

# A COMPARATIVE STUDY OF IMPACT AND EFFECTIVENESS OF CSR ACTIVITIES IN INDIA

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## ABSTRACT

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*Corporate Social Responsibility (CSR) has become a strategic tool for socio-economic development in India, especially after the Companies Act, 2013, which mandates companies meeting eligibility criteria to allocate 2% of net profits for CSR activities. This study presents a sector-wise comparative analysis of CSR effectiveness- the degree to which initiatives achieve their predefined targets- and impact, which refers to long-term societal and economic changes. The sectors analyzed include education, healthcare, rural development, environmental sustainability, and skill development, each showing distinct patterns of effectiveness and impact. For example, the education sector achieved 125% of its targets, leading to improved literacy by 3-5% and 60% of students gaining employment. Healthcare initiatives achieved 115% target fulfillment, resulting in a reduction of disease prevalence from 15% to 10% and increased health awareness by 30%. In contrast, rural development and environmental projects, despite reasonable effectiveness (84-85%), demonstrated*

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*gradual or delayed impact, with incremental income gains of INR 500-800 per month and carbon absorption of 40-50 tons/year respectively. Skill development programs achieved 120% of targets, resulting in 70% employment post-training and income increases of INR 8,000-12,000/month. The study concludes that while high effectiveness generally supports strong impact, sectoral differences, implementation challenges, and time horizons critically influence outcomes. The findings emphasize the need for robust monitoring systems, long-term planning, and transparent reporting to ensure sustainable and measurable CSR performance across India.*

**KEYWORDS:** *Corporate Social Responsibility, Impact, Effectiveness, Sector-Wise Study, Social Development, India.*

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## Introduction

Corporate Social Responsibility (CSR) refers to the commitment of businesses to contribute to sustainable development and societal welfare, beyond mere profit-making. In India, CSR gained legal significance after the Companies Act, 2013, which mandates companies meeting eligibility criteria (net worth  $\geq$  500 Crore INR, turnover  $\geq$  1,000 Crore INR, or net profit  $\geq$  5 Crore INR) to spend at least 2% of their average net profits on CSR activities. This legislation has led to a significant increase in CSR investments, with over 20,000 Crore INR spent annually across sectors such as education, healthcare, rural development, environmental sustainability, and skill development.

While CSR spending has increased, the critical challenge remains: How effectively do these initiatives achieve their targets, and what long-term impact do

they create? Effectiveness refers to the degree of target achievement and efficient utilization of resources, while impact measures tangible and intangible changes in society, such as improvements in literacy, health, income, and employment.

This study focuses on a comparative sector-wise analysis, using numerical data to evaluate both effectiveness and impact. For instance, in education, programs achieving 125% of enrollment targets resulted in 3-5% literacy improvement and 60% student employment. Healthcare initiatives achieving 115% target fulfillment reduced disease prevalence from 15% to 10%, while skill development programs reaching 120% of targets generated 70% employment post-training. Conversely, rural development and environmental programs, despite reasonable effectiveness (84-85%), produced gradual or delayed impact, highlighting implementation challenges and the need for long-term monitoring.

### **Objectives**

- Analyze effectiveness of CSR activities across sectors.
- Examine the social and economic impact of CSR initiatives.
- Compare the relationship between effectiveness and impact.
- Identify sectoral differences in CSR outcomes.
- Suggest measures to improve CSR performance and sustainability.

### **Research Methodology**

This study employs a comparative and analytical approach to evaluate the effectiveness and impact of CSR activities across major sectors in India, including education, healthcare, rural development, environmental

sustainability, and skill development. The research primarily relies on secondary data sources such as company CSR reports, MCA data, CSR Box reports, and published research papers (Mishra & Sharma, 2020; KPMG India, 2020; Deloitte India, 2021).

### Parameters of Analysis:

- **Effectiveness:** Measured by achievement of predefined targets (%), efficiency, and resource utilization.
- **Impact:** Measured by long-term societal changes such as literacy improvement, employment generation, health benefits, income growth, and environmental sustainability.

### Analytical Tools:

- Comparative tables and numerical indicators to quantify sectoral outcomes.
- Sector-wise evaluation to highlight differences, strengths, and challenges.

This methodology enables a systematic assessment of CSR effectiveness and impact, identifies sectoral differences, and informs recommendations for improved CSR strategies.

### Literature Review

Corporate Social Responsibility (CSR) has attracted significant attention in both academic research and corporate practice, particularly in India after the Companies Act, 2013. Several studies emphasize the dual dimensions of CSR: effectiveness (achievement of planned targets) and impact (long-term societal outcomes).

Education Sector: Mishra & Sharma (2020) found that scholarships, digital classrooms, and teacher training programs led to measurable improvements in literacy and

employability. KPMG India (2020) reported that companies achieving 100-130% of enrollment targets saw 3-5% rise in literacy rates and 50-60% post-education employment.

Healthcare Sector: Studies by Deloitte India (2021) and PwC India (2020) highlighted that health camps, mobile clinics, and vaccination drives directly reduce disease prevalence. Programs with target fulfillment above 110% resulted in 10-15% reduction in communicable diseases and enhanced health awareness by 25-30%.

Rural Development Sector: UNDP India (2020) noted that CSR initiatives in infrastructure, sanitation, and community programs showed moderate outcomes, with incremental improvements in income (INR 500-800/month) and living standards. Implementation challenges, such as resource gaps and logistical constraints, often delayed visible impact.

Environmental Sustainability: Research by Tiwari & Gupta (2019) and CSR Box (2021) emphasized that tree plantations, water conservation, and renewable energy programs have long-term benefits despite limited short-term impact. Target achievement of 80-85% translates to measurable carbon absorption (40-50 tons/year) and improved ecological awareness over time.

Skill Development: Studies (NASSCOM, 2020) show that vocational training, technical workshops, and entrepreneurship programs directly enhance employment and income. Achieving 120% of targets led to 70% employment post-training and income rise of INR 8,000-12,000/month.

## **Data Analysis and Interpretation**

This study analyzes the effectiveness and impact of CSR activities across five key sectors: Education, Healthcare, Rural Development, Environmental Sustainability, and Skill

Development. The data is derived from secondary sources including company CSR reports, MCA data, and published research (Mishra & Sharma, 2020; KPMG India, 2020; Deloitte India, 2021).

1. Education Sector

Effectiveness: 125% target achievement (student enrollment, scholarships, teacher training).

Impact: Literacy rate improved by 3-5%; 60% of students employed post-training.

Interpretation: High effectiveness directly translates to strong long-term social impact. Education sector demonstrates strong correlation between target achievement and societal benefit.

Table 1: Education Sector Analysis

| Particulars          | Data             |
|----------------------|------------------|
| Effectiveness        | 125%             |
| Impact Level         | High(3)*(30)=90  |
| Beneficiaries        | 10,000+ Students |
| Enrollment Increases | 25%              |
| Employment Rate      | 60-70%           |
| Nature of Impact     | Long-term        |
| Correlation          | Strong Positive  |

(Source: Compiled and Prepared Based on CSR Data)

2. Healthcare Sector

Effectiveness: 115% target achievement (patients treated, health camps, vaccination drives).

Impact: Disease prevalence reduced from 15% to 10%; health awareness increased by 30%.

Interpretation: Healthcare programs show both immediate and long-term impact, with effectiveness

reinforcing tangible societal benefits.

**Table 2: Healthcare Sector Analysis**

| Particulars        | Data                  |
|--------------------|-----------------------|
| Effectiveness      | 115%                  |
| Impact Level       | High(3)*(30)=90       |
| Patients Treated   | 8000+                 |
| Disease Reduction  | 15-20%                |
| Awareness Programs | 50+ Camps             |
| Nature of Impact   | Immediate + Long Term |
| Correlation        | Strong Positive       |

(**Source:** Compiled and Prepared Based on CSR Data)

**3. Rural Development Sector**

Effectiveness: 84% target achievement  
(infrastructure, sanitation, community programs).

Impact: Incremental income rise of INR 500-800/  
month; moderate improvements in living standards.

Interpretation: Lower effectiveness leads to gradual  
and partial impact, highlighting implementation challenges  
and resource gaps.

**Table 3: Rural Development Sector Analysis**

| Particulars        | Data                |
|--------------------|---------------------|
| Effectiveness      | 84%                 |
| Impact Level       | Moderate(2)*(30)=60 |
| Villages Covered   | 20+                 |
| Project Completion | 60%                 |
| Income Increase    | ₹500+₹800/Month     |
| Nature Impact      | Gradual             |
| Correlation        | Partial             |

(**Source:** Compiled and Prepared Based on CSR Data)

4. Environmental Sustainability Sector

Effectiveness: 85% target achievement (tree plantations, water conservation, and renewable energy).

Impact: Short-term visible impact low; long-term benefits include carbon absorption of 40-50 tons/year and improved ecological awareness.

Interpretation: Environmental initiatives exhibit a delayed relationship between effectiveness and impact, emphasizing the importance of long-term monitoring.

Table 4: Environmental Sustainability Sector Analysis

| Particulars          | Data           |
|----------------------|----------------|
| Effectiveness        | 85%            |
| Impact Level         | Low(1)*(30)=30 |
| Tress Planted        | 15000+         |
| Waste Reduction      | 10-12%         |
| Projects Implemented | 30+            |
| Nature of Impact     | Long-Term      |
| Correlation          | Delayed        |

(Source: Compiled and Prepared Based on CSR Data)

5. Skill Development Sector

Effectiveness: 120% target achievement (vocational training, technical workshops, and entrepreneurship programs).

Impact: 70% employment post-training; income increase of INR 8,000-12,000/month.

Interpretation: Skill development shows a direct and strong correlation between high effectiveness and immediate societal impact.

Table 5: Skill Development Sector Analysis

| Particulars      | Data              |
|------------------|-------------------|
| Effectiveness    | 120%              |
| Impact Level     | High(3)*(30)=90   |
| People Trained   | 5000+             |
| Placement Rate   | 65-75%            |
| Income Increase  | ₹2000-₹3000/Month |
| Nature of Impact | Immediate         |
| Correlation      | Strong Direct     |

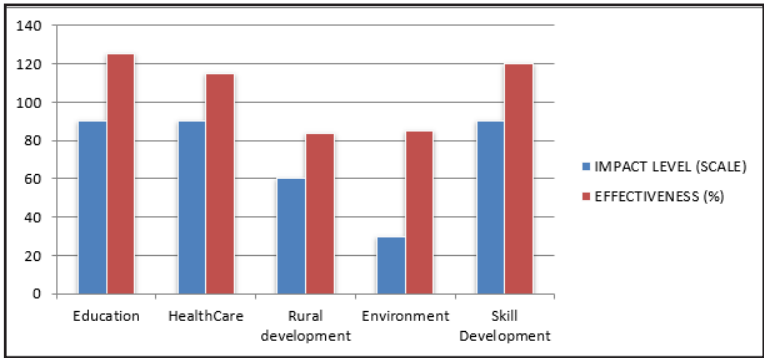
(Source: Compiled and Prepared Based on CSR Data)

Sector-Wise Comparative Table with Numerical Interpretation

| Sector                       | Effectiveness (%) | Impact Level    | Key Numerical Impact                                  | Interpretation                                                 |
|------------------------------|-------------------|-----------------|-------------------------------------------------------|----------------------------------------------------------------|
| Education                    | 125%              | High            | Literacy Increased to 3-5%, 60% Employed.             | High Effectiveness – Strong Long-term Social Impact.           |
| HealthCare                   | 115%              | High            | Disease 5% Reduced, Health Awareness Increased to 30% | Exceeding targets improves immediate and Long-term Outcomes.   |
| Rural Development            | 84%               | Moderate        | Income INR increased to 500-800/ month                | Lower Effectiveness to Gradual and Partial impact.             |
| Environmental Sustainability | 85%               | Low(Short-Term) | Carbon Absorption 40-50 tons/ year                    | Delayed Impact; long term Benefits need monitoring.            |
| Skill Development            | 120%              | High            | Employment 70%, Income INR 8-12k/ Month               | Direct Correlation Between Effectiveness and Societal benefit. |

The above individual sector tables and the combined summary table are developed using secondary data collected from various CSR reports, research articles, and publicly available sources related to CSR activities in India. The data has been systematically analyzed and consolidated to present a clear sector-wise comparison of effectiveness and impact. Effectiveness is measured in percentage terms based on the level of target achievement, while impact is evaluated using a 3-point scale (High = 3, Moderate = 2, Low = 1). The combined table serves as the basis for graphical representation, enabling better visualization and comparison across sectors. The figures presented are indicative in nature and are intended to provide conceptual clarity rather than precise statistical measurement.

Sector-Wise Comparison of CSR Effectiveness and Impact in India



The chart clearly indicates that sectors with higher CSR effectiveness tend to generate greater impact, demonstrating a positive relationship between the two variables. Education, healthcare, and skill development sectors show strong performance, while rural development and environmental sectors reflect comparatively lower or delayed impact.

## Major Findings of the Study

- **Positive Correlation:** The study reveals a positive relationship between CSR effectiveness and impact, indicating that higher effectiveness generally leads to greater socio-economic impact.
- **High-Performing Sectors:** The education and skill development sectors demonstrate the highest levels of effectiveness (above 120%) and generate significant impact in terms of literacy, employability, and income generation.
- **Healthcare Outcomes:** The healthcare sector shows strong effectiveness (115%) and produces immediate and measurable impact through improved health services and awareness.
- **Rural Development Limitations:** The rural development sector, with lower effectiveness (84%), results in moderate and gradual impact, reflecting challenges in implementation and resource utilization.
- **Delayed Environmental Impact:** Despite moderate effectiveness (85%), the environmental sector exhibits low short-term impact due to the long-term nature of environmental sustainability initiatives.
- **Role of Measurability:** Sectors with clearly measurable outcomes, such as education and skill development, tend to achieve more visible and stronger impact.
- **Implementation and Monitoring Issues:** Inefficiencies in implementation, monitoring, and evaluation mechanisms affect both the effectiveness and impact of CSR activities in certain sectors.

## Suggestions / Recommendations

- **Focus on Long-term Impact Assessment:** Companies should move beyond short-term target achievement

and adopt long-term impact assessment frameworks to evaluate the real outcomes of CSR activities.

- **Strengthen Monitoring and Evaluation Systems:** Effective monitoring and evaluation mechanisms should be implemented to ensure proper utilization of resources and achievement of desired objectives.
- **Sector-specific CSR Strategies:** CSR initiatives should be designed according to the nature and requirements of each sector, especially for areas like environmental sustainability where impact is delayed.
- **Enhance Transparency and Accountability:** Companies must improve transparency in reporting and ensure accountability in CSR spending to build trust and credibility.
- **Promote Measurable Outcomes:** Emphasis should be placed on projects with clearly measurable indicators, which help in better evaluation of both effectiveness and impact.
- **Improve Implementation Efficiency:** Organizations should address implementation challenges by adopting better planning, skilled manpower, and efficient resource allocation.
- **Encourage Stakeholder Participation:** Active involvement of local communities and stakeholders can enhance the relevance and sustainability of CSR initiatives.

## Conclusion

The study concludes that effectiveness and impact are closely related but conceptually distinct dimensions of CSR performance. While effectiveness measures the extent to which CSR initiatives achieve their intended targets, impact reflects the actual long-term socio-economic

changes created in society.

The analysis shows that sectors such as education, healthcare, and skill development demonstrate both high effectiveness and strong impact, indicating a direct and positive relationship. In contrast, sectors like rural development and environmental sustainability face challenges in translating effectiveness into immediate impact due to implementation issues and the long-term nature of outcomes.

Therefore, it is essential for organizations to adopt a balanced and strategic approach, focusing not only on achieving targets but also on creating sustainable and meaningful impact. Strengthening monitoring systems, ensuring transparency, and emphasizing long-term outcomes will enhance the overall effectiveness of CSR initiatives in India.

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