

# BRIDGING THE CSR DIVIDE: HOW INDIA'S NORTH-EASTERN REGION CAN BENEFIT FROM CORPORATE GIVING

Barun Das\*

**Abstract** *Corporate social responsibility is becoming one of the key mechanisms to increase and improve developmental activities in various sectors across the country. It is essential to understand the coverage of CSR, distribution of CSR funds, and sponsored projects and activities in the country. Hence, the study is conducted to understand the current situation of CSR in the NER region of India and to compare the CSR developmental activities in the NER region with the rest of India. The study also attempts to identify various challenges and opportunities available for the organizations in the NER region for their CSR activities. Findings indicate that there is a huge gap in the NER region's CSR developmental activities compared to other states. There is no significant improvement in CSR activities in the region from 2014 onwards. The NER is the lowest recipient of CSR funds in the entire country. The average CSR investment of the NER region is way below as compared with the national average. Only Rs.1685 Crores out of Rs.121392 Crores has been invested in the NER region from 2014 to 2021, which is less than 2% of the total CSR investment in the entire country. Therefore, there is an immediate need for a distribution mechanism and a holistic approach to reducing the gap between CSR India and the CSR NER region.*

**Keywords:** *Corporate Social Responsibility, North-East India, Challenges, Opportunities*

## INTRODUCTION

Understanding corporate social responsibility is essential because it signifies the future of our society. The concept of corporate social responsibility has become the most significant part of modern business operations (Arora & Puranik, 2004). In today's dynamic business environment, CSR is becoming an integral part of business strategy and operation across the globe. The concept of corporate social responsibility is very simple as the business organisation utilises elements and factors of production from the environment, society, and surrounding for its growth and development (Crane et al., 2013). Therefore, it is the moral responsibility of business organisations to return to society and the environment and support various developmental activities for the community, natural environment, and sustainable development.

The reach of CSR is truly vast; in addition to helping during natural disasters, it can also aid in a region's expansion and development (Narayan et al., 2012). It is also important to note that the CSR community in India was fast to act when the COVID-19 outbreak first emerged, with the majority of committees and boards working extra hard to expedite the internal procedure (Sharma & Kiran, 2012a). Today in CSR, business organisations voluntarily incorporate social and environmental issues into their operations and

stakeholders' interactions. Business organisations that respect the environment are concerned about social issues and voluntarily come out for the support and development of the community, people, and environment are expected to perform and survive longer in the modern dynamic business world (Kumar, 2019).

Social responsibility refers to a business organisation's commitment to act voluntarily towards the society, community, and environment where a business organisation operates (Jothi, 2016). Companies have CSR teams that devise specific policies, strategies, and goals for their CSR programs and set aside budgets to support them financially. India's companies have been proactive in integrating CSR initiatives into their business strategy and future expansion plans (Sharma & Kiran, 2012).

## CSR – AN INDIAN SCENARIO

In India, CSR is not a new concept, we have found evidence related to similar activities to the days of kings, and detail is well explained in books like Kautilya's Arthasthasthra (Sharma & Sathish, 2022). The evidence of social work and its contribution to society can be found and traced back to way before the concept of corporate social responsibility arrived in Western countries in the mid-1900. The various literature, religious books, and holy scripture state enough

\* Research Scholar, Indian Institute of Forest Management, Bhopal, Madhya Pradesh, India.  
Email: [barundas24@iifmbhopal.edu.in](mailto:barundas24@iifmbhopal.edu.in)

evidence of the deep-rooted culture of India towards its social development and voluntary contribution to common goods (Jothi, 2016). Corporate social responsibility significantly changed the mindset of business organisations and the way of doing business.

The role of business organisations in society has changed dramatically, especially in a country like India (Purbawangsa, 2019). The major reason behind such drastic change in the way of doing business, i.e. nothing but the deep-rooted culture of people toward social activities, currently termed CSR in the modern era of globalisation. CSR is predominantly considered a Western contribution to business management due to its dominance over educational institutes, business hubs, and other major developed cities across the globe (Sagar & Singla, 2004a).

When the global leaders were debating on principles and concepts of responsible leadership, corporate citizenship, corporate citizenship, and CSR, India was already one step ahead compared to developed Western countries. The Government of India already passed a law in support of corporate social responsibility under the Companies Act 2013, which has been a historic event not just in India but across the world.

Most of the big corporate business houses in India has their respective CSR branch within the organisation to make policies, strategies, implementation, and evaluation of activities done under CSR as per the guidelines under the Companies Act 2013 and reported in the annual general meeting of the stakeholders of the organizations.<sup>1</sup>

On the other hand, a business house like Tata has already been deeply involved in the social activities in various sectors in India before and after the country's independence (Sharma & Kiran, 2012). The impact of TATA's social activities was one of the major sources of motivation for both the Government and as well other big business units in India to make compulsory contributions toward society and its related developmental activities.

**Table 1: Significant Milestones in the Evolution of Responsible Business Conduct in India**

Year	Milestone
2009	Corporate Voluntary Guidelines were released to encourage corporates to voluntarily achieve high standards of Corporate Governance.
2011	Endorsement of United Nations Guiding Principles on Business & Human Rights by India.
2011	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) were released to mainstream the concept of business responsibility.

<sup>1</sup> <https://www.mca.gov.in/content/mca/global/en/acts-rules/ebooks/acts.html?act=NTk2MQ==>

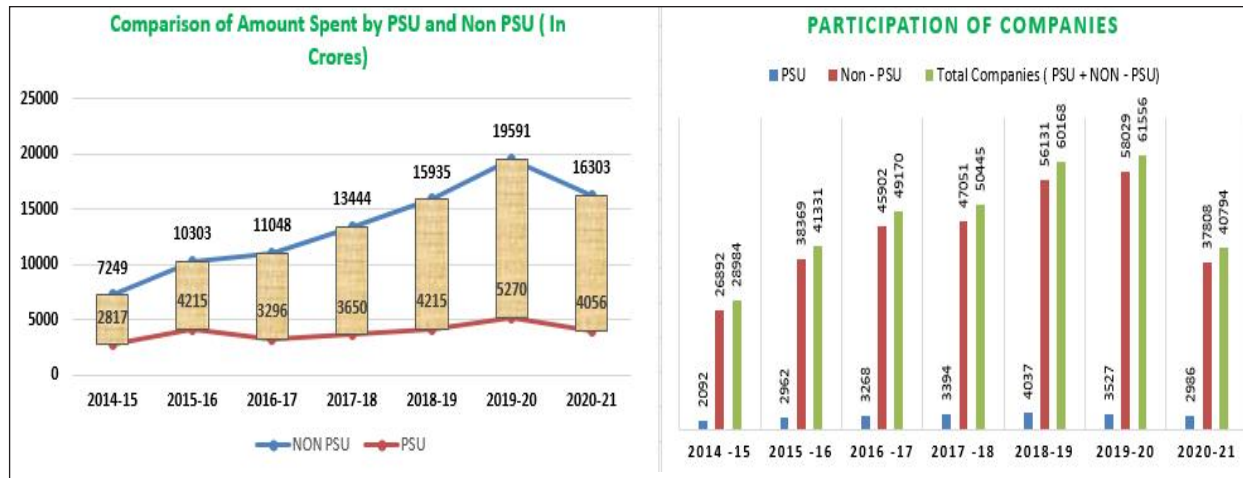
Year	Milestone
2012	Securities and Exchange Board of India (SEBI) mandates the top 100 listed companies by market capitalization to file <i>Business Responsibility Reports (BRR)</i> based on NVGs.
2013	Enactment of Companies Act, 2013.
2014	Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) comes into force.
2015	High-Level Committee on CSR (HLC-2015) under the chairmanship of Shri. Anil Bajjal makes recommendations on the CSR framework and stakeholder concerns.
2015	SEBI extends BRR reporting to top 500 companies by market capitalization.
2016	Companies Law Committee reviews the recommendations of HLC-2015 for adoption.
2018	The Second-High Level Committee on CSR is constituted under the Chairmanship of Shri. Injeti Srinivas, Secretary, Corporate Affairs to review the CSR framework.
2018	Committee on Business Responsibility reporting constituted under the chairmanship of Shri. Gyaneshwar Kumar Singh, Joint Secretary, Corporate Affairs.
2018	Zero Draft of National Action Plan on Business and Human Rights released by Ministry of Corporate Affairs.
2019	National Guidelines on Responsible Business Conduct released.

Source:<sup>2</sup>

Hence, India becomes the first country in the entire globe to make mandatory reporting of CSR activities and their impact on the practical ground under the Companies Act, 2013, under section 135. The enactment of the Companies Act 2013 by the Ministry of Corporate Affairs, Government of India, was one of the world's largest experiments in making CSR a required provision by requiring companies to engage in social welfare programs (Mukherjee et al., 2018). AAs a result, India is the only country that has regulated and mandated CSR for certain types of enterprises that are registered under the Act. This CSR initiative will help the country accomplish sustainable development goals and foster public-private partnerships in India's transformation (Mitra & Chatterjee, 2020).

Fig. 1, The column graph is a comparison of companies that participated in CSR activities from 2014 to 2021. The blue column represents the Public Sector Undertaking (PSU), and the Non-Public Sector Undertaking (PSU), with the red column and green column representing the total number of companies. We can see the differences in the participation of organizations in the 7 financial years. The private sector companies have participated significantly, as the graph shows an upward trend from 2014 onwards. On the other hand, participation in PSU is moderately positive from 2014 onwards.

<sup>2</sup> [https://www.mca.gov.in/Ministry/pdf/CSRHLC\\_13092019.pdf](https://www.mca.gov.in/Ministry/pdf/CSRHLC_13092019.pdf)



**Fig. 1: Comparisons of Amount Spent and Participation of Companies from 2014 - 2021**

The line chart is a comparison of CSR expenditures made by both Non-PSU and PSU companies from the year 2014 to 2021. We can see the significant contribution of the private sector to CSR expenditure. The role of both PSU and Non-PSU is crucial and immensely helpful for the development of society across the country.

## NORTH-EAST INDIA

North-East India arose during British dominance in India in the nineteenth century. It was a part of the Bengal Province from 1839 to 1873. Assam, Manipur, and Tripura were part of the North-eastern region after India gained independence in 1947. North-East India is an integral part of mainland India; the region has been a witness to various geo-political, socio-economic, environmental, and developmental issues as the region was significantly different from the other part of the county (Basumatary & Panda, 2020).

It is strategically placed in India's North-East Region (NER) along with Bangladesh, China, Nepal, Bhutan, and Myanmar, with which it shares international borders. Aiming to strengthen economic and socio-cultural ties with South-East Asia, one of the world's areas with the greatest rate of growth, the central government's Look East (now Act East) Policy aims to do so. In addition, the government of India has a new initiative through the "North-East Vision Document 2035," which has a final draft and lays out several priorities for the development of the area.<sup>3</sup> The creation of the NER is one of these policies' primary objectives or desired outcomes (Das, 2020). The NER continues to be one of the most complicated regions due to its long history of isolation, geographical challenges such as its hilly terrain, lack of industries, and years of insurgency.

<sup>3</sup> <http://www.megplanning.gov.in/circular/3rd%20%20Final%20Draft%20NER%20Vision%202035.pdf>

NER is a long way from attaining the key Sustainable Development Goals (SDGs) and is below important socio-economic indicators of development than the national average and is behind many advanced states of the country. While some governments in the region are working to improve on numerous indices, other states are doing worse (Kumar Das, 2020). The socioeconomic split within the territory and the separation from the rest of the nation complicate the history of the region's growth.

Because North-East India has been cut off from the rest of the world for centuries, it is one of the few areas in the world where we may get to meet genuine tribal people who continue to live distinctly even in this modern age. North-East India is one of the world's most culturally varied areas. It is home to approximately 200 tribes, including the opium-smoking, head hunter tribes of Nagaland and the facially tattooed, sun and moon-worshipping. One of the finest ways to learn about the rich and unique traditions of North-East India's fascinating tribal people is to attend one of the many wonderful tribal festivals.<sup>4</sup>

Northeast India, often known as the Seven Sister States, is made up of undulating hills, rolling valleys, and peaceful hamlets. Arunachal Pradesh, Meghalaya, Assam, Manipur, Nagaland, Tripura, and Mizoram are the seven Indian states that make up the region. Sikkim, the most recent addition, has become the eighth state in 2002.<sup>5</sup> These sites, which are rich in vegetation and fauna, are off the beaten path and away from the tourist trail. There is a wide range of history, culture, and traditions, all of which are deeply rooted in the past. Every destination is a piece of heaven, with friendly residents eager to greet guests.

<sup>4</sup> [https://csrbox.org/media/NE%20FORUM\\_REPORT\\_14.pdf](https://csrbox.org/media/NE%20FORUM_REPORT_14.pdf)

<sup>5</sup> <https://www.travelogyindia.com/info/seven-sisters-of-north-east-india.html>

## SIGNIFICANCE OF STUDY

The study emphasises the prevailing situation of CSR in the NER of India. The study is an effort to reveal the various obstacle and opportunities regarding CSR and related activities in the region. The study also significantly helps in understanding the contribution of CSR activities towards the development of the region on the practical ground for people in the various states. It will also help the business organisation to shift their CSR activities from central India to the Northeast part of the country. It has been seen that there is a tremendous opportunity in the various sectors, where the business organization can contribute significantly through corporate social responsibility to improve the overall living standard of the people in the region.

## OBJECTIVE

- To understand the current status of corporate social responsibility in Northeast India.
- Comparison between CSR India and CSR NER.
- To identify the opportunities and challenges for Corporate social responsibility in the North-East India region.

## METHODOLOGY

The study is exploratory research and is based on secondary data taken from the Ministry of Corporate Affairs, CSR India, publications, journals, various CSR annual reports, magazines, and newspaper articles. The research design is descriptive but includes various infographics prepared based on the secondary data collected from the Ministry website. The basic and simple statistical tools, line charts, pie charts, and graphs, have been used to explain the various scenarios of CRS. The statistical tools, graphs, and charts have been selected in consideration of the objective of the paper and for simple, clear understanding. To get a more precise outcome, the secondary data has been refined several times in an Excel sheet to get real concrete data related to CRS and NER region for more accurate evaluation and analysis.

## STATUS OF CSR IN NORTH-EAST INDIA

One of the objectives of the study is to understand the status of CSR activities in the region. As per the various reports and research articles available in the open sources category,

it has been seen that companies choose to operate in the areas and locations where they are already well established. Such states like Maharashtra, Gujarat, and Tamil Nadu immediately get an advantage over the other states (Deo, 2019). Because of this trend followed by the organizations, the states in North-East India tend to lose CSR funding and development activities.

According to the recent report by the Centre of Excellence for Sustainable Development (CESD), less than 3% of companies chose to spend their CSR funds in the country's North-Eastern region.<sup>6</sup> The region is considered to be most important from a geopolitical and international relations point of view but neglected in terms of CSR fund allocation and spending as compared to the rest of India. It is necessary to shift the direction of CSR developmental activities from central India to the NER region of the country. An increase in CSR activities can ensure the holistic development of the region and bring down the gap between the North-East region and the rest of India.

However, we can witness a fluctuation pattern in the flow of CSR funds in the region between 2014 to 2021, even though the rate of improvement in CSR activities is still very low compared to the other mainland states of the country. Therefore, to know the real status of CSR in the North-Eastern region of India, the data of each respective state of the region has been analysed thoroughly from the period between 2014 to 2021. The outcomes of the analysis were represented in a simple visual infographic to understand the real scenario of the region concerning CSR – the North-Eastern region of India.

## CSR Fund Flow Analysis - Arunachal Pradesh

Fig. 2 (a) Explains the trend of CSR funds inflow in the last 7 financial years from the period between 2014 to 2021. The fluctuation in the inflow of CSR support in the state is visible in the graph.

The highest inflow of CSR funds in the state in a particular financial year is amounts to Rs. 24.5 Crores during the financial year 2018-19, and the lowest amount is Rs. 1.48 Crores in the year 2015-16. An average CSR fund in-state during the last 7 financial years is around Rs. 13.9 Crores. The figure also explains the downfall in CSR funding in the past 2 financial years. Overall the prevailing status of the state concerning CSR activities and support doesn't seem encouraging as compared with other states and regions of the country.

<sup>6</sup> [https://nedfindia.org/wp-content/uploads/2021/10/NE-CSR-Policy-Report\\_ONLINE.pdf](https://nedfindia.org/wp-content/uploads/2021/10/NE-CSR-Policy-Report_ONLINE.pdf)

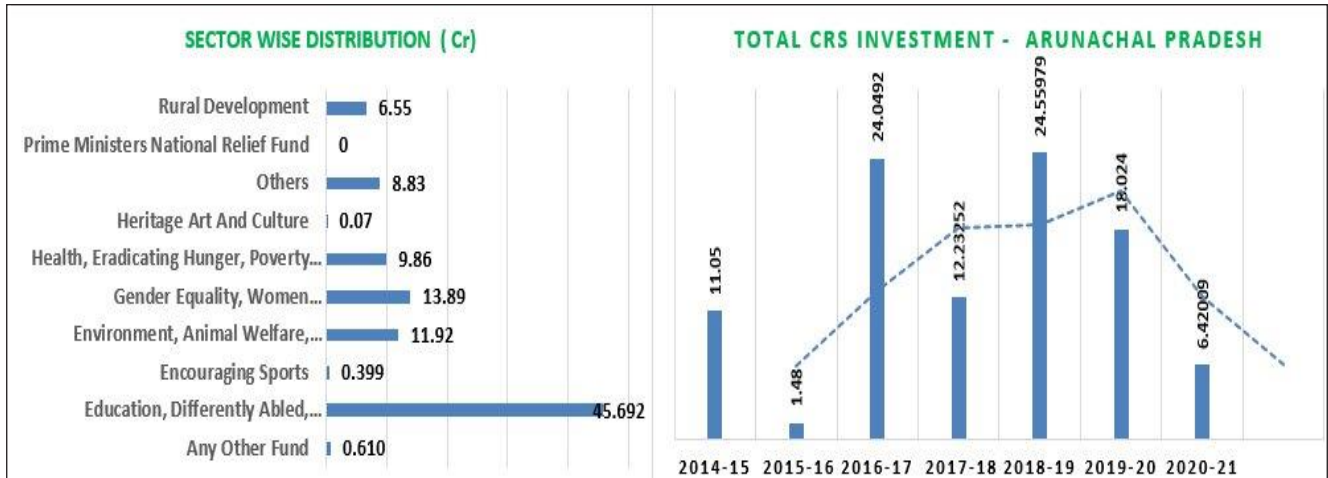


Fig. 2: CSR Investment in Arunachal Pradesh with Sector Wise Distribution

(b) The figure also helps to understand the sector-wise distribution of the various CSR activities in the state during the last 7 financial years. We can see that the thematic sector, like education and livelihood sectors, can attract the highest CSR investment and support, and the sector, like sports, received the lowest compared to other sectors. The

organisations like Oil India Ltd, ONGC, and Tata Trusts are the major companies actively working in the state of Arunachal Pradesh under various CSR initiatives in various sectors such as health, sanitation, rural and skill development, and poverty elimination activities.<sup>7</sup>

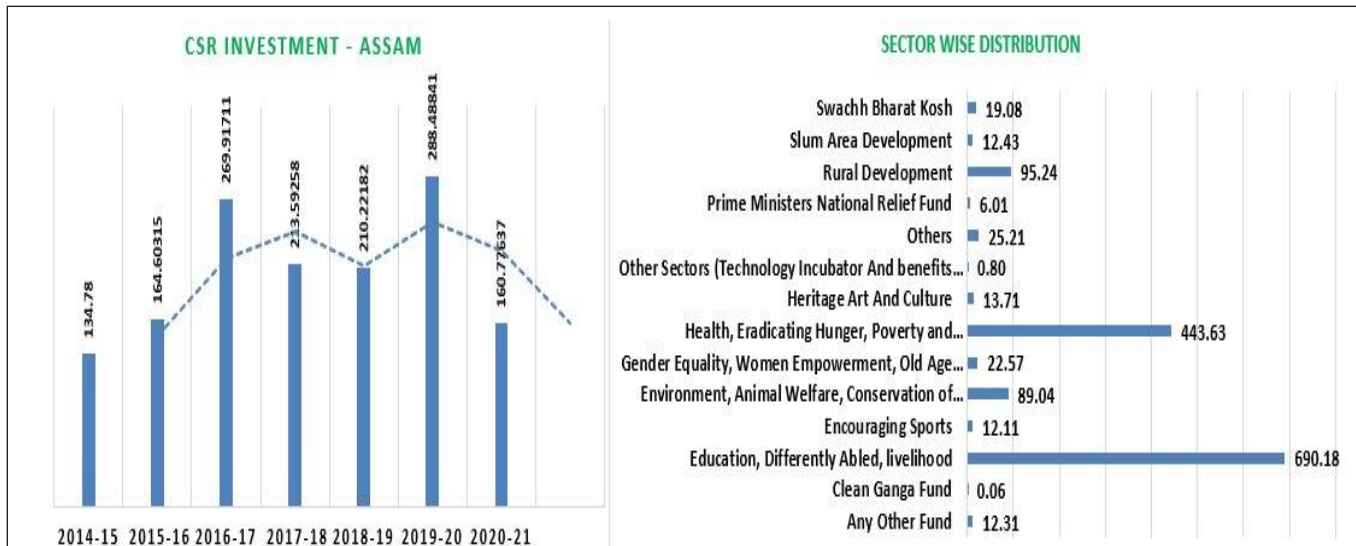


Fig. 3: CSR Investment in Assam with Sector Wise Distribution

### CSR Fund Flow Analysis-Assam

Fig. 3, (a) describes the development of CSR funds inflow in the last 7 financial years from the period between 2014 to 2021. The inconsistency is visible in the graph. The inflow of CSR investment in the state seems to have decreased in the previous financial year, 2020-21. The highest inflow of Rs. 288 crores of CSR funds in the state in a particular

financial year is the financial year 2019-20, and the lowest amount is Rs. 134 Crores in the year 2014-15. An average CSR fund in the state for the last 7 financial years is around Rs. 206 Crores.

The figure also depicts that the state was able to attract more than Rs. 200 crores annually from the period between 2016 to 2019 -20. The drastic fall of Rs. 128 Cr during the year 2020 -21 is a matter of concern, but COVID-19, maybe the reason for the decline in the flow of CSR funds in the state.

<sup>7</sup><https://thecsrjournal.in/top-csr-projects-arunachal-pradesh-corporate-social-responsibility/>

(b) Assam is the state with the highest CSR investment and developmental activities compared to other states in the region. Sectors like education, livelihood, health, and poverty have been the common thematic areas for CSR activities in the state, as these sectors received the highest CSR funds from 2014 onwards. The organisations like Oil India Ltd, ONGC, Tata Trust, HDFC Bank, Indian Oil, and Godrej are the major contributors to CSR funds and actively working in Assam under various CSR initiatives which include sectors such as health, sanitation, rural and skill development and poverty, education flood relief and agriculture, etc.<sup>8</sup>

### CSR Fund Flow Analysis - Manipur

Fig. 4, (a) This graph represents the CSR investment of Manipur for the period from 2014 to 2021. As we have seen in the other state of the region, the activity of CSR in Manipur also seem similar as the inflow of CSR funds is almost negligible, as compared to the other states of mainland India. The average inflow of CSR developmental funds in the state from 2014 to 2021 is amounting to Rs. 80 lakhs, which is way below terms of CSR funds at the national level.

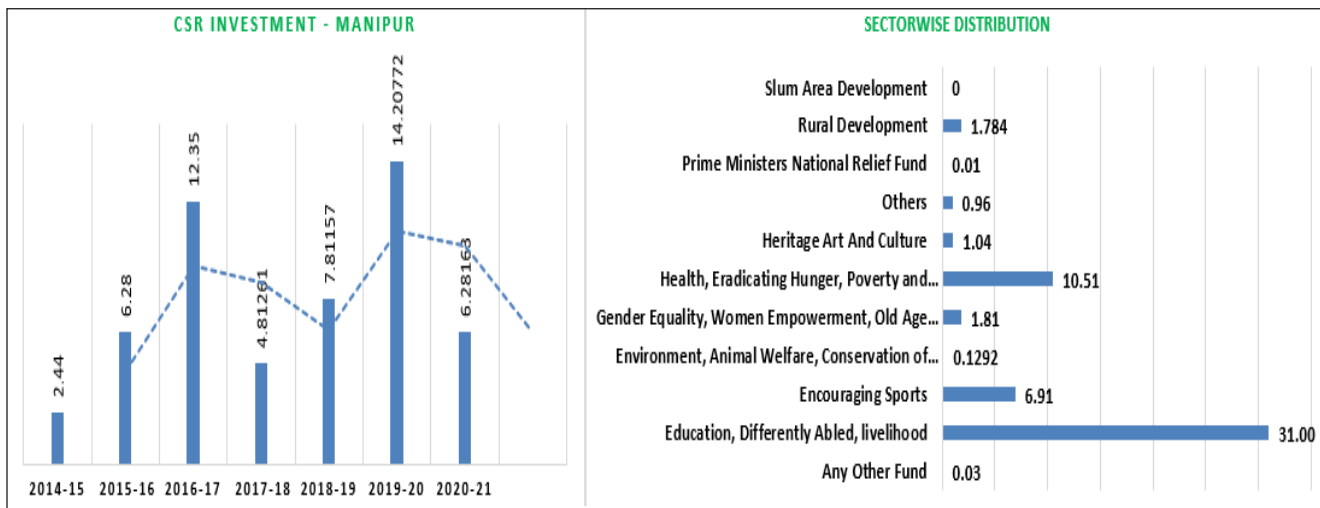


Fig. 4: CSR Investment in Manipur with Sector Wise Distribution

(b) Manipur is the state affected badly by the problem of insurgency for a decade. Due to this, the rate of developmental activities in the state is not at all up to the mark as compared to the neighbouring states like Assam and Meghalaya. The impact of disturbance can be seen in the form of CSR investment in the state. Sectors like education, livelihood, health, poverty, and hunger are some of the common thematic areas which were able to get CSR funds in the state in the past 7 years. The major organisations invested their CSR funds in the state of Manipur and are actively working towards sectors like education, health, sport, power, and rural development.<sup>9</sup>

### CSR Fund Flow Analysis - Meghalaya

Fig. 5, (a) Explains the overall situation of CSR in the state of Meghalaya. Surprisingly, as we can see that in the financial

year from 2014 to 2016, there was no CSR investment in the state. The first CSR funding was received by the state in the year 2017-18, amounting to Rs. 4.5 Crores, and the overall average of CSR funding in the state is around Rs. 7.3 Crores annually.

(b) The graph shows the sector-wise distribution of CSR funds received in the past 7 financial years in the state from 2014 to 2021. The sectors like education, livelihood, health, rural development, and women empowerment have secured the most of the chunk of the CSR funding. Similarly, sector like sport and the environment has been neglected as CSR activities and funding are very less compared to other sectors. The companies like Power Grid, NEEPCO, and HDFC Bank are some of the major contributors to CSR funds in the state of Meghalaya. These organisations significantly contributed to various developmental activities in the state across the sectors.<sup>10</sup>

<sup>8</sup> <https://thecsrjournal.in/top-csr-assam-corporate-social-responsibility-india/>

<sup>9</sup> <https://thecsrjournal.in/top-csr-projects-manipur-corporate-social-responsibility/>

<sup>10</sup> <https://thecsrjournal.in/top-csr-projects-meghalaya-corporate-social-responsibility/>

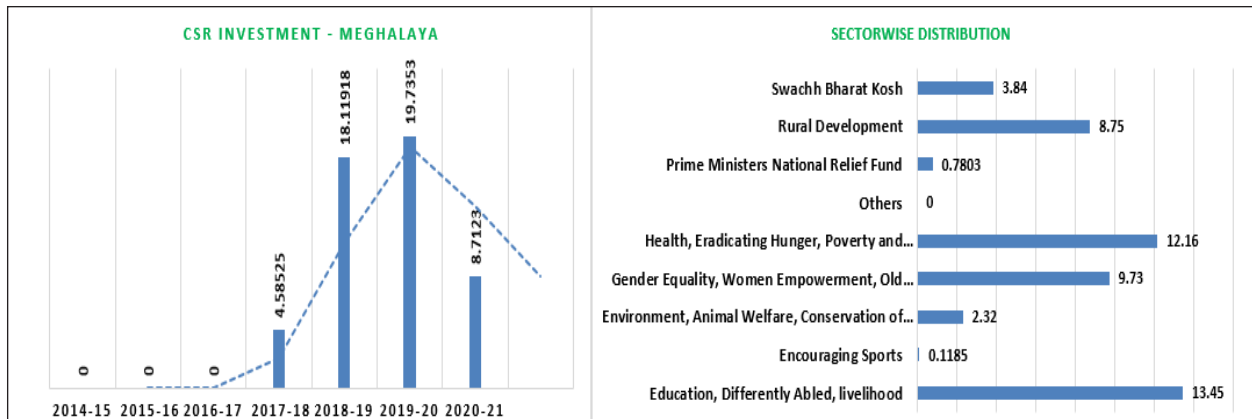


Fig. 5: CSR Investment in Meghalaya with Sector Wise Distribution

### CSR Fund Flow Analysis - Mizoram

Fig. 6, (a) As we have seen previously in the case of Meghalaya. Mizoram also did not receive any CSR investment from the year 2014 to 2016. However, the amount of investment received by the state in the last 4 years is the lowest in the region. The average of Rs.27 lakhs annually inflow of CSR funds is a situation of real concern for the state as well as for the region.

(b) The above graph shows the sector-wise distribution of CSR funds in the state. The state has received the lowest investment in the entire country in terms of CSR support. We can visualize that sector like gender equality, and women empowerment seems to be dominating sector as per the graph, with a total expenditure of Rs. 80 lakhs. The major organization actively working in the state of Mizoram under various CSR initiatives covers the sectors such as health, education, sport, and infrastructure are Nestle, Tata Trust and REC foundation.<sup>11</sup>

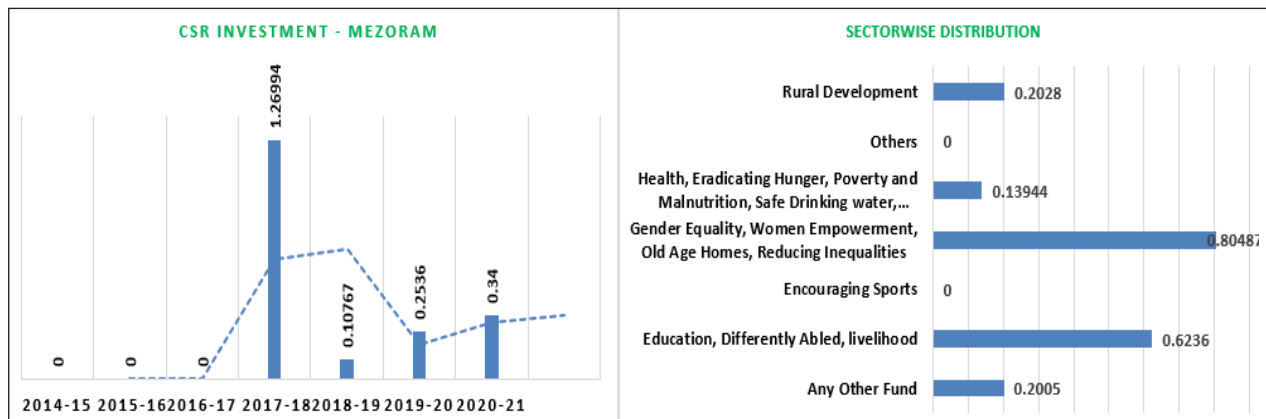


Fig. 6: CSR Investment in Mizoram with Sector Wise Distribution

### CSR Fund Flow Analysis - Nagaland

Fig. 7, (a) This represents the state of Nagaland and investment in CSR activities in the state from the period between 2014-2021. The first 3 years have received zero investment. It was in the year 2017, the first inflow of funds for CSR activities amounted to Rs. 2 lakhs. Since then, the state started getting CSR funds for various projects. We can see the change in the inflow of investment in the graph as it increased by 200% in the year 2018-19, but the average remains far less as compared to other states.

that financial investment in various thematic areas. It is interesting to see that the highest CSR funds have been used in the sectors like sports and health. The rural development sector seems to be ignored as they received only Rs. 8 Lakhs for developmental activities. The SBI, Tata Trust, and NHIDCL are a few major organizations that invested in their CSR funds in different thematic areas like poverty, health, education, and rural development under the CSR initiative.<sup>12</sup>

(b) The figure contains information regarding the financial status of the state and the sector-wise distribution of

<sup>11</sup><https://thecsrjournal.in/top-csr-projects-mizoram-corporate-social-responsibility/>

<sup>12</sup><https://thecsrjournal.in/top-csr-projects-nagaland-corporate-social-responsibility/>

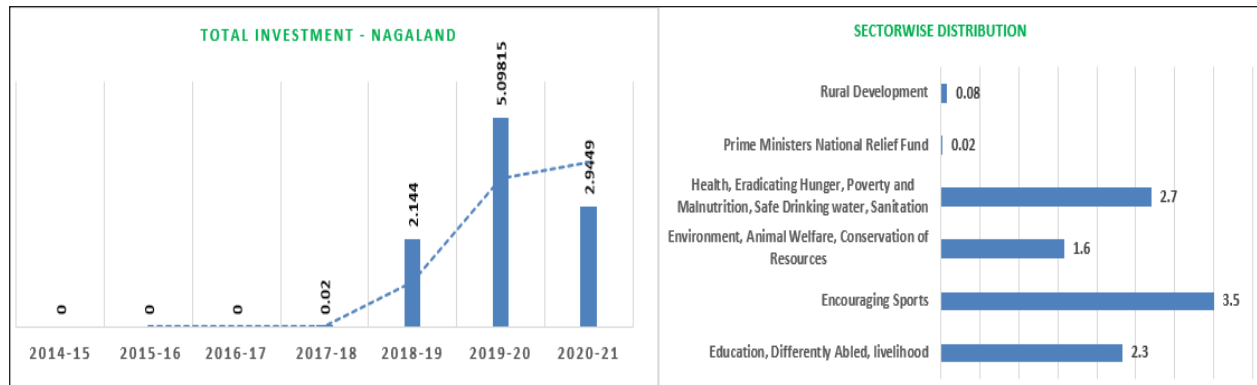


Fig. 7: CSR Investment in Nagaland with Sector Wise Distribution

### CSR Fund Flow Analysis - Sikkim

Fig. 8, (a) As we have witnessed that most of the state in the northeast region has not received any CSR funds from the period between 2014 to 2017. The first investment under the head of CSR was received in the year 2018 by the state of Sikkim. Since then, the state has been receiving a comparatively good amount for CSR developmental activities.

(b) The above figure state the inflow of CSR funds for the various development activities in the state of Sikkim

in the last 7 years. The graph helps us to understand the distribution of CSR investment in the various sectors. We can see that sectors like education, livelihood, health, and women empowerment are some of the most sought areas for the organisation to invest their CSR funds. On the other hand sectors like heritage, Art and culture have received the lowest CSR investment since 2014. The major organisation continuously invested their CSR fund in the state of Sikkim are Dettol India, CIPLA, Ambuja Cement etc. The major area of investment is health and sanitation, disaster management, rural development, and livelihood projects.<sup>13</sup>

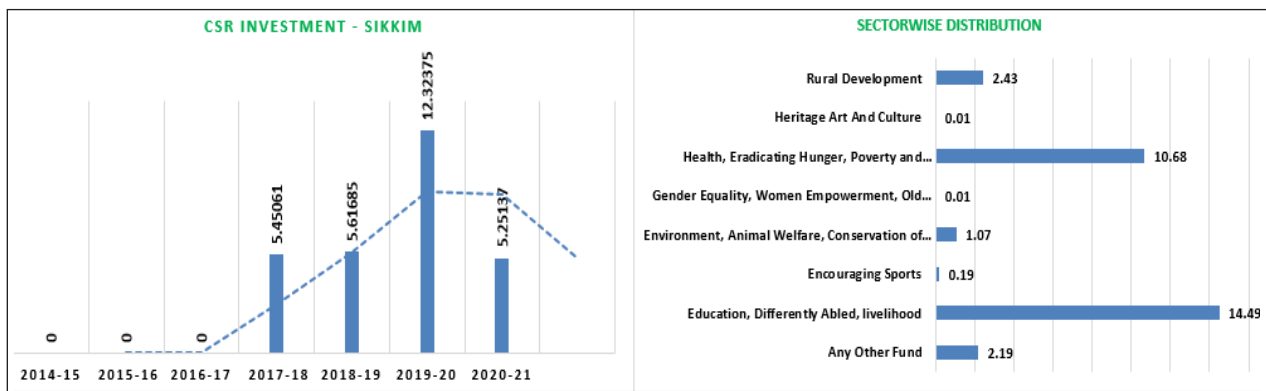


Fig. 8: CSR Investment in Sikkim with Sector Wise Distribution

Table 2: Total CSR Investment in the NER Region of India from 2014 to 2021

State	Total Amount Invested (Cr)
Arunachal Pradesh	97.82
Assam	1442.38
Manipur	54.18
Meghalaya	51.15
Mizoram	1.97
Nagaland	10.21
Sikkim	28.64
Total	1686.35

Table 2, Indicates the total inflow of CSR funds in the respective state of the NER region during the period between 2014 to 2021. Assam with the highest CSR investment and Mizoram with the lowest inflow of CSR funds.

### CSR – India vs NER - A Comparative Analysis

The second objective of the study is to do a comparative analysis of CSR support and funding in India and CSR

<sup>13</sup><https://thecsrjournal.in/top-csr-projects-sikkim-corporate-social-responsibility/>

in the NER region. CSR activities are done voluntarily by organisations and they have a full right to invest their CSR funds as per their objectives, future expectation, and convenience. No provision in the act enforce the organisation to invest a minimum percentage of CSR funds in the state with the lowest development rate and lack of basic infrastructure across the country. A region like the Northern part of India, which includes Jammu and Kashmir and the state of the NER region are suffered from a lack of CSR activities as they are not considered an industrial state. Therefore, these regions are failing to attract CSR investment in their respective state from 2014 onwards. The difference between CSR India and CSR NER India from 2014 to 2021 has been displayed below for a clearer understanding of the subject.

Fig. 9, (a) The graph is the financial comparison between the National average of CSR with the average of the NER region from the period between 2014 to 2021. We can see the upward-moving trend of CSR at the national level average in the graph from 2014 onwards, but in the year 2021, there is a slight fall in financial investment. There may be multiple reasons for such a fall in CSR funding, but the major reason seems to be the COVID-19 pandemic, which has drastically hampered the economy across the globe. We can also assume that the current environment of CSR investment

and activities in India is positive. As we are witnessing an increasing trend in the graph as well as the amount increase in the national average in 2014 is Rs. 279 Crores, and it has reached Rs. 565 Crores in the year 2021. There has been a growth of more than 200% in the National average of CSR since 2014.

(b) The graph also indicates the average CSR investment in the NER of the county. We can visualize that a huge difference exists between the national average and the average of the NER. As we understand, industrialization attracts more CSR investment as the region is lacking behind in this sector. The region has 90% less CSR investment as compared to the national average. The region, on average, has approximately Rs. 34 Crores of CSR support financially, whereas the national average is amounting to Rs. 481 Crores from 2014 onwards.

The difference can be clearly seen in the graph through the gap between the blue line representing the national average and the orange line representing the North-East region. There is no such significant improvement in the past 7 financial years in the average of the North-East region under CSR developmental funds and support. Therefore, the difference significantly impacts the development activities in the region as well as demotivates the people’s expectations of organisations.

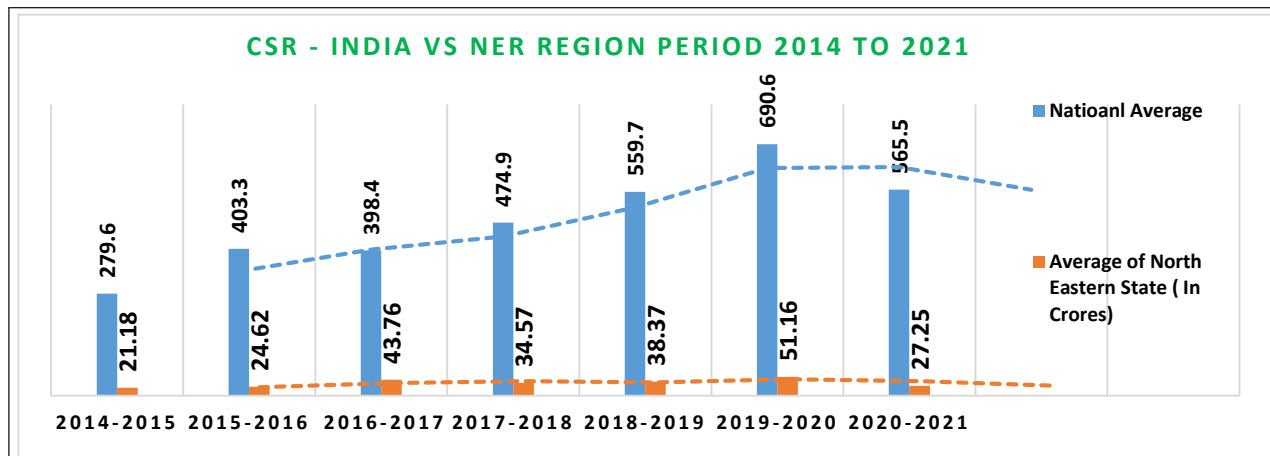


Fig. 9: Comparisons of CSR Investment - India vs NER Region

Fig. 10, This graph shows the state with the lowest CSR investment in the entire country for various developmental activities. All the top 5 states with the lowest CSR financial support in the country are from the North-Eastern regions. Surprisingly, the situation has never changed from 2014 onwards. The huge fluctuation can be seen in the inflow of CSR funds in the region. Out of the above 5 lowest states, Mizoram received the lowest CSR investment in the entire nation. The contraction of CSR funds in a few states will create a huge gap in the developmental activities in various parts of the country. Therefore, it is necessary to shift

the funds of CSR to the entire nation with the help of a proper distribution mechanism for the balance and holistic development of society. There has been a huge increase in investment in various sectors across the country after the Companies Act 2013 under section 135. As with the increase in CSR funding, several development projects have been initiated and completed successfully in the entire nation. Unfortunately, there is hardly any change in the development of NER in the country. The region is considered to be the lowest receiver of CSR funds in the entire country from 2014 to 2021.

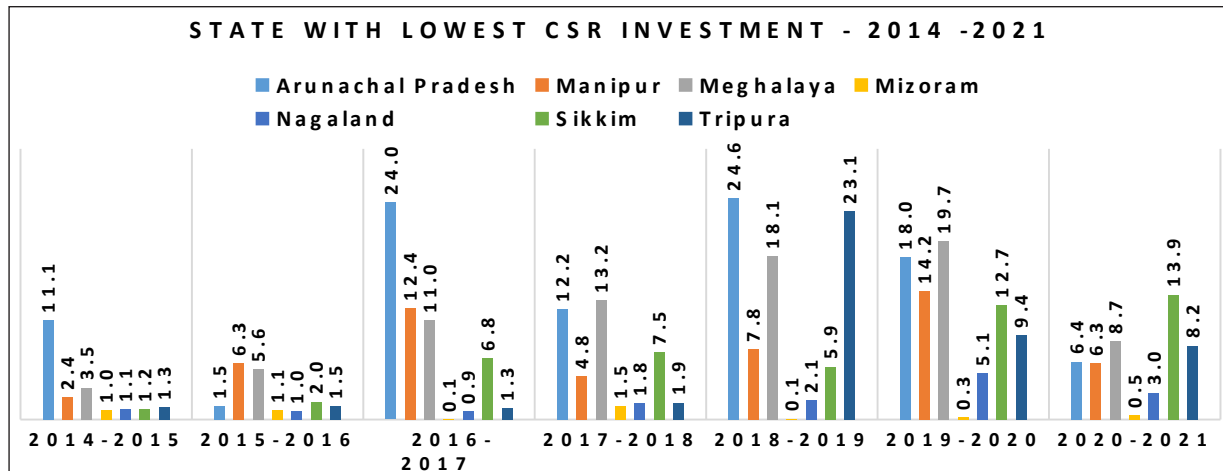


Fig. 10. State with Lowest CSR investment in Entire Country

### Sectors - Lowest CSR Investment in India

The top five sectors with the lowest CSR funding in the period from 2014 to 2021 in India. These sectors are technology incubation, orphanage, senior citizen welfare, and arm forces welfare. A country like India is always struggling to invest in the above mention sectors. As the main focus of CSR and government since the beginning is to eliminate poverty and improve the health and education sector. Therefore, it will take time to gain financial support in above mention areas, but in the future, these sectors will dominate CSR activities.

On the other hand, the top five sectors with the highest CSR funding between the period from 2014 to 2021 are sectors like education which have dominated the CSR funds with 42%, followed by the health sector at 28%, rural development at 14%, and environmental sustainability at 9%. The education and health sector is one of the key sought areas in India for CSR activities. It is essential to understand the requirement of society with a holistic approach before engaging in any CSR activities.

### THE OPPORTUNITIES AND CHALLENGES FOR CSR IN NER REGION

The North-Eastern region of the country is full of opportunities for CSR activities. As the region is home to more than 220 ethnic tribal communities.<sup>14</sup> The regions have been neglected for many years because of various reasons, such as insurgency, lack of understanding between Central government and state government, lack of investment, lack of proper infrastructure, geographical and climatic conditions location and many others. Initially, it has been seen that CSR funds are flowing to the states having good infrastructure and industrial setups. But now, the situation

has changed, and various organisations, both public as well as the private sector, are looking for opportunities for CSR activities across the nation. Therefore, the NER region can be an attractive option for CSR activities as the Central Government has been giving a special focus on developing the regions in various sectors like infrastructure, education, sport, poverty, health, women empowerment, and skill development of the young minds.

### Major Challenges

*Corruption:* Corruption is one of the major reasons behind the lack of developmental activities in the region for a decade. It has been seen that the region has been facing several challenges regarding corruption in the system across the departments. The environment has changed drastically, and the rate of corruption has gone down in the past few years under effective Central and State government policies and management. But still, it is not eliminated from the system. Hence, organisations must try to keep their CSR activities away from such possible corruption threats.<sup>15</sup>

*Excessive Bureaucracy:* Another problem in the region is excessive interference by the bureaucrats in the system. The existence of excessive bureaucracy leads to a slowdown in various processes and discourage the participating organisation and creates a bad image of the state.<sup>16</sup>

*Political Manipulation:* Political pressure and manipulation is one major reason for the delay and failure of several projects and investments in the region. There are several autonomous councils within the state responsible for the development of their tribal community in the state. It has been witnessed by the local authorities that these autonomous councils and their

<sup>15</sup>[https://ciaotest.cc.columbia.edu/olj/sa/sa\\_apr00kod01.html](https://ciaotest.cc.columbia.edu/olj/sa/sa_apr00kod01.html)

<sup>16</sup><https://theprint.in/opinion/its-2021-and-the-indian-bureaucracy-remains-the-greatest-impediment-to-progress/587750/>

<sup>14</sup><https://theCSR universe.com/articles/csr-in-north-east-india>.

members are not capable of attracting CSR or any other kind of projects on their own. Hence, they need proper support from both state and central government.<sup>17</sup>

*Lack of Commitment and Clarity:* There is a lack of commitment and clarity among the people of the region. They rarely tried to look for some other source of financing other than the Union Government. Most of the states in central India always looked forward to getting financial support from CSR, NABARD, and others for various developmental activities. Whereas, the North-Eastern region is far behind in attracting other financial support.

*Lack of Professional Management:* The region has a lack of professional management support in various sectors. Most of the departments in various states are headed by people who lack various skills and professional knowledge required for CSR interventions in the region.

*Lack of Community Participation:* The tribal community is hesitating to come forward for developmental activities as many false and empty promises, and corrupt politicians have spoiled the image of the state and the communities.

*Issue of transparency:* Transparency is the key to look looking forward to any developmental activities, including CSR activities. The indigenous communities of the region have suffered a lot due to lack of transparency in various developmental projects for the decade. Transparency is one of the major requirements for the developmental activities.

*Lack of Media Attention and Coverage:* As one the major objective of the business organisation is to get good national media coverage for their CSR activities. But North-Eastern has been neglected by National media for many decades. Even today, very few National media has their correspondence in the region for coverage.

*Lack of Basic Infrastructure:* Whenever we talk about the infrastructure in India, the North-Eastern region has always been far behind on the basic connectivity services such as roads, railways, and airways due to the extreme geographical location, weather conditions, and mountainous terrain. It has always been a big challenge for both Central as well as state governments to construct various connectivity projects in the region.<sup>18</sup>

*Geographical Barriers:* One of the permanent problems of the region is the extreme geographical location. Due to such a scenario, many times, additional financial support is required for many national and international projects in the region. Hence, many organisations wished to keep them away from such an additional burden and preferred to select some other location for various CSR projects.<sup>19</sup>

<sup>17</sup>[https://nedfindia.org/wp-content/uploads/2021/10/NE-CSR-Policy-Report\\_ONLINE.pdf](https://nedfindia.org/wp-content/uploads/2021/10/NE-CSR-Policy-Report_ONLINE.pdf)

<sup>18</sup> [https://necouncil.gov.in/sites/default/files/about-us/Vision\\_2020.pdf](https://necouncil.gov.in/sites/default/files/about-us/Vision_2020.pdf)

*Insurgency:* Due to differences in culture, caste, and religion between mainland India and the home of several small ethnic communities in the region. There is a difference in the thoughts and perceptions within the communities. Each community tries to keep its identity alive irrespective any of situation. Because of the fear of losing their identity, lack of communication and misunderstanding among the state, central government, and tribal community lead to multiple small insurgency groups in the region. But the present situation has improved a lot, and many insurgence groups are in ceasefire and started talking to the government for peace and harmony in their communities.<sup>20</sup>

## Major Opportunities

*Education:* Education is the sector that has been able to attract 43% of total CSR funds from 2014 to 2021. However, the share of investment in the NER remains low. The region has a good literacy more than the national average. But there is a huge shortage of good and modern educational institutes, as the old colleges and institutions have their limitation and work under immense pressure to provide quality modern education for the students.<sup>21</sup>

*Sport:* The entire nation is well aware of the capacity, ability, and dedication of the young generation of the NER towards the sport. The region has produced various gold medallists in recent international events and made the country proud. Hence, there is a huge opportunity for CSR to play a crucial role in the sector of sport.

*Agriculture:* The region is well known for its organic agriculture practices. The region is full of opportunities for various agriculture-based activities and projects. Agriculture is the main occupation for the people of the region. The entire region is dependent on agriculture and related activities for their livelihood.

*Poverty:* Poverty is always a dominating sector across the country. With the increase in population, the gap has increased between rich and poor in society. It is important to reduce the gap between rich and poor people. Here the role of CSR becomes essential. CSR activities for reducing the poverty can be vital in decreasing the gap created by the inappropriate and unequal distribution of income.

*Health:* The region has a history of several natural disasters, regular floods, landslides, and others because

<sup>19</sup><https://countercurrents.org/2016/08/developmental-challenges-in-northeast-india-perceptible-reflections-on-mizoram/>

<sup>20</sup> [https://ciaotest.cc.columbia.edu/olj/sa/sa\\_apr00kod01.html](https://ciaotest.cc.columbia.edu/olj/sa/sa_apr00kod01.html)

<sup>21</sup> <http://csdindia.org/wp-content/uploads/2020/01/Social-Development-in-North-East-India-Report-2019.pdf>

of the weather conditions and seasons. The facilities are considered mostly poor and weak as most of the tribal community likes to stay inside the forest-dominant areas. The facilities of the hospital are very far away from such locations. Another problem is that the region has very limited medical institutions, which leads to a shortage of doctors in the respective state, and the quality of hospitals in the small town and villages have also lacked basic infrastructure. The entire region has lacked advanced health facilities.

*Environment:* When we talk about the environment, SDG, and Sustainability, we cannot ignore the contribution of the NER region, as the region has the highest forest-covered area in the entire country. The contribution of the region to maintaining a minimum forest cover under the National forest policy is significant. Therefore, the organisation wishes to contribute to and protect the environment via CSR activities; the region is a perfect location for such projects.

*Culture and Heritage:* The entire region has its unique history of the Ahom dynasty. The region is full of unique ethnic tribe, and their traditional custom and culture are considered to be the most ancient. The people still practice their traditional customs in the form of various festivals and rituals. There are multiple heritage sites in the entire region depicting the ancient history of the Ahom dynasty.

*Skill Development:* Skill development is one of the most sought-after requirements of youth in the region. There is a shortage of good ITI, Skill development courses, and institutions in the entire region. The organisations interested in skill development projects and activities are welcome to the region for their support from various aspects and forms.<sup>22</sup>

*Entrepreneurship Incubation Program:* Another opportunity for the organisation to use its CSR funds in the region through an entrepreneurship incubation program for the young generation in the various state of the region. Young minds are enthusiastic and capable of doing creative business ventures. However, the financial and expert support for them is negligible in the region.

*Forestry:* The NER region of the country has a record of the highest forest-covered states in the nation. There are several national parks and sanctuaries with rare, endangered animals found in that particular region only. The community of the region is well aware of the importance of forests, and they always welcome any project or scheme that is meant to protect the forest in the region.

*Infrastructure:* The infrastructure facilities in the region is quite poor in all the sectors of society. There is an urgent need to connect the region with the rest of the country. The government has initiated several major infrastructures in the region, but still, the development rate is very slow till date.<sup>23</sup>

## FINDINGS AND DISCUSSION

The number of participants from Non-PSU has increased by almost 300% since 2014, whereas, the participation from PSU seems moderate and positive compared to Non-PSU. Contribution from the private sector to CSR activities in terms of money has been increased by more than 200% from Rs.7249 Cr to Rs. 16303 Cr. Similarly, the contribution of PSU increased from Rs. 2817 Cr in 2014 to Rs. 4056 Cr in 2021.

There is an increasing tendency for organisations to choose the location for CSR activities, where they are already well established. The CSR activities are clustered only in the industrial- rich states of the country. On average Maharashtra, Gujrat, Karnataka, Andhra Pradesh, and Tamil Nadu are the top 5 states with the highest CSR investment from 2014 to 2021. Non-industrial states has been ignored by the organisations. The state belonging to the NER region has suffered the most due to poor industrialisation in the region as well as negligence by the organisations. Less than 3% of companies chose the NER region for their CSR activities. The region has received the lowest CSR funds in the entire country from 2014 to 2021. On average top 7 states with the lowest CSR investment during the period between 2014 to 2021 are Arunachal Pradesh, Assam, Meghalaya, Mizoram, Manipur, Nagaland, Sikkim, and Tripura.

The state like Sikkim, Nagaland, Mizoram, and Meghalaya have not received any funds for CSR activities in the first 3 financial years from 2014 to 2016. In the NER, Assam is the state with the highest CSR investment, and Mizoram has the lowest in the entire country. The average CSR investment in the NER region is less than 10% of the national average from the period 2014 to 2021. The total CSR investment in the entire NER region from the period between 2014 to 2021 was amounting to Rs. 1686 Crores only. 90% of funds allocated to NER for CSR are invested only in Assam, and the remaining 10% to other NER states. The most sought areas in the NER for CSR activities in the past few years are health and sanitation, education, poverty, livelihood, and women empowerment. The top sector that has to attract the highest CSR investment in the

<sup>22</sup> <https://showcase.imrmedia.in/event/opportunities-and-challenges-north-east-india>

<sup>23</sup> <https://www.sentinelassam.com/editorial/the-infrastructure-gap-in-northeast-india-588539#:~:text=Poor%20transport%20connectivity%20in%20the,which%20is%20the%20saddest%20part.>

country from 2014 to 2021 are education 42%, health 28%, poverty and environment 16%, and rural development 14%. The sector with the lowest CSR investment from 2014 to 2021 is Information and Technology, the senior citizen welfare fund, orphanages, and the Armed Forces.

The study was an attempt to understand the prevailing situation of CSR in the NER region. We have found evidence that there is a huge gap in CSR expenditure in the NER region in comparison with the rest of India. The present situation of CSR is not encouraging in the NER region. A proper distribution mechanism is required to reduce the gap between CSR India and the CSR NER region. Even though CSR is becoming increasingly significant, research still shows that CSR activities are clustered in the industrial-rich states in India. A holistic approach is missing among organisations about CSR developmental activities and their implementations. The CSR provision is mandatory for the organisation to spend 2% of their profit on CSR activities mentioned in section 135 of the companies act 2013. The selection of activities, locations, and investments are voluntarily left to the organisations only. Due to this, most organisations like to invest their CSR funds nearby to their establishments. The contribution of CSR from the private organisation in the NER is almost negligible in terms of investment. It is essential to encourage private organisations to contribute to the region as their role is vital for rapid development. Both Private and public sector organisations can select the district of NER for their CSR intervention under the Development of Aspirational District by CPSEs under CSR initiative.<sup>24</sup>

## CONCLUSIONS

The central idea of the paper is to analyse the flow of CSR funds and activities with special reference to NER regions. CSR becomes the key source of funds for various developmental activities across the nation. The contribution of CSR is crucial and has also significantly improved the standard of livings by providing various essential facilities as per the requirements of the people. The overall status of CSR activities in India is impressive and encouraging. The companies are participating in CSR activities and extending their expertise as well as support for various social causes. On the other hand, a certain part of the country has been left behind in CSR investment in comparison with the national level. The NER is one such region ignored by many major organisations mainly by the private sector. The CSR activities in the region are way below to national average and less than 3% of companies choose the NER region for their CSR developmental activities. Similar kinds of findings and recommendations are also found in the research paper of (Gupta & Sharma,

2021). There is less than 10% of CSR funds have been invested in the entire region from 2014 to 2021. There is lacked information, awareness, and research evidence that reveals the true status of CSR in the NER region. A similar outcome has been found in the report published by Council for Social and Digital Development & North-East Development on CSR NE policy in 2021<sup>25</sup>. There is a need for more deep authentic research describing the practical scenario of CSR in the NER region as well as the opportunities available for the organisation. In order to select the correct initiatives, use their knowledge, and hold them more accountable, there needs to be a suitable process in place (Ayengia, 2020). Future research comparing multinational corporations (MNCs) with local businesses may offer important insights into both corporate strategy and economic development (Jayakumar, 2018).

## RECOMMENDATION

The major recommendation is that there is an urgent need for a distribution mechanism of CSR investments across the country. So that the concentration of CSR activities can be diverted to all directions throughout the country with a holistic developmental approach. On the basis of the prevailing situation of CSR in the NER region, there should be a separate CSR provision for NER regions. As the data reveals that the states in the region have been neglected for several years. The average gap between national CSR and CSR in the NER region has continuously increased from 2014 onwards. The region has been able to attract less than 10% of CSR funds in the last 7 financial years. Therefore, we need a separate CSR provision for the NER to reduce the CSR gap in the NER region. A shortage of authentic research, report, data, and CSR consultants is also a major reason for such low CSR inflow in the region. Hence, organisations are not able to get authentic guidance and support for their activities even if they are desired to invest in the region.

Hence, the role of National institutions such Indian Institute of Forest Management (IIFM), the Tata Institute of Social Science (TISS), the Delhi School of Social Work and the Institute of Rural Management (IRMA) is very crucial to reduce the gap. The Centre of Excellence for CSR in IIFM and other reputed National Institutions should have focused their research and consultancy in NER of India. To reduce the gap and maintain a balance across the country, the contribution of institution like IIFM, TISS and IRMA is essential. The research and

<sup>24</sup> <https://dpe.gov.in/csr/csr/development-aspirational-districts-cpses-under-csr>

<sup>25</sup> [https://nedfindia.org/wp-content/uploads/2021/10/NE-CSR-Policy-Report\\_ONLINE.pdf](https://nedfindia.org/wp-content/uploads/2021/10/NE-CSR-Policy-Report_ONLINE.pdf)

contribution of academic institution can significantly help the corporate world to understand the current situation of the NER. They can also play a vital role in CSR planning, Implementation and Evaluation of various project in the NER. Therefore, to improve the CSR activities and to create a holistic development approach in the entire country. The both academic institution like IIFM, TISS and IRMA and the corporate world must come together for the betterment of the society as well to improve their social work across the country.

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