



THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN RURAL DEVELOPMENT: AN ANALYSIS WITH REFERENCE TO THE STATE OF KARNATAKA

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ABSTRACT

In rural development, the role of corporate social responsibilities (CSR) has a broader application. A concerted attempt has been made in this study to gain a better understanding of the role of corporate social responsibility in rural development. A major focus of corporate social responsibility (CSR) investment is expected to be rural development, which entails the improvement of rural regions' economic and social systems, among other things. The raw data used to prepare this article was obtained from the official CSR website; the derived information was compelled in order to meet the article's objective. A sophisticated methodological analysis of the data has been conducted in order to have a better understanding of the subject.

KEY WORDS: CSR, Karnataka, Initiatives, Rural Development

INTRODUCTION

Considering the tremendous magnitude of the rural population, it becomes difficult for the government to give adequate funding for rural development initiatives to be implemented effectively. As a result, the Government of India supports private sector engagement in the rural development project. According to the revised Companies Act 2013, qualifying Indian corporations must invest 2% of their profits on Corporate Social Responsibility (CSR). Appropriate channeling of these money might prove transformative for India's rural development.

Corporate Social Responsibility (CSR) activities for rural development in India are enormously significant and timely. With over 67 percent of India's entire population living in rural communities that lack the majority of basic facilities and infrastructure, the CSR agenda and job for nation building and development are enormous (indiacsr.in, 2018).

Rural development is inextricably tied to public welfare and societal development. Similarly, failing to pay attention to and ignore rural development may result in the deterioration and depletion of rural population welfare, which can be bad to both business and society. On the other hand, a business that invests in the development of rural community benefits in a variety of ways. Thus, corporate operations that promote rural society and rural development benefit company and contribute to its rural upgradation. As a result, it is in the

corporations' self-interest to pay a portion of their profits to the social welfare (United Nations, 2021).

Rural development projects are identified as a main area of CSR programmes under Schedule VII of the Firms Act 2013, which may be incorporated in companies' CSR plans. Efforts to increase the rural populace's access to basic services like as education, healthcare, sanitation, livelihoods, water availability, and agricultural improvement are some critical priority areas that require the attention of a diverse range of stakeholders. Without a question, the state has the primary responsibility for scaling up rural development interventions and activities at the macro level (indiacsr.in, 2018).

The rural sector in particular is the backbone of the Indian economy, since it supports to several beneficial elements of the country's economy, including production, agriculture, and growth. To sustain and expand rural development, it is critical for companies to adopt activities, ideas, and projects that benefit the sector and India as a whole. In this article, we will examine many rural development projects undertaken by private firms with the goal of boosting the economy through improved rural sector circumstances (JNICSRTIMES, 2020).

Corporate Social Responsibility is viewed as a viable mechanism for rural development. While concentrating on rural development is unlikely to be applicable for all types of businesses, managers interested in advancing rural development through CSR strategies should utilize the listed



methods as a guide for developing their own, taking into account their unique circumstances and requirements. The future issue is to increase company engagement in rural development, which may entail investing in organizations that are not immediately related to their activities but have shared interests in land and society (Arato, Speelman, & Van Huylenbroeck, 2016).

THE OBJECTIVE OF THE PAPER

The primary goal of this article is to understand the Contribution of Corporate Social Responsibility in Rural Development across India and Karnataka.

DATA SOURCES

The data for this article were gathered from the Government of India's official website. The gathered data has been organized into several facets and analyzed in accordance with the purposes of the study.

Table No 01: State-Wise CSR Spending on Rural Development

S. No	State	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Andaman and Nicobar	0	0	0	0	53	67	55
2	Andhra Pradesh	3087	9745	4751	5860	11994	8284	13285
3	Arunachal Pradesh	85	30	479	15	46	0	0
4	Assam	1351	278	4683	610	1060	629	913
5	Bihar	293	1056	1218	1191	2206	534	106
6	Chandigarh	5	0	3	7	144	0	0
7	Chhattisgarh	4188	2080	632	1398	1700	1099	1478
8	Dadra & Nagar Haveli	55	71	15	31	709	49	2
9	Daman and Diu	0	3		293	118	122	12
10	Delhi	670	547	850	1782	5091	611	144
11	Goa	321	20	51	134	631	298	59
12	Gujarat	2375	4753	7740	5556	17277	8827	6920
13	Haryana	1509	2153	3132	3469	3657	2280	553
14	Himachal Pradesh	105	99	128	1311	1084	1011	657
15	Jammu and Kashmir	277	287	184	135	59	0	125
16	Jharkhand	1904	1169	1083	1301	1435	2157	2009
17	Karnataka	2133	3652	5533	7852	8659	6176	2572
18	Kerala	361	607	622	3199	5207	626	3303
19	Lakshadweep	0	15	0	0	0	0	0
20	Madhya Pradesh	5342	3853	3265	2950	4323	3104	4645
21	Maharashtra	7497	9042	16822	12690	20824	14676	8080
22	Manipur	0	15	0	12	59	0	92
23	Meghalaya	18	10	39	203	121	500	51
24	Mizoram	53	3	0	14	2	4	0
25	Nagaland	44	12	0	0	8	0	4
26	Odisha	9702	11399	7380	9087	11433	6741	23627
27	Puducherry	102	55	2	4	109	13	105
28	Punjab	30	91	941	697	1076	1698	354
29	Rajasthan	2028	7935	2130	4003	9724	4588	2438
30	Sikkim	23	0	185	122	25	40	56
31	Tamil Nadu	2032	3341	4202	5108	14816	5231	5182
32	Telangana	368	2344	2069	4757	6431	4360	1865
33	Tripura	0	23	16	18	21	38	65



34	Uttar Pradesh	1045	2328	2645	2957	13608	11130	4889
35	Uttarakhand	903	835	758	742	1629	502	1906
36	West Bengal	851	925	2363	2582	3063	1149	1347
37	NEC/ Not mentioned	0	0	0	0	0	8	0
38	PAN India	57178	68841	81556	91095	94485	142350	80252
Grand Total		105,935	137,616	155,478	172,407	242,888	228,902	167,150

Source: CSR.gov.in

The data shown above is an attempt to have a better understanding of the amount of money being spent on corporate social responsibility in India. States that have spent more than one percent on rural development initiatives include Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Karnataka,

Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, and West Bengal. The percentage of expenditures for rural development is significantly lower than the national expenditures for rural development.

Table No 02: Number of Companies Spent on Rural Development- Nationally and Karnataka

Year	No. of Companies Spent CSR (Nationally)	No. of Companies Spent on RD (Nationally)	% of Companies spent on RD (Nationally)	No of Companies Spent CSR in Karnataka	No of Companies spent on RD in Karnataka	% of Companies spent on RD in Karnataka
2014-15	16548	645	3.90%	545	56	10.28%
2015-16	18292	1062	5.81%	1043	94	9.01%
2016-17	19552	1,299	6.64%	1321	120	9.08%
2017-18	21,517	1393	6.47%	1435	117	8.15%
2018-19	25,101	3984	15.87%	1507	200	13.27%
2019-20	22,664	1572	6.94%	1661	111	6.68%
2020-21	8,633	993	11.50%	1178	78	6.62%

Source: RD-Rural Development

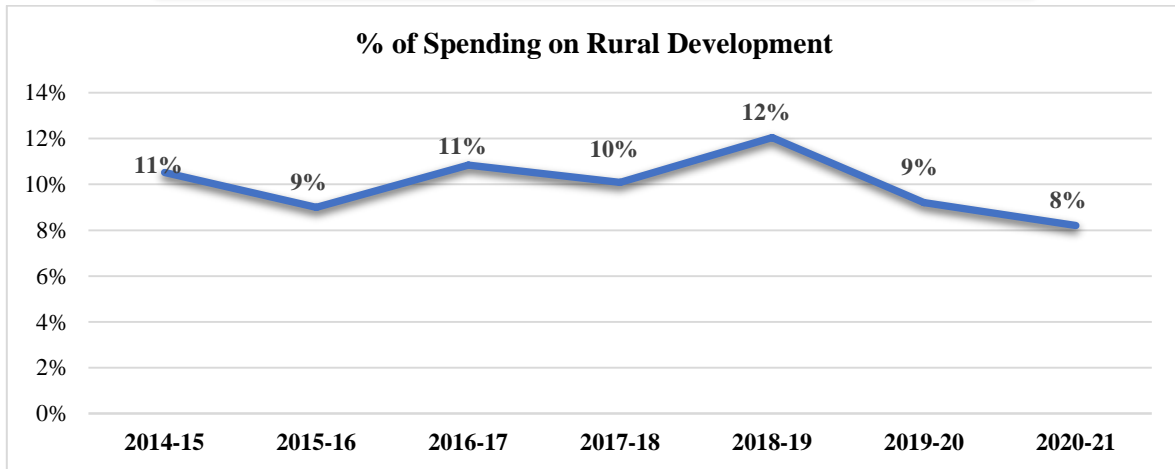
In the above table, an attempt is made to understand the number and proportion of funds spent on rural development by companies at the national and state levels, as well as in Karnataka. In the fiscal year 2014-15, the percentage of companies' expenditure on rural development at the national level is 3.90 percent, while in Karnataka it is 10.28 percent. In the fiscal year 2015-16, 5.81 percent of corporations made investments in rural development, with

9.01 percent of those investments taking place in Karnataka. More than ten percent (11 percent) of companies (11 percent) spent on rural development in the fiscal years 2018-19 and 2020-21, respectively, according to the data collected at the national level. In the fiscal year 2018-19, the state of Karnataka spent the most on rural development (13.27 percent of total expenditure).

Table No 03: National Spending on Rural Development (in Cr)

Year	Total CSR Amount	CSR Spent on Rural Development	% of Spending on Rural Development
2014-15	10,066	1059	11%
2015-16	14,517	1376	9%
2016-17	14,344	1,555	11%
2017-18	17,098	1,724	10%
2018-19	20,163	2,429	12%
2019-20	24,864	2,289	9%
2020-21	20,360	1,672	8%

Source: csr.gov.in

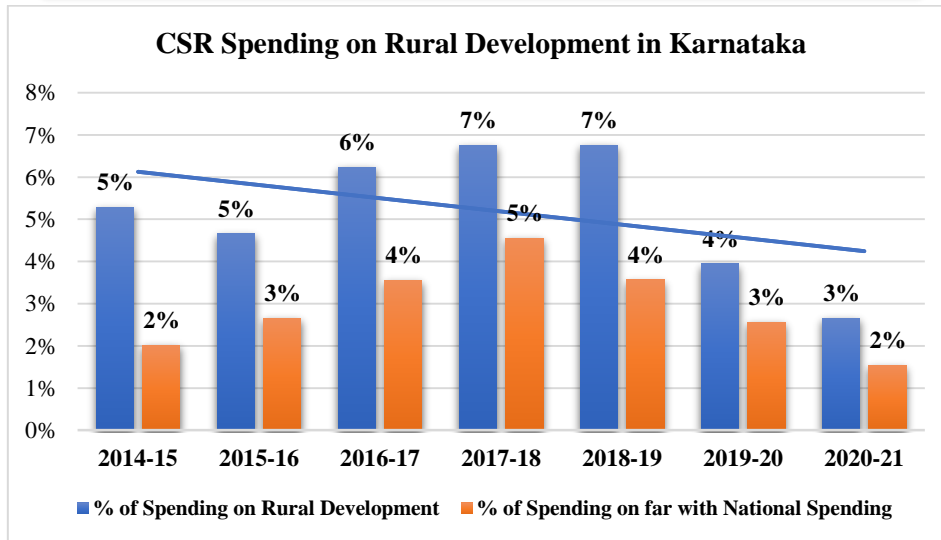


The amount of money spent on rural development as part of corporate social responsibility has a considerable proportion and is given high priority. The most significant increase in spending was noted in the fiscal year 2018-19, accounting for 12 percent of total CSR spending for that specific year. In the fiscal years 2014-15 and 2016-17, a total of 11 percent of the total CSR money was recorded. In the fiscal year 2017-18, 10 percent of the corporate social responsibility money was allocated to rural development. In the fiscal years 2015-16 and 2019-20, a total of 9 percent of the overall CSR budget was spent. Since the commencement of CSR compulsion, the year 2020-21 has spent the lowest percentage of total CSR expenditure (8 percent), and it is

projected that the covid would have a significant impact on CSR expenditure in the future. According to the data, the average amount spent for rural development has increased by 10% over the previous year (2014).

Table No 04: CSR Spending on Rural Development in Karnataka (In Cr.)

Year	Amount Spent on Rural Development	Total CSR Amount	% of Spending on Rural Development	% of Spending on far with National Spending
2014-15	21.33	403	5%	2%
2015-16	36.52	785	5%	3%
2016-17	55.33	888	6%	4%
2017-18	78.51	1,162	7%	5%
2018-19	86.58	1,280	7%	4%
2019-20	58.61	1,484	4%	3%
2020-21	25.71	967	3%	2%



The state of Karnataka has seen a significant increase in the amount of money spent on corporate social responsibility (CSR) for rural development. In the fiscal years 2014-15 and 2015-16, Karnataka's companies spent 5 percent and 3 percent of their total revenue on rural development, respectively, representing a national contribution of 2 percent and 3 percent of total spending on rural development. The amount spent on rural development has increased somewhat in the fiscal year 2016-17, with 6 percent of the total amount spent in Karnataka and the national portion of the spending increasing by 4 percent in the fiscal year. Companies spent 7 percent of the state CSR amount on rural development in the fiscal years 2017-18 and 2018-19, which includes 5 percent and 4 percent of the national CSR amount spent on rural development, respectively, in the years 2017-18 and 2018-19. The year 2019-20 has witnessed the second lowest level of corporate social responsibility (CSR) investment on rural development; this year, 4 percent of the entire amount of money has been spent, while the national average is 3 percent. Compared to previous years, firms spent the lowest percentage of their total expenditure since the establishment of the Companies Act, with 3 percent of their total expenditure going to rural development and just 2 percent of their total expenditure flowing to national development.

CONCLUSION

In terms of CSR, there are no boundaries or restrictions based on race, ethnicity, or religion. Frustratingly, concern for the whole population is sometimes misunderstood with collectivism. Every person is an asset to the economy and has a chance to succeed, on the other hand. In the current socioeconomic scenario in India, it is difficult for a single body to make a significant impact since the scope is so large. Corporations' know-how, the foresight, the resources, and the financial wherewithal to effect significant societal change. Agricultural encroachment and related revenue sources, society development, and other forms of social investment are possible in rural regions. The foundation of rural development is farming, which requires a lot of sustained effort to grow

farm incomes. To ensure that the firm may thrive on a long-term basis, while guaranteeing that all stakeholders are treated fairly, CSR has made great strides in India and as well in Karnataka.

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