR in the sample states. The states of Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, and Gujarat are having a higher number of companies that contribute towards CSR, whereas the North-East states have the least number of companies that contribute towards CSR. The table indicated that from the years 2017-18 to 2018-19, there was an increase of 1223 companies contributing CSR in the top 5 states; however, there was only an increase of 17 companies contributing towards CSR in the North East States. This clearly brings to light that the primary reason for spatial inequality in CSR expenditure is the number of companies. The higher the number of companies contributing towards CSR in the state higher is CSR expenditure received by the state, whereas the lower the number of companies' CSR expenditure will be lesser.

Tables 4 and 5 clearly show that the North East states depend entirely on the companies situated elsewhere in other states for getting CSR contributions. Spatial inequality in CSR spending severely impacts the North East states.

Based on the study, we have come up with the following suggestions.

- Establishing a National Corporate Social Responsibility Board, which will be an apex institution governing CSR. Companies can contribute the amount of CSR to the CSR board rather than implementing CSR through NGOs, and the board, in turn, can identify areas that require development and accordingly allocate the

CSR amount and implement CSR initiatives according to the need or the areas. This can, to a large extent, reduce the inequality in CSR spending.

- Awareness should be given to companies to go beyond the states in which they operate and undertake CSR initiatives in places that require development.

#### 4. Conclusion And Recommendations For Further Research

##### Conclusion

The studies conducted previously, and the present study reveals that there has been an increase in the amount of CSR spending done by the companies. However, the present study further revealed that though there is an increase in CSR spending, the amount of CSR spending is not equally distributed. The study clearly shows that there exists spatial inequality in CSR spending; hence the increase in the amount of CSR spending is offset by the spatial inequalities in CSR spending.

An increase in the amount of CSR spending will accelerate the development process; however, spatial inequalities in CSR spending will enhance the development of certain areas in a more pronounced way, and the remaining areas will stay stagnant. The study revealed that the North East states received the least amount of CSR spending, and these states have to depend on companies situated in other states to get CSR spending. On the contrary, states like Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka, and Gujarat have a higher number of companies that contribute to CSR. This clearly brings to light that with a higher number of companies situated in a state, there are higher chances that the state receives more CSR spending.

The basic intent of CSR is to provide for the welfare of the society and bring about development. However, the spatial inequalities in CSR spending will bite back CSR's very intention by creating rampant inequalities in the areas of various aspects of development like infrastructure, human development, etc., across various states. Awareness must be created among companies to spend CSR amounts in areas that lack development rather than the areas in which they operate. CSR can contribute to India's holistic development if the spatial inequalities in CSR spending are reduced or eliminated completely.

##### Recommendations for Further Research

The outcome of this study should also be understood in light of a few limitations and shortcomings. First, this research has been conducted considering the Indian perspective and the legal provisions applicable in India. Hence, we acknowledge that the global perspective may differ, and the results of this study might not hold good for other countries across the globe. Second, this study focuses only on the CSR contributions received by Indian states and the spatial inequalities among the Indian states. Union territories in India are excluded from the scope of the study in order to standardize the results of the study and to narrow down the scope. Further studies in the field of CSR can also take into account the CSR contributions received by Union territories in India. Third, the selection of the sample states for the study is purely based on the GDP performance of states. Future research can consider other factors of development, such as the human development index, infrastructural development, etc., to select sample states for analysis of spatial inequalities in CSR spending. Despite the limitations mentioned above, we are confident that the results of the study will provide insights to the government authorities, companies, and other stakeholders in implementing effective policies related to CSR and to contribute to bringing down the existing spatial inequalities in Indian states, which would further result in the development of the country as a whole.

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