



Asian Journal of Management and Commerce

E-ISSN: 2708-4523
P-ISSN: 2708-4515
AJMC 2025; SP-6(2): 15-17
© 2025 AJMC
www.allcommercejournal.com
Received: 22-05-2025
Accepted: 24-06-2025

Shikha Sharma
Assistant Professor, DPG
Degree College, Gurugram,
Haryana, India

Babita
Assistant Professor, DPG
Degree College, Gurugram,
Haryana, India

Two-Days National Conference on Multidisciplinary Approaches for Innovation and Sustainability: Global solution for contemporary Challenges- NCMIS (DPG Degree College: 17th-18th 2025)

Corporate philanthropy in India-Evaluation, challenges and future directions

Shikha Sharma and Babita

DOI: <https://www.doi.org/10.22271/27084515.2025.v6.i2Sa.623>

Abstract

Corporate philanthropy has increasingly become a cornerstone of socially responsible business conduct in India, particularly following the enactment of the Companies Act, 2013. Companies must distribute at least 2% of their average net profits towards Corporate Social Responsibility (CSR) initiatives as mandated by this act. This policy not only institutionalized corporate giving but also ushered in a new era where social investment is no longer optional but a legal and ethical expectation. Traditionally rooted in India's socio-cultural values, corporate philanthropy has matured into a more strategic, goal-oriented practice aligned with national development priorities. This research investigates the evolution and current dynamics of corporate philanthropy in India, using qualitative analysis and secondary data from scholarly literature, government sources, and company CSR disclosures. The study explores key themes such as sectoral trends, strategic alignment, regulatory influence, and the role of governance. Focus areas like education, healthcare, rural infrastructure, and environmental sustainability emerge as top beneficiaries of corporate CSR spending. Findings suggest a growing shift from short-term donations to long-term, impact-driven initiatives. However, several challenges remain, including inconsistent impact assessment, inadequate community engagement, and program standardization that often overlooks local needs. Companies with strong governance and independent CSR committees tend to demonstrate more accountable and effective philanthropic efforts. The paper concludes that corporate philanthropy in India is evolving toward a more mature, structured model. To maximize social impact, businesses must transcend regulatory compliance and adopt integrated, transparent, and inclusive approaches that generate shared value for both society and stakeholders.

Keywords: CSR, corporate philanthropy, corporate governance, social impact

Introduction

Corporate philanthropy, the act of businesses voluntarily contributing resources for social good, has gained significant momentum in India, particularly over the past two decades. Traditionally rooted in Indian cultural and ethical values, philanthropic efforts by industrial families such as the Tatas, Birlas and Bajajs preceded formalized CSR mandates. However, with increasing globalization, stakeholder scrutiny, and institutional reforms, corporate giving has evolved into a more structured and strategic domain.

A major turning point was the enactment of Section 135 of the Companies Act, 2013, which made India the first country to legally mandate CSR expenditures for companies meeting certain thresholds. This landmark legislation has not only increased the volume of corporate philanthropy but has also encouraged firms to adopt long-term, impact-oriented approaches to social development.

Despite this progress, critical questions remain: To what extent is corporate philanthropy in India driven by genuine commitment versus regulatory compliance? How effective are these initiatives in addressing developmental challenges? And what role do governance structures and stakeholder expectations play in shaping philanthropic behavior?

- This research aims to investigate these questions by exploring.
- The evolution of corporate philanthropy in India.
- The interplay between regulation and voluntary giving.
- Key trends, sectors, and strategies adopted by Indian firms.
- The outcomes and impact of corporate philanthropy on communities.

Corresponding Author:
Shikha Sharma
Assistant Professor, DPG
Degree College, Gurugram,
Haryana, India

The paper contributes to the growing body of literature on responsible business in emerging economies and offers insights into how Indian companies can enhance the value and effectiveness of their philanthropic engagements.

Methodology

This research employs a qualitative methodology supplemented by secondary data analysis to explore corporate philanthropy in the Indian context. The study relies on:

- Academic journal articles.
- Government and NGO reports.
- Company CSR disclosures.
- Data from CSRBOX, KPMG, and the Ministry of Corporate Affairs (MCA).
- Case study of Tata Group.

The qualitative approach allows for a nuanced understanding of the motivations, strategies, and impact assessment frameworks used by companies. Secondary data is used to identify patterns, trends, and sectoral allocations in CSR spending. Content analysis is applied to corporate sustainability reports and CSR disclosures from 2014–2023, post-implementation of the Companies Act, 2013.

Case Study: Tata Group—A legacy of corporate philanthropy

Introduction

The Tata Group, one of India's oldest and largest conglomerates, stands as a global benchmark for ethical business practices and corporate philanthropy. Founded by Jamsetji Tata in 1868, the group has consistently emphasized social good alongside industrial progress. What sets Tata apart is its unique ownership structure around 66% of the holding company, Tata Sons, is controlled by philanthropic trusts, primarily the Sir Dorabji Tata Trust and the Sir Ratan Tata Trust.

Philanthropic Philosophy

Tata's philanthropic approach is rooted in the belief that the community is not just another stakeholder in business, but the very purpose of its existence. This ideology, passed down through generations, drives the group's commitment to social development.

Key Initiatives and Areas of Impact

A. Healthcare

- Tata Memorial Hospital (1941), One of India's leading cancer research and treatment centers, offering affordable or free treatment to thousands.
- Tata Medical Center, Kolkata, A state-of-the-art cancer treatment facility serving Eastern India.

B. Education

Jamsetji Tata's significant grants helped establish the Indian Institute of Science (IISc) in Bangalore, which is still a top research institute.

Social work and scientific research have been pioneered by TISS and TIFR, which are pioneering institutions.

Tata Trusts also provide scholarships and financial aid for underprivileged students.

C. Development of rural areas and communities: Tata

Trusts have undertaken activities in over 450 districts in India that emphasize water and sanitation, livelihood promotion, nutrition, and skill development.

Programs like the Lakhpati Kisan aim to increase incomes for rural farmers through sustainable agricultural practices.

D. Disaster Relief

The Tata Group is frequently a first-call response during natural disasters, offering both financial and on-ground support. Tata contributed over Rs. 1,500 crore to relief efforts during the COVID-19 pandemic, which included providing medical equipment, PPE kits, and support.

E. Urban Development and Innovation

Tata's social innovation programs work on smart cities, digital inclusion, and affordable housing.

Scalable and sustainable urban solutions can be achieved through the collaboration of The Tata Trusts with various governments and non-profits.

Impact Measurement and Transparency

Tata's philanthropic activities are guided by strong monitoring and evaluation frameworks. Regular impact assessments and transparent reporting help ensure that resources are used effectively and that the outcomes are measurable and long-lasting.

Tata Group's model of corporate philanthropy is deeply integrated into its business strategy, making it a pioneer in using corporate power for social transformation. Unlike conventional CSR, Tata's efforts are not mere compliance activities but a century-old mission to uplift society. The group's consistent and genuine approach to philanthropy serves as a model for corporations worldwide, illustrating that business growth and social good can and should go hand in hand.

Results and Discussion

A. Evolution of Corporate Philanthropy in India

Philanthropy in India has evolved from charitable donations to community-based programs and, more recently, to strategic CSR aligned with the Sustainable Development Goals (SDGs). Pre-2013, corporate giving was largely discretionary and unregulated. The Companies Act institutionalized CSR, requiring eligible firms to allocate at least 2% of average net profits towards CSR activities.

B. Key Sectors and Spending Trends

According to the MCA (2023), Indian companies cumulatively spent over INR 1.25 lakh crore on CSR since 2014. The top sectors receiving CSR funding include:

- Education and Skill Development (35%)
- Healthcare and Sanitation (25%)
- Rural Development (12%)
- Environmental Sustainability (10%)

Corporates like Infosys and Wipro have focused on education and digital literacy, while rural healthcare and infrastructure have been the focus of investment by Reliance Industries.

C. Strategic vs. Traditional Philanthropy

Post-2013, a shift from traditional philanthropy to strategic philanthropy is evident. Companies increasingly align social initiatives with business goals e.g., ITC's e-Choupal

program simultaneously empowers farmers and strengthens its agri-business supply chain. This approach creates shared value, enhancing both societal and economic outcomes.

D. Regulatory Impact

The CSR mandate significantly increased transparency and accountability. However, it also led some firms to treat CSR as a compliance burden rather than a strategic opportunity. Smaller firms, in particular, often outsource CSR functions to third-party NGOs without meaningful engagement.

E. Role of Corporate Governance

Firms with strong governance frameworks and independent boards tend to exhibit more authentic and impactful philanthropic behavior. Board-level CSR committees are now standard among large companies, fostering oversight and alignment with long-term goals.

F. Challenges and Gaps

- **Impact Measurement:** Few companies publish robust impact assessments.
- **One-size-fits-all programs:** Lack of local customization reduces program effectiveness.
- **Short-term focus:** Annual CSR budgeting discourages long-term projects.

Conclusion

Corporate philanthropy in India has undergone a remarkable transformation, driven by legal mandates, societal expectations, and evolving business values. The Companies Act, 2013 has succeeded in formalizing and scaling philanthropic contributions, but genuine impact depends on moving beyond compliance toward a more strategic and inclusive approach.

This study finds that Indian companies are increasingly adopting integrated models of philanthropy, linking social impact with core competencies and sustainability goals. However, gaps remain in impact measurement, community engagement, and long-term planning. Going forward, a stronger emphasis on transparency, governance, and co-creation with local stakeholders will be key to unlocking the full potential of corporate philanthropy as a force for inclusive development.

References

1. Ministry of Corporate Affairs (MCA). CSR data and disclosures. Government of India, 2023. Available from: <https://csr.gov.in>
2. KPMG. India's CSR Reporting Survey. KPMG India, 2022. Available from: <https://home.kpmg/in>
3. CSRBOX. India CSR Outlook Report, 2023. Available from: <https://csrbox.org>
4. Jamali D, Mirshak R. Corporate Social Responsibility (CSR): Theory and practice in a developing country context. *J Bus Ethics*. 2007;72(3):243-262.
5. Porter ME, Kramer MR. Creating shared value. *Harv Bus Rev*. 2011;89(1/2):62-77.
6. Tata Group. Sustainability and CSR Report, 2022. Available from: <https://www.tata.com>
7. Wipro Foundation. Annual CSR Report, 2023. Available from: <https://www.wiprofoundation.org>