Indian Economy · GS - III

Critically examine the role of Corporate Social Responsibility in addressing India's developmental challenges. Why has increased CSR expenditure not necessarily translated into balanced social and regional development?

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 19/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Section 135, Companies Act 2013, corporate accountability, healthcare, drinking water, regional inequality, thematic concentration, innovation funding, local needs assessment, impact assessment, SDGs, public-private partnerships.

Model Answer

Introduction

Corporate Social Responsibility (CSR), institutionalised under Section 135 of the Companies Act, 2013, seeks to make eligible companies contribute to social and environmental development. It complements government initiatives by mobilising private resources for public welfare.

Contribution to Development

- **Healthcare:** CSR supports hospitals, medical facilities, preventive healthcare and sanitation.
- **Education:** It finances educational infrastructure, scholarships and skill development.
- **Environmental sustainability:** Projects address water conservation, afforestation and ecological restoration.
- **Community development:** CSR can improve rural infrastructure and support vulnerable communities.

Why Gaps Persist Despite Higher Spending

- **Sectoral concentration:** Companies often prefer familiar and visible activities, leaving areas such as water security and innovation underfunded.
- **Regional imbalance:** CSR investments may cluster around corporate headquarters and industrial locations.
- **Short-term orientation:** Project-based funding may not support long-term institutional capacity.
- **Limited coordination:** Weak alignment between corporate projects and local development priorities reduces impact.
- **Innovation deficit:** Early-stage research, incubators and emerging technologies often lack sustained private support.

Way Forward

CSR planning should incorporate district-level needs assessments and transparent geographical mapping. Independent impact assessments, multi-year funding and partnerships with local institutions can improve outcomes. Greater support for drinking water, research and innovation ecosystems is also necessary.

Conclusion

CSR should move beyond expenditure-based compliance towards measurable developmental outcomes. Strategic allocation, regional equity and sustained partnerships can make corporate contributions more inclusive and effective.

BECOME IAS
AI POWERED UPSC PREP