
Corporate Social Responsibility and Rural Development in India: Routes to Inclusive Growth

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ABSTRACT

India had developmental challenges in the early years of independence, and the government now recognizes corporate social responsibility (CSR) as a powerful instrument for economic progress and poverty eradication. Thus, Section 135 of the Companies Act 2013 (MCA, 22013) was passed, requiring CSR efforts for Indian businesses. The main purpose of the study is to investigate Corporate Social Responsibility (CSR) issues, specifically as they relate to rural development. Do corporations view rural residents as stakeholders? This is the question that the research asks. What corporate social responsibility (CSR) activities have been implemented for the development of rural areas, and how can corporate entities incorporate CSR efforts into their business strategy? Lastly, the effects of CSR initiatives on rural residents' socioeconomic development are assessed. For this aim, Seven Indian businesses, both public and private, have been chosen to examine their CSR initiatives in relation to rural development. Additionally, the study seeks to pinpoint the different obstacles that businesses face when coordinating their corporate social responsibility efforts to meet the Sustainable Development Goals (SDG4). The report also offers suggestions for overcoming these obstacles.

**Objectives:**

1. To understand the CSR initiatives being implemented for rural development by a few Indian public and private firms;
2. To evaluate how CSR initiatives affect the socioeconomic advancement of India's rural populace.
3. To know the various obstacles businesses face when coordinating their CSR programs to meet the Sustainable Development Goals (SDGs).

Research methodology

The research approach used for this study is collected from the secondary data. Online resources pertaining to SDGs (Sustainable Development Goals) and CSR (Corporate Social Responsibility) are used to extract data. The official websites of businesses and reputable organizations are visited with the aim of preserving the accuracy and legitimacy of the data.

Review of literature

Pedersen (2018) in analyzing the case of the largest producer of microorganisms and enzymes in the world, which is regarded as one of the corporations aligning its objectives and long-term goals with those of the Sustainable Development Goals and holds the title of being the first in doing so, he discovered that the SDGs are similar to a crystal ball for businesses, serving as a source of guidance for potential future business and investment opportunities. After learning more about Novozymes, he concluded that any company with a solid SDG framework can have much more defined long-term ambitions.

Akhtar, and Mitra (2018) The purpose of the study is to determine the relationship between corporate social responsibility and CSR communication. Additionally, the mediating role of CSR between CSR communication and firm performance has been evaluated using a standard equation model, which has led to the conclusion that there is a positive and significant relationship between CSR communication and CSR.

According to Bowen, "Corporate Social Responsibility of businessmen refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" In other words, every business must have a net worth of at least 500 crore or a turnover of at least 1000 crore in accordance with Section 135 of the Indian Companies Act of 2013 and Clause VII. with a net profit of at least 5cr should allocate 2% of their earnings which comes after three years of average profits to corporate social responsibility.



Dr. Jitender Loura (2014) investigated and comprehended the corporate social responsibility (CSR) efforts being implemented by specific public sector enterprises (PSUs) for rural development and evaluated the effects of CSR activities on the socioeconomic advancement of rural communities. In that, he showed all surveyed PSUs had CSR policies and practices. All surveyed PSUs reflect their CSR philosophy or social, environmental, and ethical objectives in their mission statements. From the interpretation of the data, it is concluded that education takes the top priority of the PSUs surveyed, followed by health and livelihood.

Renu Hooda and Kuldip Singh Chhikara (2019) determined the overall amount of money spent on corporate social responsibility (CSR) by Maharatna firms between 2014–15 and 2017–18, as well as the proportion of money spent compared to the recommended amount and its effects. They discovered that whereas return on assets (ROA) has a negative association with CSR spending, profit before depreciation, interest, and taxes (PBDITA) had a strong positive link. Businesses mostly spent money on health, livelihood development, and education.

CSR in India and the Companies Act 2013

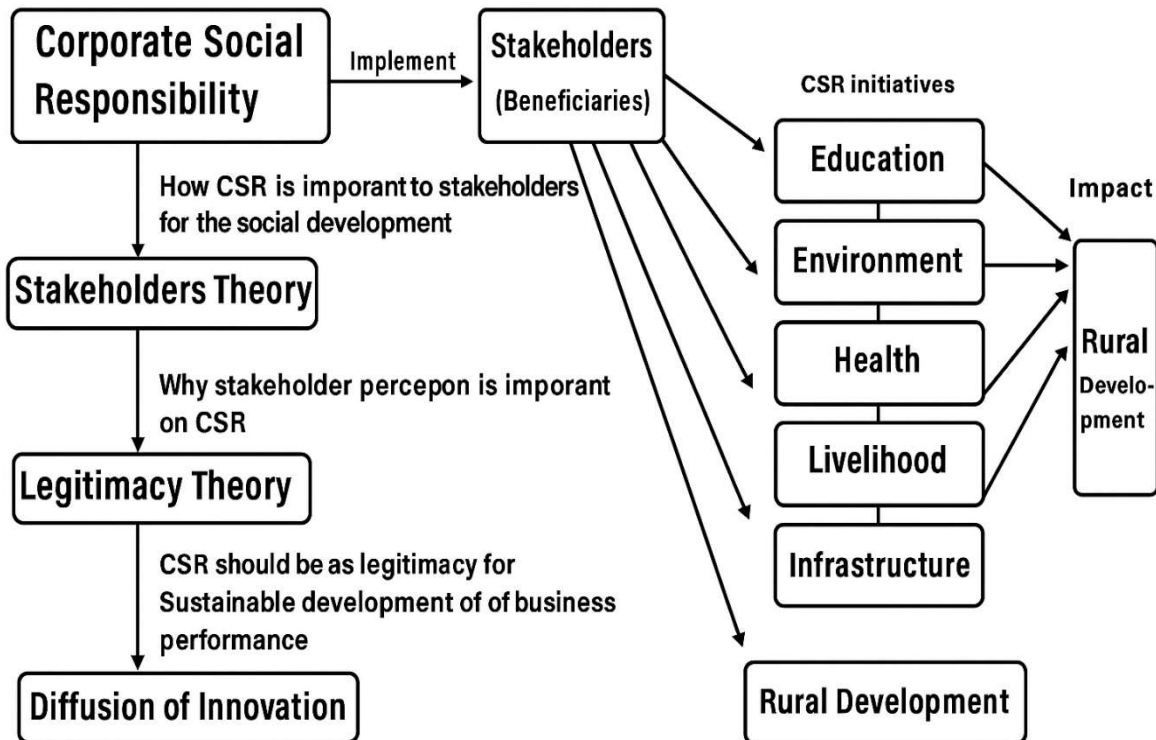
Even though corporate social responsibility (CSR) was once thought to be a phenomena in wealthy nations, corporations, the government, and stakeholders in general are coming under increasing pressure to expand CSR's involvement in developing nations. The diverse culture and dynamic social structure of India necessitate a broader understanding of corporate social responsibility (CSR) and its practical applications in contemporary India.

As a vehicle for global development, the United Nations (UN) has promoted corporate social responsibility (CSR) (UN Millennium Development Goals, 2006). To address issues like hunger and poverty that the governments of various nations have failed to eradicate as well as the organizational and financial power that corporations possess, it is necessary to directly link corporate social responsibility (CSR) with worldwide development. Developmental issues continued to exist in India. The government attempted to address poverty in the early years of independence by allocating wealth through the 1951 Land Reforms. With the passage of time and the expansion of India's capitalist system, the government has come to see CSR as a powerful instrument for economic progress and poverty eradication.

Section 135 of the firms Act 2013 (MCA, 2013) was the most ambitious attempt to require CSR activities for Indian firms. Companies with a net worth of at least Rs. 500 crore, a turnover of at least Rs. 1,000 crore, or a net profit of at least Rs. 5 crore are required by Section 135 to spend at least 2% of their

average net profits each fiscal year. The company's immediate three prior fiscal years are used to calculate the average net profit. "Activities covered in Schedule VII of the Act and Amendments made thereunder" are defined by the Company Act as encouraging livelihood improvement initiatives, education, including special education, and occupational skills that improve employment, particularly for women, children, the elderly, and people with disabilities;

Theoretical framework of Corporate Social Responsibility and its impact on Rural Development.



Source: Author’s Amruth Raj Nipatlapalli , Dr. Suja

Table 1: The total CSR expenditure and what is the share of the rural development. Investment in rural development by both public and private sector entities.

	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Total CSR investment.	26210.95cr	27141.45cr	30932.08cr	34908.75cr
CSR investment on Rural development.	1850.71cr	1847.07cr	2059.41cr	2408.09cr

Source: Calculated by author, www.csr.gov.in

From FY2020-21 to FY2023-24, total CSR investments in India showed a consistent increase, rising from ₹26,210.95 crore to ₹34,908.75 crore. As part of this, the budget for rural development rose from



₹1,850.71 crore to ₹2,408.09 crore. Despite the fact that overall CSR funding experienced considerable year-on-year growth, rural development has consistently received only a small portion of this expenditure. This indicates a gradual but persistent emphasis on enhancing rural regions in conjunction with wider CSR priorities.

Table-2: Details of CSR initiatives of Indian Companies 2023-24

Company's	Thematic Areas	CSR Initiatives	Amount Spent
Dr. reddy's Labs	Livelihood Project	Farmer Livelihood Project	0.89cr
	Education	School Improvement Programme (Sip) In Government Schools	3.5cr
	Health	Community Health Intervention Programme	1.83cr
	Environment	Action For Climate And Environment	15.63
Tata steel Ltd	Livelihood Project	Livelihood Through Agriculture & Allied Activities	0.70cr
	Education	School Improvement Project (1000 Schools Project)	52.21cr
	Health	Public Health Initiatives In Proximate Communities	18.88cr
	Environment	Protection Of Flora And Fauna	0.09cr
ICICI Bank Ltd	Livelihood Project	Awareness On Fraud Prevention	8.67cr
	Education	Research & Development	0.48cr
	Health	Supporting Healthcare	52.65cr
	Environment	Renewable Energy Projects	47.29cr
	Rural Development Projects	Rural Livelihood And Value Chain Projects	77.42cr



SBI Capital Markets Ltd	Sanitation	Enhancing Sanitation Facilities In Government Schools	0.23cr
	Education	Setting Up And Running Stem Labs In Schools	0.25cr
	Health	Provision Of Mobility Aids To Under-Privileged, Handicapped Beneficiaries	0.5cr
	Environment	Creation Of Ficarium (Fig Trees Plantation) Through Plantation Of Fig Trees In Sanjay Gandhi Nationa	0.35cr
Infosys Bpm Ltd	Art And Culture	Protect, Restore And Conserve The Existing Protected Monuments And Heritage Structures Which Are Of	1cr
	Education	Engineering And Medical Test Preparation For 10000+ Govt School Girl Students Across Various States	3.42cr
	Health	Setting Up A Dedicated Women And Child Centre To Enhance The Existing Healthcare Services	0.82cr
	Environmental Sustainability	Provision Of Basic Needs (Food, Water, Clothes, And Shelter) To Those Most Seriously Impacted By Rec	0.23cr
Asian paints	Vocational Skills	Skilling And Vocational Training	49.74cr
	Health	Enabling Mobility Of The Specially Abled By Providing Them Three Wheeler Vehicles Under The Csr Fund	0.03cr
	Conservation Of Natural	Supply Of Clean Drinking Water To Community - Through Sand Filtration	0.34cr



	Resources	Data.	
	Environmental Sustainability	Flood Relief Ration Kit Distribution For 210 Flood-Affected Families In Sriperumbudur & Kundrathur	0.02cr
Indian oil corporation Ltd	Health Care	Yoga Centre (New Premises)	0.85cr
	Sanitation	Installation Of Sanitary Pad Dispensing Machines And Incinerators At Metro Stations And Govt. School	0.36cr
	Education	Distribution Of School Bags With Water Bottle And Note Books, Pencil Box, Pen Etc. For Education Purpose	0.02cr
	Livelihood Enhancement Projects	Installation Of High Mast Tricolours In Digboi And Margherita Assembly Constituencies, Assam By Iocl	0.08cr

Source: www.csr.gov.in

RECOMMENDATIONS

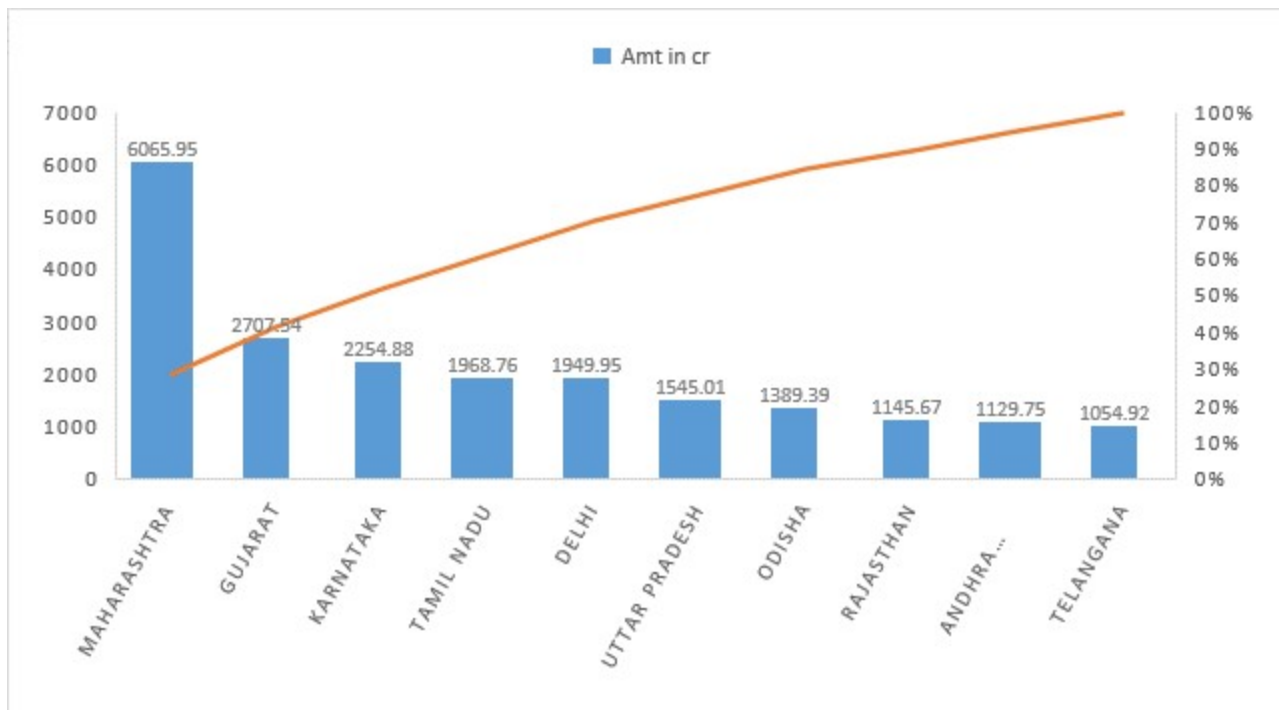
The CSR initiatives that Indian companies are putting into action for rural development positively affect both societal advancement and their own business. However, the following points must be taken into account to ensure ongoing improvement for both the general population and the business.

1. The CSR objectives of the company should be made consistent with the national objectives established by the Millennium Development Goals (MDG).
2. The company ought to establish a dedicated CSR division staffed with well-trained, qualified, and experienced experts from social science fields such as Social Work, Sociology, Rural Development, and Development Studies, along with those from management backgrounds, to improve the planning, execution, and assessment of CSR initiatives.
3. CSR initiatives carried out by Indian firms ought to be rooted in the perceived needs of the local community, thereby increasing their involvement in these initiatives. Furthermore, in order to elevate the population, it is essential to generate employment and economic activity within the rural community.



4. An external agency should carry out a social audit to evaluate the company's CSR performance.
5. The government can motivate economic actors to take ethical, social, and environmental criteria into account. Rather than directing corporate social responsibility, the government should take on the roles of motivator, enabler, and facilitator.
6. An annual report on Corporate Social Responsibility should be created to showcase the company's dedication to sustainable community development.

Table 3:CSR Spent Top 10 (2023-2024)



The chart above illustrates the expenditures on Corporate Social Responsibility (CSR) by state (measured in crores). Maharashtra topped the list with CSR funds amounting to ₹6065.95 crore, followed by Gujarat with ₹2707.94 crore and Karnataka with ₹2254.88 crore. Substantial allocations were also made to Tamil Nadu, Delhi, and Uttar Pradesh, ranging from ₹1900 to ₹2000 crore. Odisha, Rajasthan, Andhra Pradesh, and Telangana had the lowest CSR contributions among the top states, with each receiving amounts ranging from ₹1000 to ₹1400 crore. This shows that CSR expenditures are heavily concentrated in states with industrial development, and that Maharashtra has become the largest beneficiary.

Csr and its dedication to achieving sdg 4



Broadened Access: The aim of guaranteeing that all individuals receive inclusive and equitable education is underscored by SDG 4. CSR initiatives that aim to develop infrastructure, offer study materials and scholarships, and enhance sanitation in rural and underserved areas can play a crucial role in achieving SDG 4. **Quality Education Enhancement:** The aim of SDG 4 is to advocate for quality education and lifelong learning. The academic quality in underserved areas can be enhanced through teacher training programs and the integration of technology, thanks to the successful implementation of education-centered CSR initiatives. **Gender Equality in Education:** A number of CSR initiatives aim to promote gender equality through girls' scholarship programs and the promotion of girls' education, thereby targeting educational gender disparities and addressing gender-related objectives under SDG 4. **Inklusive Bildung:** Through CSR initiatives, companies integrate technology into education, which helps develop students' technical skills. Such CSR projects can help realize the vision of SDG 4 by providing access to online learning platforms, digital resources, and technology-driven teaching methods in underserved areas, thereby promoting innovation in education. **Opportunities for Lifelong Learning:** Vocational training, adult education, and skill development programs conducted as part of CSR initiatives align with the SDG 4 vision of providing lifelong learning access to individuals, thereby contributing to the creation of a skilled and adaptable workforce.

Possible difficulties in realizing SDG 4 via CSR initiatives

Organizations frequently encounter a range of difficulties and barriers as they strive for sustainability via Corporate Social Responsibility (CSR) initiatives. One of the key challenges companies encounter in aligning CSR initiatives with the SDGs is maintaining their long-term impact. Since achieving the SDGs is an ongoing long-term process, the short-term focus of CSR projects can hinder progress toward SDG 4. Moreover, it is important for CSR initiatives to be closely aligned with the unique educational needs of various communities. A misalignment between project priorities and local community needs can render the initiative ineffective; for example, introducing electronic programs in remote areas lacking internet access may not yield successful outcomes. A significant challenge for companies working to contribute to SDG 4 through their CSR initiatives is the lack of alignment with government-developed national educational strategies and policies. This misalignment hampers efforts to achieve sustainability. Another challenge lies in the accurate evaluation of the effects of CSR initiatives on SDG 4, which is complicated by an inconsistent or insufficient evaluation and monitoring system. This complexity arises when trying to establish metrics for measuring impact that align CSR with SDG 4. The presence of limited resources may hinder companies from connecting with the national level in terms of achieving SDG 4. Challenges to effectively implementing CSR initiatives may arise from cultural differences and



local contexts. A lack of cultural sensitivity can result in projects that fail to resonate with the community.

Addressing the challenges

By partnering with local governments and communities, short-term CSR project challenges can be addressed while making sure they correspond with long-term needs. Effectiveness is enhanced through thorough needs assessments, alignment with national education policies, and robust monitoring frameworks. Resource efficiency is guaranteed through standardized metrics, innovative funding models, and technology. Training project teams on cultural contexts enhances impact even more. Tackling these elements can enhance CSR's role in advancing inclusive and quality education throughout India, thereby contributing to SDG 4.

Recommendations

*Promoting CSR in Education: Implement tax benefits or financial inducements to motivate businesses to invest in education-related CSR initiatives.

*Regulatory Framework: Create robust reporting and monitoring systems to ensure transparency, effectiveness, and consistency with national and global objectives.

*Integration in National Education Plans: Align CSR initiatives with national education strategies to avoid duplication and enhance impact.

*Recognition Programs: Establish national awards or recognition frameworks to celebrate exceptional CSR initiatives in education.

*Multi-Stakeholder Task Forces: Establish cooperative groups involving NGOs, government entities, and corporations to develop comprehensive strategies.

*Public-Private Partnerships (PPP): Promote collaboration and resource sharing among corporates, NGOs, and government to achieve scalable and sustainable impact.

*Joint Impact Assessment: Create a standardized framework for the collective evaluation of CSR outcomes to ensure accountability.

Conclusion



In India, Corporate Social Responsibility (CSR) has developed into a vital tool for promoting inclusive development, especially in rural regions. Not only has the mandate of Section 135 of the Companies Act, 2013 institutionalized CSR, but it has also steered corporate focus toward national priorities like education, health, sanitation, and the improvement of livelihoods. The analysis highlights that, despite a steady rise in CSR investments over the years, rural development continues to receive only a small portion of these funds. This underscores the need for better alignment of CSR strategies with local and national development goals. Case studies of prominent Indian companies illustrate that focused CSR efforts in areas such as education, income generation, healthcare, and environmental sustainability play a crucial role in enhancing the socioeconomic status of rural communities. Nonetheless, obstacles like a focus on short-term projects, discrepancies with community needs, insufficient monitoring methods, and absence of cultural sensitivity impede the long-lasting effects and scalability of these initiatives. For CSR to reach its full potential in contributing to the realization of Sustainable Development Goal 4 (SDG 4) – which aims for inclusive and equitable quality education – it is essential that companies develop closer partnerships with local communities, governmental organizations, and civil society groups. Accountability and impact can be improved through effective oversight, planning based on necessity, and innovative funding methods, along with recognition systems and incentives. To sum up, CSR in India has great potential to lessen educational and developmental disparities, but this requires a shift from fragmented, compliance-driven activities to a strategic, collaborative, and impact-oriented approach. By bolstering CSR's alignment with national education policies, nurturing public-private partnerships, and advocating for transparency, sustainable rural development can be ensured while empowering India's progress toward inclusive growth and the global development agenda.

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