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The Spirit of the Law : A Comparative Study of CSR Approaches in Public and Private Sector Undertakings in India

Abstract : Section 135 of the Companies Act, 2013 turned corporate social responsibility from a voluntary, reputation-driven activity into a compliance obligation for every sufficiently large Indian company, public or private. Almost a decade on, the interesting question is no longer whether Indian companies spend on CSR — they do, in growing volume every year — but whether that spending reflects the letter of the law or its underlying spirit: a genuine, board-owned commitment to social value creation rather than a budget line ticked off to avoid penalty. This paper compares CSR spending behaviour in Central Public Sector Enterprises (CPSEs) and private sector companies in India using disclosure data from the Ministry of Corporate Affairs' National CSR Portal and company-level figures compiled by PRIME Database Group for NSE-listed companies in FY 2023-24. A dataset of nineteen companies (six CPSEs and thirteen private firms) with matched CSR-spend and average-net-profit figures is used to test whether sector predicts the share of profit actually spent on CSR. Welch's t-test and the Mann-Whitney U test are used to compare group means and medians, Shapiro-Wilk and Levene's tests check the assumptions behind those choices, and an OLS regression isolates the effect of firm size (log average net profit) from sector. The raw comparison suggests private firms in the sample show a far higher and more dispersed CSR-to-profit ratio than CPSEs, but this difference collapses once firm size is controlled for: log profit alone explains most of the variance ($R^2 = 0.60$), and the sector coefficient becomes statistically insignificant ($p = 0.77$) once size is in the model. A separate chi-square test on national aggregate figures shows CPSEs, despite being a small fraction of mandated companies, account for a disproportionately large share of total CSR spend among NSE-listed firms. The paper reads these results against the twin regulatory histories that shaped CSR in the two sectors

— the Department of Public Enterprises' 2010 and 2013 guidelines for CPSEs, and the 2013 Companies Act for the wider corporate universe — and argues that the public/private distinction is a weaker predictor of CSR intensity than firm size, ownership concentration, and institutional design. It closes with recommendations on convergence of reporting standards, impact assessment, and board-level accountability across both sectors.

Keywords: *Corporate Social Responsibility; Section 135, Companies Act 2013; Public Sector Undertakings; CPSE; DPE Guidelines; CSR compliance; India.*

1. Introduction : India occupies an unusual place in the global history of corporate social responsibility. Most jurisdictions treat CSR as a voluntary, market-driven signal — a way for firms to differentiate themselves, manage reputational risk, or respond to investor pressure on environmental and social governance. India instead made it law. Section 135 of the Companies Act, 2013, read with Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules, 2014, requires every company meeting a net worth, turnover, or net profit threshold to spend at least two per cent of its average net profit of the preceding three years on specified CSR activities, through a board-approved CSR policy and a dedicated CSR committee. Since the amendments of 2019 and 2021, unspent amounts must be transferred to an escrow-like 'Unspent CSR Account' or to a specified government fund, and any shortfall can attract penal consequences. What began as an unusual experiment in mandatory generosity is now, in the words of commentators, one of the largest state-directed corporate philanthropy programmes in the world.

Public sector undertakings occupy a peculiar dual position in this story. Long before the 2013 Act, the Department of Public Enterprises (DPE) had already issued CSR guidelines for Central Public Sector Enterprises (CPSEs) in April 2010, making it mandatory for profitable CPSEs to set aside a fixed share of profit for social activities, and it revised these guidelines in 2013 to align them with global sustainability language and, later, with the Companies Act framework itself. CPSEs are therefore unusual in having operated under two overlapping CSR regimes — an internal government directive rooted in their character as instruments of state policy, and the general company law obligation that now binds them alongside every other qualifying company. Private companies, by contrast, came to mandatory CSR only through the 2013 Act, with no comparable prior tradition of state-directed social spending (although several large private conglomerates, notably the Tata group, had voluntary CSR programmes stretching back decades).

This layered history raises the paper's central question directly. Legal compliance is a floor, not a philosophy. A company can meet the two per cent threshold in a manner that is administratively correct and substantively hollow — spending on activities that are easy to execute, easy to report, and only loosely connected to any theory of social change — or it can use the mandate as a springboard for a genuine CSR strategy tied to community need, monitored outcomes, and board-level ownership. The 2013 Act itself gestures at this distinction: it asks companies to explain, in their board's report, why they did not spend the full prescribed amount if that happened, precisely because Parliament anticipated a gap between the letter of the mandate and its spirit. Whether public and private sector undertakings differ systematically in how they occupy that gap is the question this paper investigates empirically rather than assumes.

The public conversation on this question tends to run on intuition rather than evidence. One common view holds that PSUs, as extensions of the state with quasi-social objectives baked into their founding statutes, treat CSR more instrumentally — as one more government-directed obligation layered on top of steel plants, oil refineries, and power stations that already carry non-commercial burdens such as subsidised pricing and mandated employment. A competing view holds that PSUs, freed from the shareholder-value pressures that discipline private CSR budgets during a bad quarter, are actually more consistent spenders, since CSR outlay is not something a PSU board must defend against activist investors. This paper tests both intuitions against disclosed financial data rather than settling for either as a starting assumption.

2. Review of Literature : The literature on CSR in India after 2013 falls into three broad strands. The first is doctrinal and policy-oriented, tracing the legislative history of Section 135, the debates in the Companies Bill committee over whether to make CSR mandatory at all, and the subsequent amendments that hardened the provision from a 'comply or explain' obligation into something closer to a strict spending mandate with penal consequences for non-compliance. This strand generally treats the shift from voluntary to mandatory CSR as India's most distinctive contribution to global CSR jurisprudence, and much of it is descriptive rather than empirical.

The second strand is the public sector governance literature, which predates the 2013 Act and is rooted in the DPE's own institutional history. Public enterprise scholars have long noted that CPSEs operate under 'social obligations' that are distinct from formal CSR — obligations such as selling output at government-fixed prices, maintaining employment in unviable units, or locating plants in backward regions for reasons of regional policy rather than commercial logic. The DPE's 2010 and 2013 CSR and Sustainability guidelines were, on this reading, partly an attempt to formalise and professionalise activity that CPSEs were in some sense already expected to perform as arms of the state, and partly an attempt to align public enterprises with the emerging global sustainability agenda ahead of the private sector.

The third strand is the empirical literature that has grown alongside the National CSR Portal and NSE/BSE disclosure data since 2014-15. Industry trackers such as the PRIME Database Group's annual primeinfobase.com report and periodic KPMG India CSR surveys have documented consistent patterns: CSR spend concentrated in a small number of large spenders, a persistent tilt toward education and healthcare over harder-to-execute categories such as livelihood enhancement or slum development, and a wide dispersion in compliance — some companies spend exactly the prescribed minimum while others spend multiples of it. This strand has generally been more comfortable reporting aggregate national trends (PSU share of total spend, sectoral allocation, state-wise distribution) than testing formal hypotheses about the public/private distinction using firm-level statistical methods, which is the gap this paper tries to close.

A recurring finding across this literature, echoed in the government's own data releases, is that non-PSU companies account for the large majority of aggregate CSR spend in absolute rupee terms — a pattern that is unsurprising given that private, listed companies vastly outnumber CPSEs among the universe of CSR-mandated firms, but that is nonetheless often cited, without much statistical scrutiny, as evidence that public sector CSR commitment lags the private sector. This paper argues that such comparisons, drawn on raw totals without controlling for the number and size of firms in each group, risk comparing apples to a much larger basket of oranges, and it proposes a firm-level, size-adjusted comparison as a more defensible alternative.

3. Legal and Regulatory Framework

3.1 The Companies Act, 2013 Regime : Section 135 of the Companies Act, 2013 applies to any company with a net worth of Rs 500 crore or more, turnover of Rs 1,000 crore or more, or net profit of Rs 5 crore or more in the immediately preceding financial year. Qualifying companies must constitute a CSR committee of the board, formulate a CSR policy, and ensure the company spends, in every financial year, at least two per cent of the average net profit made during the three immediately preceding financial years on CSR activities specified in Schedule VII — a list running from eradicating hunger and poverty, promoting education, and ensuring environmental sustainability, to protecting national heritage, contributing to armed forces veterans' welfare, and disaster management, among others. The Companies (Amendment) Act, 2019 and 2021 tightened the regime considerably: unspent CSR amounts (other than those earmarked for ongoing projects) must now be transferred, within six months of the financial year's end, to a fund specified in Schedule VII, such as the Prime Minister's National Relief Fund or PM CARES Fund, while amounts tied to ongoing multi-year projects must be moved into a separate 'Unspent CSR Account' and utilised within three financial years, failing which they too must be transferred to a specified fund. Companies with an average CSR obligation exceeding Rs 10 crore over the preceding three years must also commission an independent impact assessment of larger CSR projects.

3.2 The DPE Guidelines for CPSEs : CPSEs were subject to CSR-style obligations before the 2013 Act existed. The Department of Public Enterprises, then under the Ministry of Heavy Industries and Public Enterprises, issued the first formal 'Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises' on 9 April 2010, superseding earlier, more informal instructions dating to 1994. These guidelines made a fixed share of profit-linked CSR spending mandatory for profit-making CPSEs well before private companies faced any comparable statutory duty, and framed CSR explicitly in terms of inclusive growth, capacity building, and the socio-economic upliftment of marginalised communities — language that tracks the broader developmental mandate CPSEs are expected to serve as instruments of state economic policy. The DPE revised these guidelines with effect from 1 April 2013, rebranding them as guidelines on 'CSR and Sustainability' to reflect a wider global sustainability agenda, and these were subsequently harmonised with the Companies Act framework once Section 135 came into force later that same year. The practical effect is that CPSEs today operate under two layers of obligation that substantially overlap in substance but originate from different institutional sources — a DPE administrative directive tied to their character as government-owned entities, and the general Companies Act mandate that applies to them as companies in their own right.

3.3 Overlap, Tension, and the 'Social Obligation' Problem : A distinctive complication for CPSEs, noted in the public enterprise governance literature, is the difficulty of separating formal CSR spend from the broader 'social obligations' many CPSEs already carry as instruments of government policy — obligations such as administered pricing, mandated procurement from small and marginal producers, or maintaining employment at loss-making units for reasons of regional or political stability. These obligations are sometimes assigned informally through administrative ministry directives rather than transparent board resolutions, which makes it harder, in principle, to assess whether a CPSE's CSR spend represents an additional, voluntary-in-spirit commitment or simply a repackaging of activity the enterprise would have undertaken regardless as a state instrument. Private companies, lacking this institutional baggage, face a comparatively cleaner attribution problem: CSR spend by a private firm is more straightforwardly a discretionary allocation made in response to the statutory mandate.

4. Research Gap, Objectives, and Scope : Most existing comparisons of PSU and private sector CSR in India rest on aggregate rupee totals reported by the National CSR Portal — for instance, the widely cited finding that non-PSU companies contributed roughly 84 per cent of total CSR spend in FY 2022-23, against 16 per cent from PSUs. Such figures are accurate as far as they go, but they conflate two very different things: the number of firms in each group (private, listed and unlisted companies vastly outnumber CPSEs) and the average intensity of spending per firm relative to its own profit. A group that contains a handful of very large spenders alongside a long tail of small compliance-minimum spenders can look very different from a smaller, more homogeneous group, even if the latter's firms are, individually, more consistent in meeting or exceeding their obligation. This paper's central contribution is to move the comparison from aggregate totals to a firm-level, profit-adjusted metric, and to test the public/private distinction using formal hypothesis tests rather than descriptive contrasts alone.
Specifically, the paper pursues four objectives:

- To document the evolution of the CSR legal framework applicable to Indian companies generally and to CPSEs specifically, and to identify where the two regimes overlap and diverge.
- To construct a firm-level dataset of CSR spend, prescribed CSR obligation, and average net profit for a sample of CPSEs and private companies drawn from FY 2023-24 disclosures, and to compute each firm's CSR spend as a percentage of its own average net profit.
- To test, using appropriate parametric and non-parametric statistical techniques, whether sector (public versus private) is a statistically significant predictor of CSR spend intensity, both on its own and after controlling for firm size.
- To examine national, aggregate-level trends in CSR spend over the decade since the 2013 Act came into force, and to test whether the CPSE share of aggregate spend among NSE-listed companies is proportionate to the CPSE share of mandated companies.

The scope of the paper is deliberately narrow in one respect and broad in another. It does not attempt a qualitative audit of the social impact of any individual CSR project — that would require primary fieldwork well beyond the scope of a comparative statistical study. It restricts the firm-level statistical analysis to companies for which reliable, individually disclosed CSR expenditure and profit figures are publicly available, which necessarily privileges larger, more transparent, exchange-listed companies. Within that constraint, however, it draws on the fullest set of matched, verifiable figures available in the public domain for FY 2023-24, supplemented by a decade of national aggregate trend data going back to FY 2014-15, the first year the mandate was in force.

5. Hypotheses : Three hypotheses are tested, each addressed to a specific empirical question raised in the introduction.

H1: Sector and CSR intensity (univariate comparison)

Null hypothesis (H_{01}): There is no statistically significant difference between the mean/median percentage of average net profit spent on CSR by public sector undertakings and by private sector companies.

Alternative hypothesis (H_{11}): The mean/median percentage of average net profit spent on CSR differs significantly between public sector undertakings and private sector companies.

H2: Firm size versus sector as predictors of CSR intensity (multivariate comparison)

Null hypothesis (H_{02}): After controlling for firm size (log average net profit), sector has no additional statistically significant effect on the percentage of net profit spent on CSR.

Alternative hypothesis (H_{12}): Sector retains a statistically significant effect on CSR spend intensity even after controlling for firm size.

H3: Proportionality of CPSE contribution to aggregate CSR spend

Null hypothesis (H_{03}): The CPSE share of aggregate CSR spend among NSE-listed, CSR-mandated companies is proportionate to the CPSE share of the total number of mandated companies.

Alternative hypothesis (H_{13}): The CPSE share of aggregate CSR spend is disproportionate to (either greater or smaller than) the CPSE share of mandated companies.

6. Research Methodology

6.1 Research Design : The study follows a quantitative, ex post facto comparative design. It does not manipulate any variable; it draws on CSR expenditure and financial data that companies were already legally required to disclose in their FY 2023-24 board reports and annual filings, and it compares two naturally occurring groups — CPSEs and private companies — defined by ownership structure rather than by random assignment. This design is appropriate for a compliance and governance question of this kind, where the ‘treatment’ (public versus private ownership) cannot be experimentally assigned and where the population of interest is the actual universe of CSR-mandated Indian companies rather than a hypothetical sample.

6.2 Data Sources :

- Ministry of Corporate Affairs, National CSR Portal (csr.gov.in) and the associated Corporate Data Management (CDM) analytical dashboards, which publish year-wise, sector-wise, and PSU/non-PSU-wise aggregate CSR expenditure figures drawn from companies’ AOC-4 XBRL filings.
- PRIME Database Group / primeinfobase.com, ‘CSR Spend by NSE-listed Companies Jumps 16 per cent to Rs 18,000 crore in 2023-24’ (21 April 2025), which compiles company-level CSR expenditure, prescribed CSR obligation, and market capitalisation for all NSE main-board listed companies mandated to spend on CSR, based on their FY 2023-24 annual reports.
- The Department of Public Enterprises’ 2010 and 2013 Guidelines on Corporate Social Responsibility (and Sustainability) for Central Public Sector Enterprises, used for the legal-historical analysis in Section 3.
- Statista/MCA aggregate figures on CSR spend by company type (PSU versus non-PSU) for FY 2022-23 and FY 2023-24, used as a cross-check on the National CSR Portal figures.

6.3 Sample and Variable Construction : For the firm-level statistical tests (H1 and H2), a sample of nineteen companies was drawn from the primeinfobase.com FY 2023-24 report: all companies for which the report separately disclosed either (a) CSR spend as a directly reported percentage of net profit, or (b) both prescribed CSR obligation and actual CSR expenditure, from which average net profit and percentage spent can be derived exactly, since prescribed CSR obligation equals two per cent of average net profit under Section 135. Six of the nineteen companies are CPSEs (Coal India, NTPC, Oil India, GAIL, Indian Oil Corporation, and ONGC); thirteen are private sector companies spanning banking-adjacent finance, IT services, steel, oil refining, and small and mid-cap manufacturing and services firms that appeared in the report’s lists of highest percentage-of-profit spenders and of companies exceeding their prescribed obligation. Two variables were constructed for each firm: CSR spend as a percentage of average net profit (the dependent variable across all tests), and the natural logarithm of average net profit in Rs crore (used as a size control in the regression model, and to stabilise the substantial right-skew in the raw profit figures).

For the aggregate-level tests (H3), the analysis uses the National CSR Portal’s decade-long time series of the number of CSR-mandated NSE-listed companies, their aggregate average net profit, prescribed CSR obligation, and actual CSR expenditure from FY 2014-15 (the first year of the mandate) to FY 2023-24, alongside the FY 2023-24 CPSE-specific figures (66 CPSEs, Rs 3,717 crore spent) reported separately in the same primeinfobase.com release.

6.4 Statistical Techniques : Because the firm-level sample is small (n = 19) and unevenly split between the two groups (6 CPSEs versus 13 private firms), with a right-skewed dependent variable driven by a handful of small, high-percentage private spenders, a battery of tests was used rather than relying on a single technique:

- Shapiro-Wilk test, to check whether the CSR-intensity variable is approximately normally distributed within each sector group before choosing between parametric and non-parametric comparisons.
- Levene's test, to check the assumption of equal variances across the two groups.
- Welch's t-test (a variant of the independent-samples t-test that does not assume equal variances), used as the parametric test of H1 given the variance heterogeneity expected between a tightly clustered CPSE group and a more dispersed private group.
- Mann-Whitney U test, a non-parametric, rank-based alternative to the t-test, used as a robustness check given the non-normality expected (and confirmed) in at least one of the two groups.
- Ordinary least squares (OLS) multiple regression of CSR-to-profit percentage on a sector dummy variable (private = 1, PSU = 0) and log average net profit, used to test H2 by isolating the sector effect from the confounding influence of firm size, with the overall model tested via an F-test and each coefficient via a t-test on its standard error.
- Pearson and Spearman correlation coefficients, to quantify the strength and direction of the size–CSR-intensity relationship independently of the regression framework.
- Simple linear trend regression, to test whether the national CSR-to-profit ratio has moved systematically upward or downward over the ten years for which data is available.
- Chi-square goodness-of-fit test, used to test H3 by comparing the observed CPSE share of aggregate CSR spend against the share that would be expected if spend were distributed in proportion to each group's share of mandated companies.

All tests were conducted in Python 3 using the SciPy and NumPy libraries, with a conventional significance threshold of $\alpha = 0.05$ unless otherwise stated. Given the small sample size for the firm-level tests, results are reported with exact p-values and interpreted cautiously, and the paper is explicit throughout about where a finding should be read as indicative rather than conclusive.

7. Data Analysis and Results

7.1 Descriptive Statistics : Table 1 presents the firm-level dataset assembled for H1 and H2: six CPSEs and thirteen private companies, each with disclosed or derived CSR spend, average net profit, and CSR spend as a percentage of that profit for FY 2023-24.

Company	Sector	CSR Spend (Rs cr)	Avg. Net Profit (Rs cr)	% of Profit on CSR
Coal India Ltd.	PSU	98.56	565.19	17.44
NTPC Ltd.	PSU	200.57	5,639.50	3.56
Oil India Ltd.	PSU	122.80	3,737.00	3.29
GAIL (India) Ltd.	PSU	175.71	7,122.50	2.47
Indian Oil Corp. Ltd.	PSU	457.71	21,121.00	2.17

Company	Sector	CSR Spend (Rs cr)	Avg. Net Profit (Rs cr)	% of Profit on CSR
ONGC Ltd.	PSU	634.57	30,210.00	2.10
Orient Paper & Industries Ltd.	Private	3.03	4.08	74.14
Rategain Travel Technologies Ltd.	Private	0.51	0.96	53.35
Pearl Global Industries Ltd.	Private	3.98	7.91	50.32
Shemaroo Entertainment Ltd.	Private	0.15	0.38	38.37
Exicom Tele-Systems Ltd.	Private	0.27	0.73	37.03
L&T Finance Ltd.	Private	19.26	61.67	31.23
Genus Paper & Boards Ltd.	Private	0.12	0.76	16.09
Strides Pharma Science Ltd.	Private	3.48	23.32	14.91
Ashiana Housing Ltd.	Private	0.82	5.77	14.22
Wipro Ltd.	Private	208.60	6,520.00	3.20
Jindal Steel & Power Ltd.	Private	227.64	8,863.00	2.57
Reliance Industries Ltd.	Private	900.00	42,000.00	2.14
Tata Steel Ltd.	Private	580.02	27,429.00	2.11

***Table 1.** Firm-level CSR spend and profit data, FY 2023-24 (Source: primeinfobase.com / PRIME Database Group, 21 April 2025).*

Table 2 summarises this data by group. The raw contrast is striking: the private-sector mean of 26.13 per cent is roughly five times the CPSE mean of 5.17 per cent, and the private group's standard deviation (23.32) dwarfs the CPSE group's (6.04).

Group	n	Mean (%)	Median (%)	SD	Min	Max
PSU / CPSE	6	5.17	2.88	6.04	2.10	17.44
Private	13	26.13	16.09	23.32	2.11	74.14

***Table 2.** Descriptive statistics of CSR spend as % of average net profit, by sector.*

This gap, however, is driven almost entirely by a cluster of small and mid-cap private companies — Orient Paper & Industries, Rategain Travel Technologies, Pearl Global Industries, Shemaroo Entertainment, Exicom Tele-Systems, and L&T Finance — whose absolute CSR obligation is tiny in rupee terms (well under Rs 10 crore each) but whose percentage-of-profit figure is inflated because a small, lumpy CSR spend (on, say, a single scholarship programme or a modest environmental project) represents a large share of a modest profit base. None of the six

CPSEs in the sample shows this pattern; all are large, capital-intensive firms whose CSR spend clusters closely around the statutory 2 per cent floor, with Coal India as a partial outlier at 17.44 per cent driven by an unusually low three-year average profit rather than an unusually high CSR budget.

7.2 Testing H1: Assumption Checks and Group Comparison : Before comparing the two groups formally, the assumptions behind a standard t-test were checked. The Shapiro-Wilk test rejects normality for the CPSE group (W = 0.585, p = 0.0003) but not for the private group (W = 0.897, p = 0.1229), and Levene's test rejects the assumption of equal variances across the two groups (W = 5.261, p = 0.0348). Both results are unsurprising given the small CPSE sample and Coal India's outlier value, and together they argue for a variance-robust test (Welch's t-test) alongside a fully non-parametric one (Mann-Whitney U) rather than a standard pooled-variance t-test.

Test	Statistic	p-value	Interpretation at $\alpha = 0.05$
Shapiro-Wilk (PSU)	W = 0.585	0.0003	Reject normality
Shapiro-Wilk (Private)	W = 0.897	0.1229	Fail to reject normality
Levene's test (equal variances)	W = 5.261	0.0348	Reject equal variances
Welch's t-test (H1)	t = −3.027	0.0085	Reject H_{01} (significant)
Mann-Whitney U (H1, robustness)	U = 19.0	0.0874	Fail to reject H_{01} at 5%

Table 3. *Assumption checks and group-comparison tests for H1.*

The two tests disagree, and the disagreement itself is informative. Welch's t-test rejects the null hypothesis of equal means at conventional significance (t = −3.027, p = 0.0085), consistent with the large raw gap in Table 2. The Mann-Whitney U test, however, which compares medians and is far less sensitive to the extreme values driving the private group's mean, does not reach significance at the 5 per cent level (U = 19.0, p = 0.0874), though it comes close. Read together, the sensible conclusion is that private companies in this sample show higher and much more variable CSR intensity than CPSEs, but that this apparent difference is concentrated in the tails of the distribution — a handful of small private firms with disproportionately large percentage figures — rather than reflecting a systematic, sector-wide gap in typical spending behaviour. This is precisely the kind of result that motivates moving to a multivariate test.

7.3 Testing H2: Isolating Firm Size from Sector : To test whether sector still matters once firm size is accounted for, an OLS regression was estimated with CSR spend as a percentage of profit as the dependent variable, and a private-sector dummy and the natural log of average net profit as predictors.

Predictor	Coefficient	Std. Error	t-value	p-value
Intercept	37.970	10.180	3.730	0.0018
Sector (Private = 1)	2.514	8.552	0.294	0.7726
log(Average Net Profit)	−3.759	0.948	−3.966	0.0011

Table 4. *OLS regression results (R^2 = 0.6026, Adjusted R^2 = 0.5529, F(2,16) = 12.128, p =*

0.0006, n = 19).

The regression tells a cleaner story than the univariate tests. Log average net profit is a strong, highly significant negative predictor of CSR-spend intensity ($\beta = -3.759$, $p = 0.0011$): every one-unit increase in log profit (roughly, an e-fold increase in average net profit) is associated with a 3.76 percentage-point fall in CSR spend as a share of profit. The sector dummy, once this size effect is controlled for, is small in magnitude and statistically indistinguishable from zero ($\beta = 2.514$, $p = 0.7726$). In other words, the apparent public/private gap identified in the univariate comparison is almost entirely explained by the fact that the private firms in the sample happen to include several very small companies, and small companies of either ownership type spend a larger share of profit on CSR than large ones. The model as a whole is highly significant ($F = 12.128$, $p = 0.0006$) and explains 60 per cent of the variance in CSR intensity — a substantial share for a cross-sectional sample of this size. Pearson and Spearman correlations between log profit and CSR intensity ($r = -0.775$, $p = 0.0001$; $\rho = -0.891$, $p < 0.0001$) confirm the strength of this size effect independently of the regression specification.

This finding is best explained by the mechanical structure of the 2 per cent rule itself, combined with the practical minimums involved in running any CSR project. A large firm's prescribed obligation is a large rupee amount that can be spread across scaled, professionally-run programmes with efficient overheads; a small firm's prescribed obligation may be so small in absolute terms that even a single modest, indivisible CSR activity — a scholarship batch, a school renovation, a village health camp — costs more than the strict 2 per cent floor, mechanically pushing its percentage figure well above target without necessarily reflecting a more generous underlying commitment. The result is a useful corrective to any casual reading of percentage-of-profit league tables: extremely high percentages at the small-cap end of the distribution are, on this evidence, more a function of company size than of virtue.

7.4 Testing H3: Is the CPSE Contribution Proportionate? : The firm-level sample above cannot settle questions about the entire national population of CSR-mandated companies, so H3 turns to aggregate figures. Among NSE main-board listed companies mandated to spend on CSR in FY 2023-24, 66 were CPSEs, against a total of 1,394 mandated companies — a CPSE share of just 4.73 per cent of firms by count. Yet those 66 CPSEs together spent Rs 3,717 crore of the aggregate Rs 17,967 crore spent that year — a CPSE share of 20.69 per cent of aggregate spend. A chi-square goodness-of-fit test, comparing this observed spend split against the split that would be expected if spend were proportionate to each group's share of company count, produces an overwhelming result ($\chi^2 = 10{,}138.25$, $p < 0.000001$), decisively rejecting the null hypothesis of proportionality. CPSEs, in other words, punch far above their numeric weight in aggregate CSR spend among listed companies — unsurprising given that most CPSEs are large, capital-intensive firms with correspondingly large 2 per cent obligations, but a useful corrective to any reading of the oft-cited MCA figure that PSUs contribute only '16 per cent' of total CSR spend nationally as evidence of proportionately weak PSU commitment. That national 16 per cent figure, drawn from the full universe of MCA-registered CSR-mandated companies rather than NSE-listed companies alone, is answering a different question — the absolute rupee share of PSUs within all mandated companies — and is not, by itself, a per-firm or size-adjusted measure of compliance intensity.

7.5 National Trend, 2014-15 to 2023-24

Table 5 traces the aggregate CSR-to-profit ratio for NSE-listed mandated companies since the mandate's first year.

Year	No. of Mandated Cos.	Avg. Net Profit (Rs cr)	Prescribed CSR (Rs cr)	Actual CSR Spent (Rs cr)	CSR as % of Profit
2014-15	883	4,17,820	8,372	6,548	1.54
2015-16	924	4,56,915	9,208	8,482	1.83
2016-17	991	4,79,786	9,682	9,053	1.86
2017-18	1,056	5,19,566	10,370	10,135	1.92
2018-19	1,051	5,95,162	11,907	11,783	1.88
2019-20	1,122	6,79,601	13,308	14,751	2.14
2020-21	1,153	6,81,324	13,549	14,780	2.13
2021-22	1,214	7,20,343	13,994	14,816	2.02
2022-23	1,297	8,13,678	15,713	15,524	1.87
2023-24	1,394	9,61,963	18,309	17,967	1.82

Table 5. *National CSR spend trend for NSE-listed mandated companies, FY 2014-15 to FY 2023-24 (Source: primeinfobase.com).*

Aggregate CSR spend has grown at a compound annual rate of 11.87 per cent since FY 2014-15, comfortably outpacing average inflation over the same period, and the number of mandated companies has grown from 883 to 1,394. The CSR-to-profit ratio itself, however, is not on a simple upward trajectory: it rose from a modest 1.54 per cent in the mandate's first year to a peak of 2.14 per cent in FY 2019-20, before drifting back down to 1.82 per cent in FY 2023-24. A simple linear trend regression of this ratio against a year index returns a positive but statistically insignificant slope (slope = 0.0272 percentage points per year, $r^2 = 0.227$, $p = 0.1638$), suggesting no reliable secular trend in either direction across the decade as a whole. The early rise likely reflects companies over-shooting the newly introduced mandate out of caution, or catching up on unspent amounts from the mandate's first, more loosely enforced years; the subsequent gentle decline toward the statutory floor may reflect growing sophistication in treating 2 per cent as a target rather than a floor, once the initial compliance uncertainty had settled and companies' finance functions had learned to calibrate CSR budgets precisely to the legal minimum.

8. Discussion: Letter versus Spirit : The paper's title borrows the old distinction between the letter and the spirit of a law — compliance with the literal text of a rule versus fidelity to the purpose the rule was meant to serve. Applied to Section 135, the letter of the law is satisfied by any company that spends at least 2 per cent of average net profit on a Schedule VII activity and discloses it correctly; the spirit of the law is arguably satisfied only when that spend reflects a considered theory of social change, adequate monitoring, and a willingness to go beyond the arithmetic minimum when circumstances call for it. The statistical results in Section 7 speak to this distinction in three ways.

First, the collapse of the sector effect once firm size is controlled for (Section 7.3) suggests that 'public versus private' is the wrong axis along which to look for letter-versus-spirit behaviour in the first place. If anything, the data point toward firm size and the mechanical structure of the 2 per cent rule as the more powerful forces shaping observed compliance intensity, regardless of ownership. A large CPSE and a large private company facing broadly similar absolute CSR obligations behave similarly — both cluster near the statutory floor — while it is smaller companies of either ownership type whose percentage figures swing furthest from that floor, for reasons that are more about arithmetic than intent.

Second, the CPSE over-representation in aggregate spend relative to company count (Section 7.4) complicates the popular narrative that public sector CSR commitment lags the private sector. That narrative usually rests on the MCA's national 16 per cent PSU / 84 per cent non-PSU spend split, which is true but answers a question about absolute rupee contribution across a vastly larger and more heterogeneous non-PSU universe, not a question about per-firm intensity. Once the comparison is narrowed to NSE-listed, individually disclosed companies and expressed per firm, CPSEs look like disproportionately large contributors, not laggards — a reminder that national aggregate figures can support very different conclusions depending on the denominator chosen.

Third, the CPSE dual-regulatory history documented in Section 3 offers a plausible institutional explanation for why CPSEs might, if anything, be expected to sit closer to the letter of the law than private firms with no comparable prior tradition of directed social spending. CPSEs had already internalised a profit-linked CSR obligation under DPE guidelines three years before the Companies Act made it universal; for them, Section 135 formalised and harmonised an existing administrative practice rather than introducing an entirely new discipline. Private companies without an equivalent institutional memory, by contrast, may show more variable behaviour precisely because there was no prior template to fall back on — some adopting CSR as an extension of long-standing philanthropic traditions (as several large business houses did well before 2013), others treating it as a wholly new compliance cost to be minimised.

None of this should be read as a claim that CPSEs are, in some absolute sense, 'better' CSR performers than private companies, or vice versa. The qualitative texture of CSR spending — whether a rupee spent on 'education' funds a rigorously monitored, multi-year skilling programme or a one-off donation with minimal follow-through — is not visible in expenditure and profit data alone, and the paper does not claim otherwise. What the statistical evidence does support is a more specific and more useful claim: that ownership structure per se is a weak predictor of CSR spend intensity once firm size is accounted for, and that policy discussions comparing 'PSU CSR' to 'private CSR' in the aggregate should be read with considerable caution about what, exactly, is being compared.

9. Illustrative Case Comparisons : Quantitative averages can obscure interesting variation at the level of individual firms, and a brief qualitative look at specific companies in the dataset helps ground the statistical findings.

9.1 Coal India Limited (PSU) : Coal India is the clearest outlier among the CPSEs in the sample, spending 17.44 per cent of its (unusually depressed) three-year average net profit on CSR in FY 2023-24 — a figure comparable to some of the small-cap private outliers. This is best read not as evidence of exceptional CSR ambition but as an artefact of a temporarily low profit denominator (Rs 565 crore average, small for a company of Coal India's scale) against a CSR budget that had likely been set with reference to a higher, more typical profit base in earlier years, illustrating exactly the mechanical size/denominator effect the regression in Section 7.3 identifies.

9.2 NTPC, ONGC, Indian Oil, GAIL, and Oil India (PSUs) : These five large energy-sector

CPSEs all cluster in a narrow band of 2.1 to 3.6 per cent of average net profit — modestly above the statutory 2 per cent floor, consistent with each maintaining a CSR budget calibrated closely to its legal obligation while allowing some margin for multi-year project continuity. NTPC and Indian Oil both appear among the primeinfobase.com list of companies that exceeded their prescribed CSR spend in absolute terms in FY 2023-24 (NTPC by Rs 87.78 crore, Indian Oil by Rs 35.29 crore), indicating a degree of headroom over the strict minimum even within this tightly clustered group.

9.3 Reliance Industries, Tata Steel, and Wipro (Private, large-cap) : These three large private companies behave, statistically, almost indistinguishably from the large CPSEs above — CSR spend of 2.11 to 3.20 per cent of average net profit, again clustered close to the statutory floor with modest headroom. Wipro in particular exceeded its prescribed obligation by a wide absolute margin (Rs 78.2 crore over the Rs 130.4 crore prescribed), and Reliance Industries, the largest single CSR spender in the country by rupee value at Rs 900 crore, nonetheless represents only a little over 2 per cent of its own substantial profit base — a useful reminder that absolute rupee league tables and percentage-of-profit league tables can rank the same set of companies very differently.

9.4 Small and Mid-Cap Private Outliers : Companies such as Orient Paper & Industries (74.14 per cent of profit), Rategain Travel Technologies (53.35 per cent), and Pearl Global Industries (50.32 per cent) sit at the extreme end of the percentage-of-profit distribution, but their absolute CSR spend is modest — all under Rs 4 crore. These cases illustrate, concretely, the mechanism identified in the regression: a company with a genuinely small CSR obligation can post a headline-grabbing percentage figure by funding even a single modest project, without this necessarily reflecting an unusually generous CSR philosophy relative to peers of similar size.

10. Limitations : Several limitations bear directly on how the findings should be interpreted.

- Sample size and composition. The firm-level sample (n = 19, with only 6 CPSEs) is small, reflecting the constraint that individually disclosed, percentage-of-profit CSR data was only readily available in the public domain for a limited set of companies in the primeinfobase.com report used here. A larger, more balanced sample drawn directly from AOC-4 XBRL filings across all CSR-mandated companies would allow more powerful and more representative tests, and is an obvious direction for future research with greater data-processing resources.
- Selection into the sample. The private-company observations were drawn disproportionately from the report's 'highest percentage of profit' and 'exceeded prescribed spending' lists, which by construction over-represent unusually high spenders relative to the full private-sector population; this is a deliberate design choice to maximise the informativeness of the size/sector regression, but it means the private group's descriptive mean and median in Table 2 should not be read as representative of the typical private CSR-mandated company.
- Expenditure data as a proxy for commitment. Rupee spend, however precisely measured, is at best a proxy for the underlying construct of interest — genuine, outcome-oriented social commitment. Two companies could report identical percentage-of-profit figures while differing enormously in project design, monitoring rigour, and measured impact; the quantitative approach in this paper cannot distinguish between them.
- Cross-sectional design. The firm-level analysis uses a single financial year (2023-24). CSR spending intensity can vary year to year for a given company depending on project timing, so a panel analysis across multiple years for the same firms would offer a more robust test of the sector effect than a single cross-section.

- Definitional ambiguity in 'PSU' versus 'CPSE'. The paper follows common usage in treating 'PSU' and 'CPSE' as broadly interchangeable for Central Government-owned enterprises, but state-level public enterprises, joint-venture companies with mixed public/private shareholding (such as some oil and gas majors), and public sector banks each have somewhat distinct governance structures that a more granular study might usefully separate.

11. Policy Recommendations : Building on the analysis above, four recommendations follow.

11.1 Move beyond aggregate rupee comparisons in official reporting : The Ministry of Corporate Affairs and the Department of Public Enterprises should consider publishing, alongside the existing aggregate PSU/non-PSU spend totals, a size-adjusted metric — median and mean CSR spend as a percentage of prescribed obligation, disaggregated by firm-size band — so that public and legislative debate is not anchored on totals that are heavily influenced by the sheer number of firms in each group.

11.2 Harmonise DPE and MCA reporting formats for CPSEs : Since CPSEs report under both the DPE's CSR and Sustainability guidelines and the Companies Act CSR Rules, a single harmonised reporting template — rather than two overlapping sets of disclosure requirements — would reduce compliance overhead for CPSEs and make it easier for researchers and oversight bodies to assess whether DPE-mandated activity and Companies Act CSR spend are being counted once or, inadvertently, twice.**11.3 Strengthen impact assessment requirements for high-percentage, low-absolute-value spenders :** The Companies Act currently mandates independent impact assessment only for companies with an average CSR obligation exceeding Rs 10 crore — a threshold that, on the evidence here, exempts most of the small-cap companies posting the highest percentage-of-profit figures. Given that a genuinely committed small company and a company merely benefiting from a low profit denominator can look identical on a percentage-of-profit basis, some proportionate, lighter-touch impact reporting requirement for smaller CSR spenders (for instance, a simplified project-outcome disclosure rather than a full third-party impact assessment) would help distinguish substantive spend from denominator artefacts without imposing disproportionate cost.**11.4 Encourage joint CPSE–private CSR initiatives in underserved geographies :** Given that a small number of CPSEs contribute a disproportionately large share of aggregate CSR spend (Section 7.4) and that CSR spend nationally remains concentrated in a handful of relatively well-off states, structured mechanisms for pooling CPSE and private CSR budgets around common regional development priorities — building on the DPE's existing encouragement of inter-CPSE collaboration — could improve geographic reach without requiring any single company to expand its overall CSR budget.**12. Conclusion :** This paper set out to test, rather than assume, whether India's public and private sectors differ systematically in how they discharge their statutory CSR obligation. The headline finding is a caution against a simple story. A naive comparison of raw percentages does suggest private firms in the sample outspend CPSEs relative to profit, and this difference is statistically significant by one measure (Welch's t-test) though not quite by another (Mann-Whitney U). But once firm size is properly accounted for through regression, the sector distinction all but disappears, while firm size itself emerges as a powerful and highly significant predictor — smaller firms of either ownership type report higher CSR-to-profit ratios, most plausibly because of the mechanical interaction between a fixed percentage rule and lumpy, hard-to-subdivide project costs, rather than because of any deeper difference in commitment. A complementary look at aggregate national data shows CPSEs, far from lagging, contribute a share of total CSR spend among NSE-listed companies more than four times larger than their share of mandated company count.

The 'spirit' of Section 135 was never really about the public/private distinction; it was about ensuring that India’s largest and most profitable enterprises, regardless of who owns them, treat social investment as a genuine board-level responsibility rather than an afterthought. On the narrow, size-adjusted evidence examined here, both CPSEs and large private companies behave broadly similarly — clustering close to the statutory floor with modest headroom — which is itself a finding worth taking seriously: a decade after the mandate came into force, the letter of the law appears to have been reasonably well internalised by India’s largest firms across both sectors. Whether that compliance has translated into the spirit of meaningful, monitored social impact is a question this paper’s data cannot answer, and remains the more urgent frontier for future research combining financial disclosure data with project-level outcome evidence.

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