CSR and Rural Development: Opportunities and Challenges

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Company's commitment to contribute positively to society through sustainable initiatives and investments.

- The Corporate Social Responsibility concept in India is governed by Section 135 of the Companies Act, 2013 ('Act'), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014.

- The CSR rules came into force on 1st April 2014 and will include subsidiary companies, holdings and other foreign corporate organizations which are involved in business activities in India.

Changing Trends in CSR and Rural Development in India:

Emphasis on CSR:
- Companies recognise the importance of CSR for positive brand image and sustainable development.

CSR in Rural Development:
- Increasing focus on rural communities to improve quality of life.
- Areas targeted: education, healthcare, agriculture, skill development, and infrastructure.

Partnerships and Collaborations:
- Startups and unicorns collaborating with NGOs, government, and local communities. Leveraging local knowledge, resources, and expertise for impactful CSR programs.

Innovation in CSR:
- Utilizing technology and digital platforms to address rural development challenges.
- Mobile apps for healthcare, online education, and financial services.
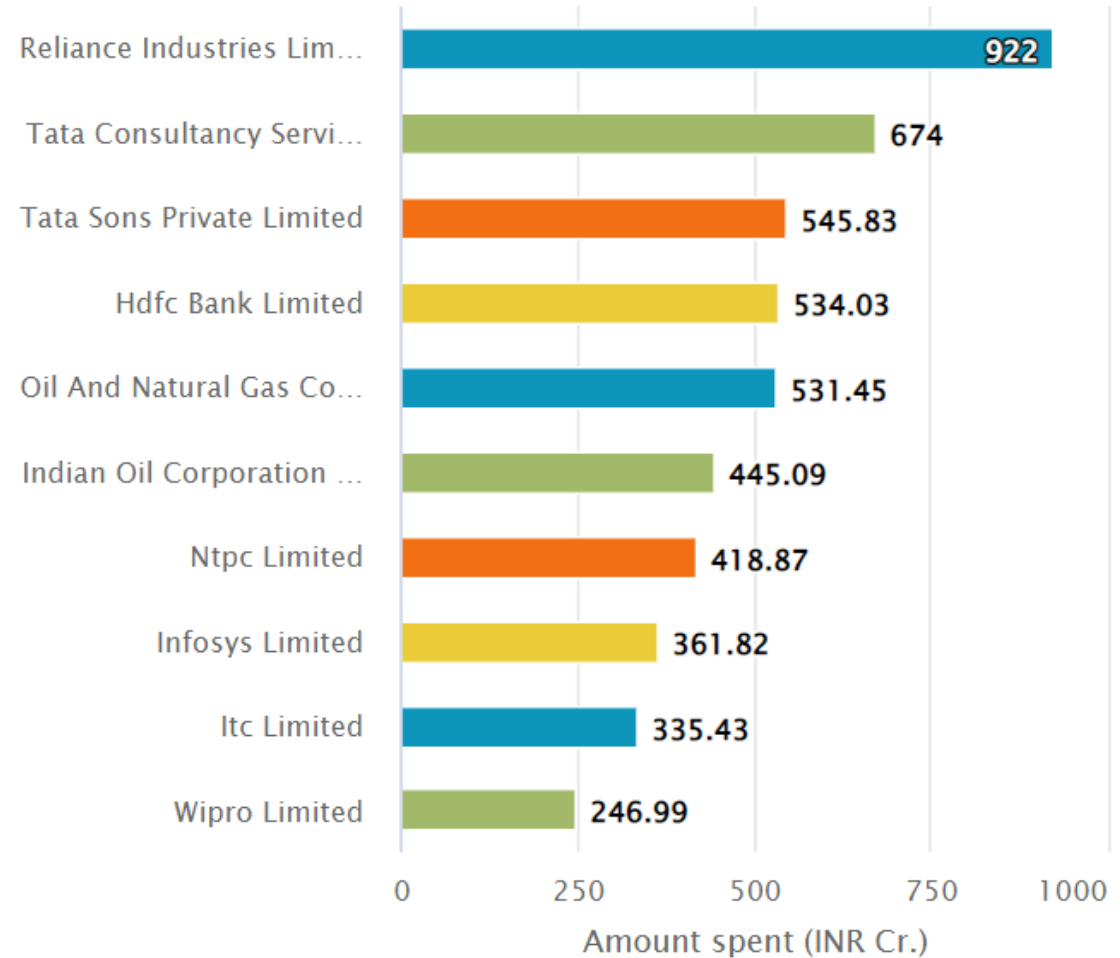
Approaches Adopted for CSR

- **Direct implementation by company trusts**
- **Funding to NGOs**
- **Implementation within certain local areas**

Some Successful CSR Initiatives

´ Few companies dominate the CSR spending scenario

´ Some popular initiatives are

  ´ Piramal Foundation supporting healthcare and livelihood through the network of CSOs/NGOs;

  ´ Gates Foundation supporting a huge social sector and public health,

  ´ Save the Children supporting children

  ´ Construction of rural roads by PSUs
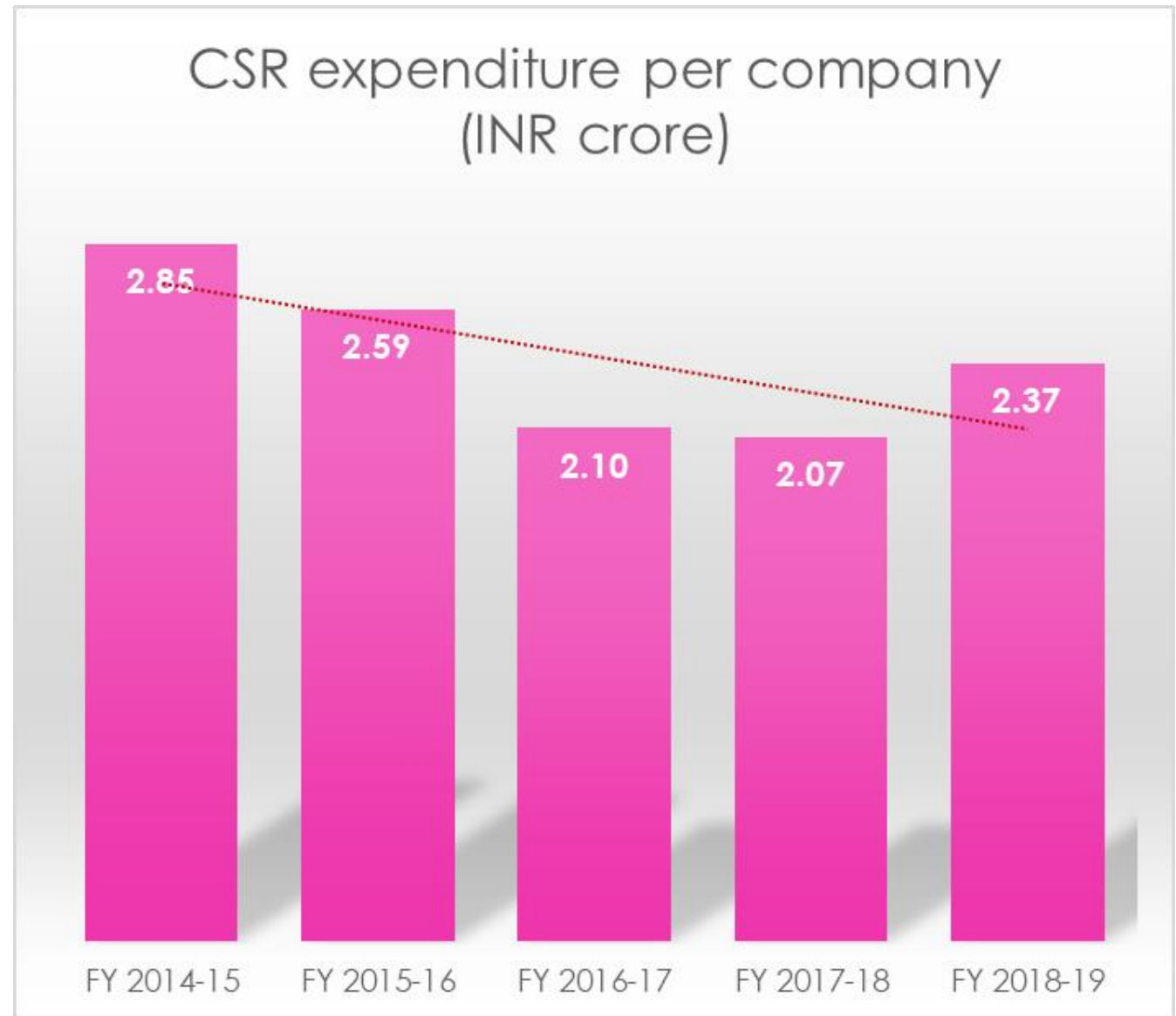
  ´ Health initiatives supported by PSUs

Source: csr.gov.in

CSR Spent - Top 10 Companies

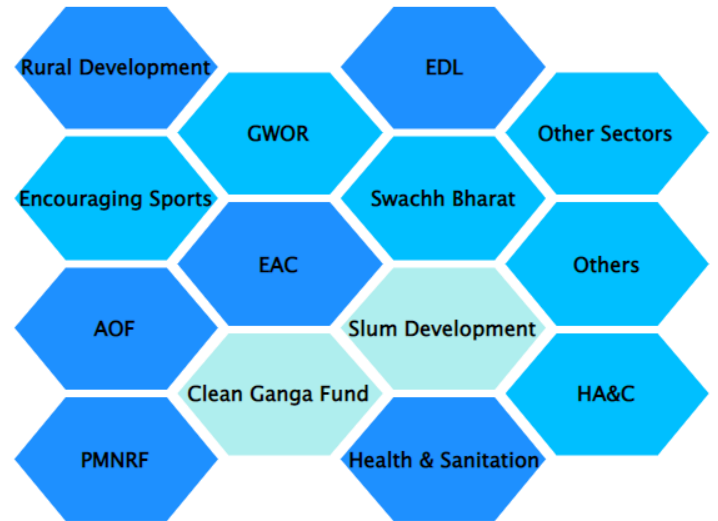| Company	Amount spent (INR Cr.)
Reliance Industries Lim...	922
Tata Consultancy Servi...	674
Tata Sons Private Limited	545.83
Hdfc Bank Limited	534.03
Oil And Natural Gas Co...	531.45
Indian Oil Corporation ...	445.09
Ntpc Limited	418.87
Infosys Limited	361.82
Itc Limited	335.43
Wipro Limited	246.99

Amount spent (INR Cr.)

Critically looking at CSR's work in India

´ A glance at the distribution of CSR funded work reveal a few issues in CSR landscape.

´ Although in absolute value, CSR spending increased from 10066 Crore in 2014-15 to 18,653 Crore in 2018-19, this was mainly due to the increase in the number of companies entering CSR.

´ When the per-company spending is looked at, there is a decline in CSR spending over the years.

´ As per CSR data (MoCA) 2018-19, around 87% of firms contributed below 2 crores INR in terms of CSR.

Source: Calculated by author from CSR Report, NITI Ayog

CSR Spent: Development Sector-wise

- **GWOR:** Gender, Women, Old Age, Inequalities
- **EDL:** Education, Differently Abled, Livelihood
- **EAC:** Environment, Animal, Conservation of resources
- **HA&C:** Heritage, Art, Culture
- **AOF:** Any other fund
- **Others:** Unspecified spending

CSR in Rural Development

The larger spending >1000 Cr/annum is attracted by Health, RD, and Environment (EAC)

Sectoral Inequities

- There is limited evidence as to how much of the huge spending went to vulnerable rural community and needed sectors.

- Evidence shows that one-third of the CSR spending went to education – i.e., building schools, renewal of classrooms etc. Followed by health and rural infrastructure, environment. But only 6% went to poverty eradication.

- CSR funders mainly prefer projects with some tangible outputs

- As a result, physical infrastructure, or classroom-based skill trainings dominate India's CSR landscape, leaving any of the meta structural issues of development such as gender-based inequalities, social inequality etc,.
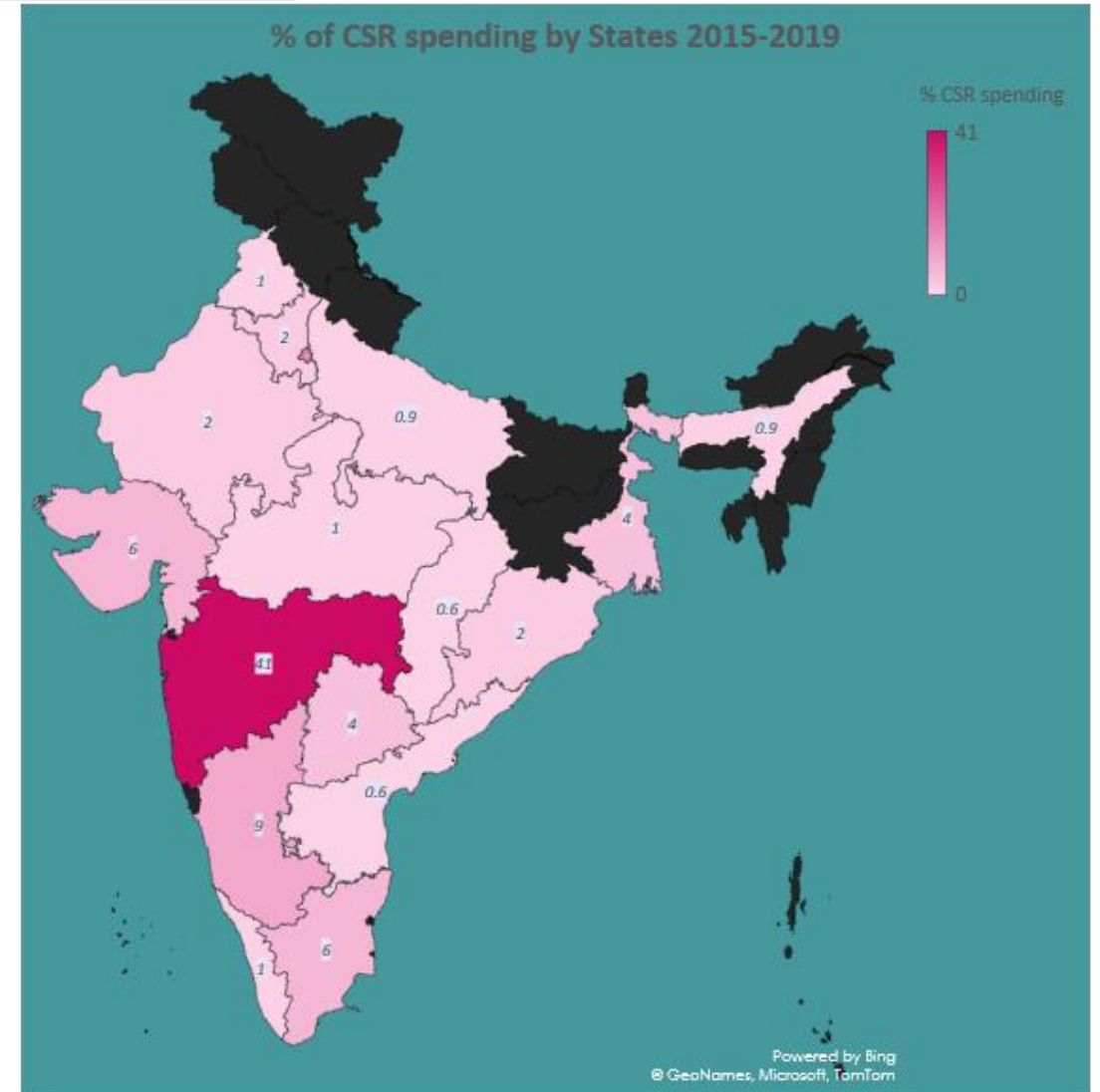
Regional Inequity

´There is also a notable regional inequity.

´Almost entire CSR funds in India are spent in few large states such a; Gujarat, Maharashtra, Rajasthan, and Goa, Dadra Nagar Haveli and Daman and Diu.

´ The Central India, East and Northeast India receives less than 2%. In fact, hilly states of Northeast received just 0.5% of CSR funds between 2015 and 2019.

´Data shows that the industrialized states that contribute to CSR, are the ones also receiving it. Even when CSR companies are advised to balance remote area development with local area development, companies prefer to operate in their location.

Source: By author using data from NITI Ayog Report

Key Concerns

- In terms of engagement of the Private sector mainly the **top 5% large corporates account for the 79% of CSR funding.**

- **Approximately 34% of the CSR amount is being spent directly by Companies**, and around 43% of CSR funds is spent through Implementing Agencies.

- No robust monitoring and evaluation framework for CSR implementation. Few companies don't even keep full record of their beneficiaries.

- **Most CSR projects fail to involve the communities and PRIs** in the planning and implementation processes leading to duplication and unsustainable projects.

- **Companies also find it difficult to reach remote locations** or local implementing agencies often fail to showcase their work and few large players dominating the CSR landscape.

- In the **absence of usable robust frameworks** and tools to help identify and monitor remote and varied sectors, companies end up with selective and repetitive projects in few sectors.

- **Focus of infrastructure development** prevents the fundamental requirement of community mobilization e for successful project implementation by the NGOs.

- **Lack of understanding by CSR Heads**, who are usually HR Heads of the Corporates, on issues related to RD is another key concern to be addressed.

Opportunities

- **Developing path breaking model projects** on important sectors in RD programmes.

- Focus on **neglected and backward areas can be covered** by CSR projects.

- **Focus on long term area development programmes** by CSR projects can be effectively help in developing the socio-economic conditions of people.

- **CSR can act as a catalyst to RD programmes** which have shortcomings in terms of allocation. It can be a excellent tool which can be used as gap funding.

- Effective focus of CSR projects can **leverage potentials** of PRIs, community based organisations and civil societies.

- CSR entities can **absorb RD professionals** to streamline and deliver effective projects.

- **Soft activities can be encouraged** in CSR projects for ensuring effective community mobilisation processes and long term sustainability.

- Corporates can **support entrepreneurship and skill development** for SHGs, Un-employed youth and others in line of their business domains for effective mentoring.

Approach

01

TAILOR PARTNERSHIPS TO LOCAL CONTEXT:

Customize CSR interventions based on local research for greater relevance.

02

EMBRACE GOVERNANCE CHALLENGE:

Align efforts with sound regulatory environments for effective rural development.

03

STRENGTHEN LOCAL GOVERNANCE:

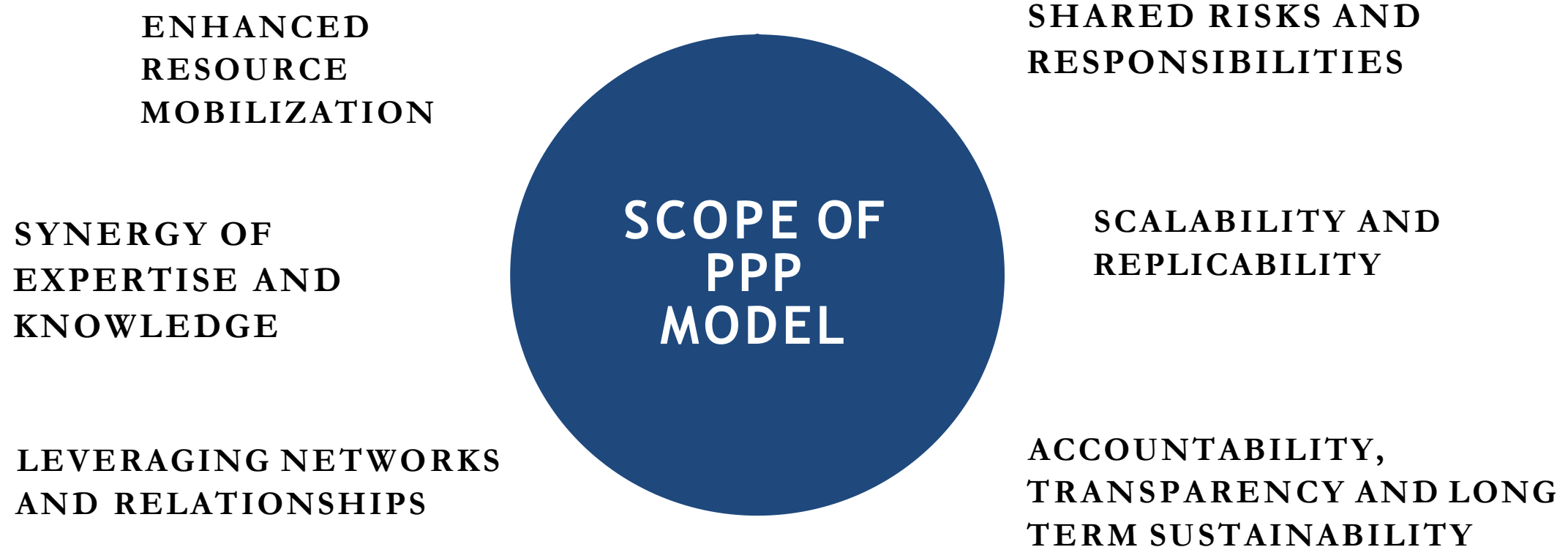Build capacity for successful implementation of partnership projects.

04

AVOID MYOPIC FOCUS:

Prioritize broad-based, contextualized approaches to achieve rural development goals.

Together with varied stakeholders – government, NGOs and corporates through **PPP** (public, private and people) partnerships, innovative, replicable and scalable models of **CSR** in rural development can be executed.

PPP model offers several benefits for Corporate Social Responsibility (CSR) initiatives in rural development:

ENHANCED RESOURCE MOBILIZATION

SHARED RISKS AND RESPONSIBILITIES

SYNERGY OF EXPERTISE AND KNOWLEDGE

SCOPE OF PPP MODEL

SCALABILITY AND REPLICABILITY

LEVERAGING NETWORKS AND RELATIONSHIPS

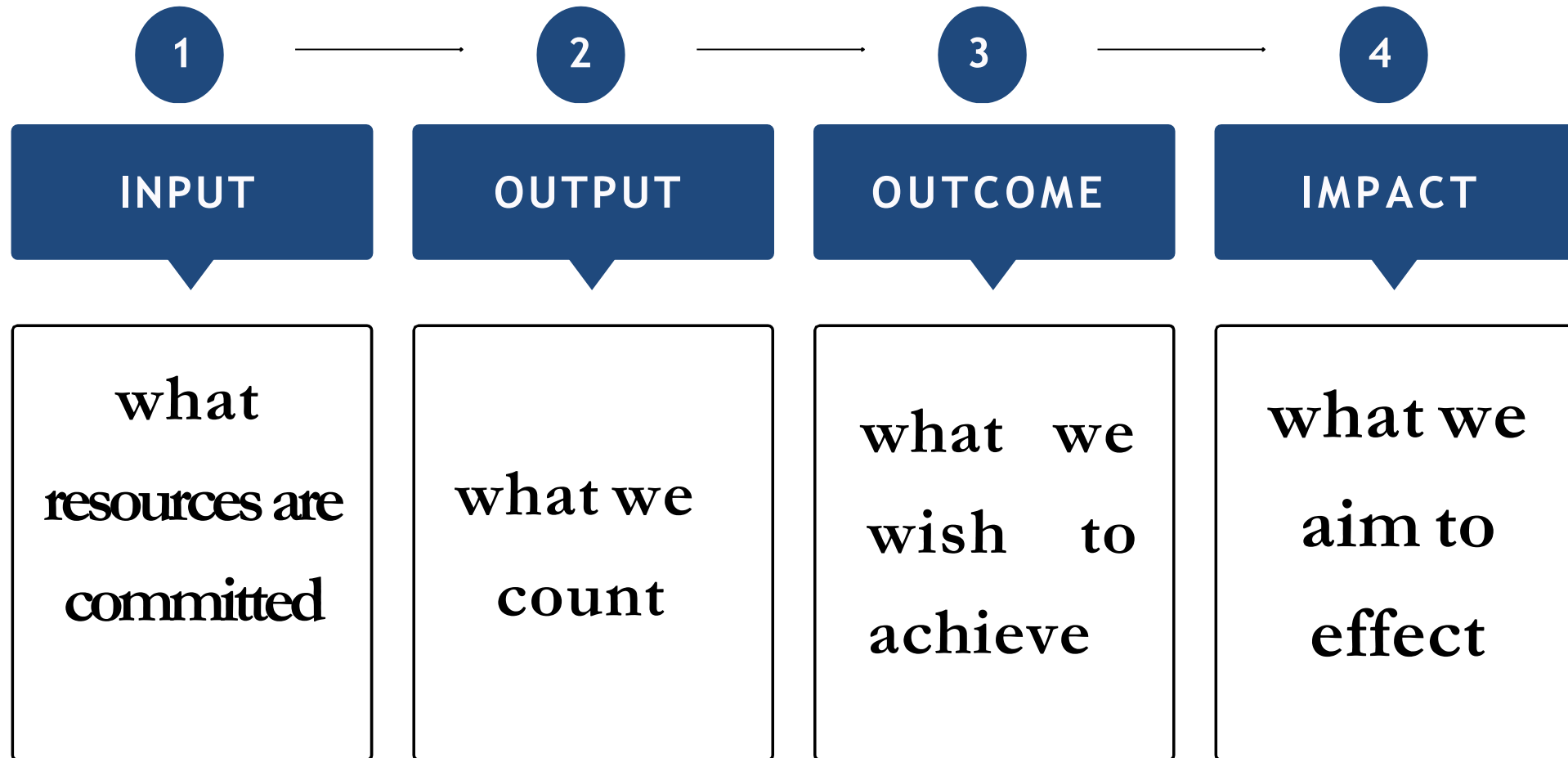**ACCOUNTABILITY, TRANSPARENCY AND LONG TERM SUSTAINABILITY**

Writing a Project Proposal

- The first question you need to ask yourself is: Why are you writing a project proposal?
- Why? For whom?

- Then,
- Who are you writing the proposal for?

- There are two levels at which this question can be answered:
- "Who" meaning what kind of funding agency do you have in mind?
- "Who" meaning what sort of person is likely to read it?

PROPOSAL WRITING FRAMEWORK

LOG Model (Logical Framework Approach): What we do and how

*A structured framework used in project planning and management to define **project goals, outcomes, and activities, establishing a logical link between inputs, outputs, outcomes, and impacts**. It provides a systematic approach to **design, implement, monitor, and evaluate projects, ensuring clarity, accountability, and effective decision-making** throughout the project lifecycle.*

1	2	3	4
INPUT	**OUTPUT**	**OUTCOME**	**IMPACT**
what resources are committed	what we count	what we wish to achieve	what we aim to effect

Way forward for leveraging CSR funding for rural development and impactful project proposals

By adopting these strategic approaches, CSR funding can be optimized for rural development, resulting in impactful projects that address community needs, foster sustainability, and generate positive social impact.

NEEDS ASSESSMENT

Conduct thorough research to understand rural communities' specific challenges and priorities, aligning project proposals accordingly.

STRATEGIC PARTNERSHIPS

Forge collaborations with NGOs, government agencies, and community organizations to leverage resources and expertise for effective project implementation.

CAPACITY BUILDING

Invest in training and knowledge sharing to enhance project proponents' and communities' skills in project management and sustainable development practices.

MONITORING AND LEARNING

Establish robust monitoring and evaluation systems to track project progress, learn from outcomes, and share lessons for future project proposals.

PROJECT SUSTAINABILITY

By integrating sustainability from the start, including community ownership, projects can achieve lasting impact and avoid compromising sustainability goals.

Areas of Interventions in Rural Development

- **Water and Sanitation:** Water Supply (borewells, pumps, tanks, network, water purifiers, etc.,), Rainwater Harvesting, Watersheds, Toilets (community and others), Wastewater treatment, Solid waste management (facilities, collection systems).

- **Education:** Buildings, Toilets, Water Supply and Treatment, Solar Installations, Uniforms and Books, Scholarships, Smart Boards, Computers, Sports Kits, etc,.

- **Livelihood & Entrepreneurship:** Common Production Facilities, Machineries, Skilling, Marketing Facilities, formation of Producer Organisations/collectives, etc,.

- **Health Care:** Focused Health Camps, Equipments to Health Care Facilities (test equipments, beds, ambulances, etc.,), Wheel Chair for Disabled People, etc.,

- **Agriculture:** FPOs, Common Facility Centres, Farming Solutions, Water Source Improvement, Horticulture Plants, etc,.

- **Civic Amenities:** Street Lights, Community Halls. Sports Facilities, Library, Tuition Centres for Poor Children, Computer Centres, Roads, Parks, etc,.

- **Senior Citizens and Others:** Counseling, Legal Services, Entitlement Support, Geriatric Services, etc,.

Thank You…