

CSR EXPENDITURE FOR RURAL DEVELOPMENT IN GUJARAT: TRENDS, SECTORAL ALLOCATION AND DISTRICT-LEVEL DISPARITIES

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Abstract

The Indian Companies Act, 2013, mandates that eligible firms spend $\geq 2\%$ of profits on CSR. It covers areas like rural development. Although overall CSR spending has grown substantially, studies note that funds are disproportionately focused in industrial states and sectors. This study examines five years of CSR data for Gujarat from 2019–20 to 2023–24. It focuses on the rural development sector. Using official CSR portal data, temporal trends, sectoral shares, and district-level allocations are analysed. Descriptive statistics show that CSR spending in Gujarat has expanded sharply, but rural development projects receive a relatively small share of funds. Lorenz curves and Gini coefficients are applied to quantify inequality across Gujarat's districts, which find very high disparity (Gini > 0.5) in rural development funding. Key findings indicate that top districts (e.g. Ahmedabad) receive the bulk of CSR, while several rural districts remain severely underfunded. The results highlight persistent geographic imbalances in CSR allocation, which reinforce concerns that CSR's redistributive potential is diluted when funds bypass needy areas.

Keywords: Corporate Social Responsibility (CSR), rural development, geographic inequality, district disparities

Editorial Record

First submission received:

November 02, 2025

Revisions received:

December 25, 2025

Accepted for publication:

December 31, 2025

Cite this article

Dalwadi, P., & Chandwani, D. (2025). CSR Expenditure for Rural Development in Gujarat: Trends, Sectoral Allocation and District-Level Disparities. *Sachetas*, 4(4), 28-35. <https://doi.org/10.55955/440004>

INTRODUCTION

Corporate Social Responsibility (CSR) is now an important way for companies in India to use their money for social purposes. Under Section 135 of the Companies Act, 2013, companies meeting specified financial thresholds are mandated to allocate a minimum of two per cent of their average net profits toward CSR activities. The law lists 12 main areas of focus, and “rural development projects” are one of them. The main aim is to use corporate funds to support India’s development needs. UNESCO notes that this legal framework has improved compliance and transparency, leading to more investment in sectors such as education and health. However, experts point out that many CSR efforts are focused only on meeting legal requirements and are not spread equally across different regions. As a result, investments tend to be concentrated in accessible and economically developed regions, while rural and backward areas receive comparatively limited attention.

Gujarat, with its strong industrial base and large rural population, is a major centre for CSR activity. From 2018 to 2023, the state received about ₹7,140 crore in CSR funds, placing it third after Maharashtra and Karnataka. Most of the funds went to education and healthcare,

while only about 7% supported rural development. CSR spending is very uneven, as Ahmedabad received ₹1,740 crore, while rural districts like Mahisagar got less than ₹1 crore. This shows that rural areas still receive limited CSR support. This study investigates CSR expenditure on rural development in Gujarat

The objectives are:

1. To document trends in rural development CSR spending over time.
2. To assess the share of CSR directed to rural development relative to other sectors
3. To analyse district-level disparities in CSR allocation.

2. REVIEW OF LITERATURE

The literature on Corporate Social Responsibility (CSR) in India broadly agrees that the Companies Act, 2013, has institutionalised CSR spending and significantly increased corporate participation in social development. However, critical studies increasingly question whether mandatory CSR has achieved its redistributive and developmental objectives, particularly in rural and backward regions.

- ❖ **Saxena and Patel (2020)** analysed employee perceptions of CSR initiatives in manufacturing units in Ahmedabad and found that although rural development is recognised as a CSR objective, actual programme implementation remains urban-centric. Their study highlights a gap between CSR intent and ground-level execution, especially in rural areas.
- ❖ **Upadhyay (2020)** studied a state-level overview of CSR in Gujarat, which focused on the need, scope and major CSR contributions by companies. The study highlighted that although CSR spending in Gujarat is growing, the allocation to skill development and rural area infrastructure is still modest. The researcher urged stronger governance and a focused rural development strategy within CSR frameworks.
- ❖ **Shah (2021)** examined beneficiary satisfaction with CSR-led skill development programmes in rural Vadodara. While satisfaction levels were moderate, the study questioned the sustainability and long-term livelihood impact of such initiatives, arguing that CSR projects often lack continuity and outcome-based design.
- ❖ **Singh et al. (2022)** studied CSR allocation in northern Gujarat districts and found that CSR funding is clustered around industrial hubs, with limited penetration into remote rural regions. The authors argue that CSR allocation follows corporate convenience rather than developmental need, reinforcing spatial inequalities.
- ❖ More recent studies deepen this critique. **Dalwadi and Japee (2023)** analysed CSR spending by India's top companies and observed persistent sectoral bias towards education and health, with rural development receiving inconsistent and relatively lower allocations. **Reji (2024)** similarly found that CSR initiatives in rural development remain fragmented, project-based, and weakly aligned with local development planning.

Research Gap: While existing studies document CSR trends, sectoral preferences and beneficiary perceptions, there is limited empirical research that quantitatively examines district-level inequality in CSR allocation for rural development using inequality measures such as Lorenz curves and Gini coefficients, particularly at the state level for recent years (post-2020). Moreover, few studies critically evaluate CSR allocation patterns in light of the legal intent of the Companies Act, 2013. This study addresses these gaps by analysing district-level CSR distribution in Gujarat from 2019–20 to 2023–24 with a specific focus on rural development and spatial inequality.

3. METHODOLOGY OF THE STUDY

The study aims to understand the role of Corporate Social Responsibility (CSR) in rural development in Gujarat. It uses secondary data from the Government of India's National CSR Portal and focuses on CSR spent under the rural development sector for the years 2019–20 to 2023–24. A descriptive and comparative research design is used to analyse annual totals, growth rates and sectoral allocation of CSR funds. District-level data are used to find disparities between aspirational and non-aspirational districts. Lorenz curves and the Gini coefficient help measure inequality in fund distribution. The analysis depends on company-reported data, which may omit or misclassify some expenditures, especially those done through NGOs or trusts. Despite these limitations, the study gives a clear view of CSR patterns and the unequal spread of rural development funds in Gujarat.

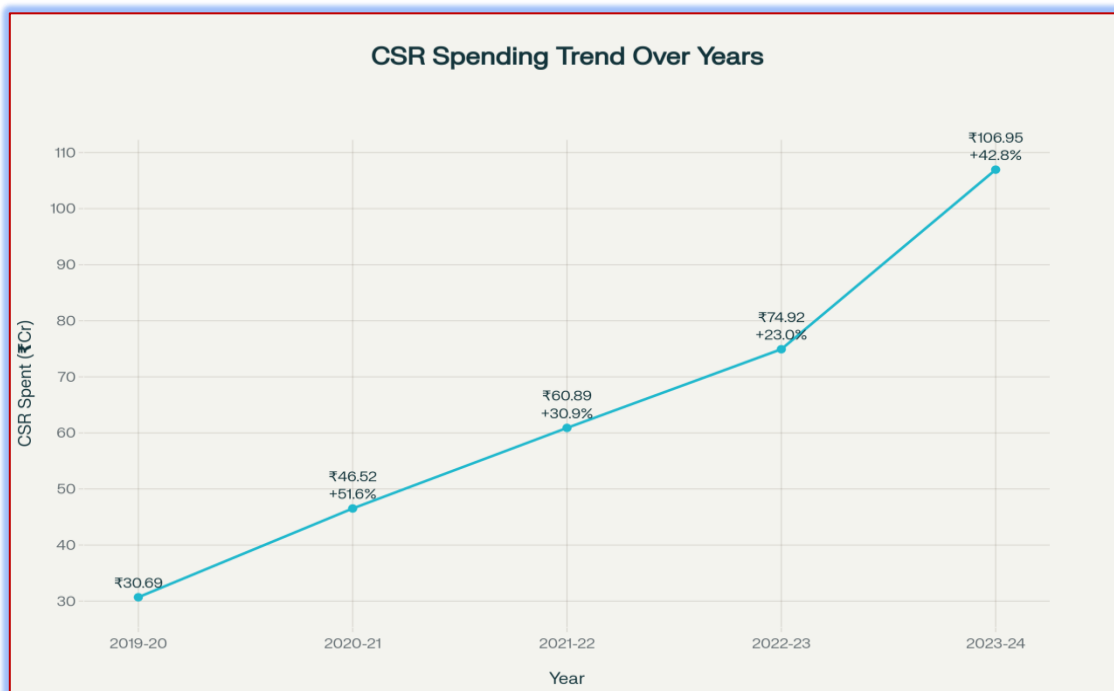
4. DISTRICT-LEVEL CSR EXPENDITURE TRENDS (2019–2024)

4.1 Overall CSR Trends

Table and Graph 4.1: Statewide CSR spending on rural development (Gujarat)

Year	2019–20	2020–21	2021–22	2022–23	2023–24
Total CSR Spent (₹ Cr)	30.69	46.52	60.89	74.92	106.95
Growth vs	–	51.60%	30.90%	23.00%	42.80%

Previous Year					
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The data shows a stable rise in CSR spending from 2019-20 to 2023-24. Total CSR expenditure increased from ₹30.69 crore in 2019-20 to ₹106.95 crore in 2023-24. The highest growth of 51.6% was recorded in 2020-21, followed by 30.9% in 2021-22 and 23% in 2022-23. In 2023-24, spending rose again by 42.8%. Overall, CSR spending shows continuous growth, reflecting a stronger corporate commitment and rising focus on social and rural development projects in recent years.

4.2 District Rankings: Top and Bottom Performers (From 19-20 to 23-24)

Table & Graph 4.2: Top 5 Gujarat districts by total rural CSR spending

District	Bharuch	Valsad	Surat	Ahmedabad	Kachchh
Total CSR (₹ Cr)	47.6	37.77	28.8	25.77	22.93

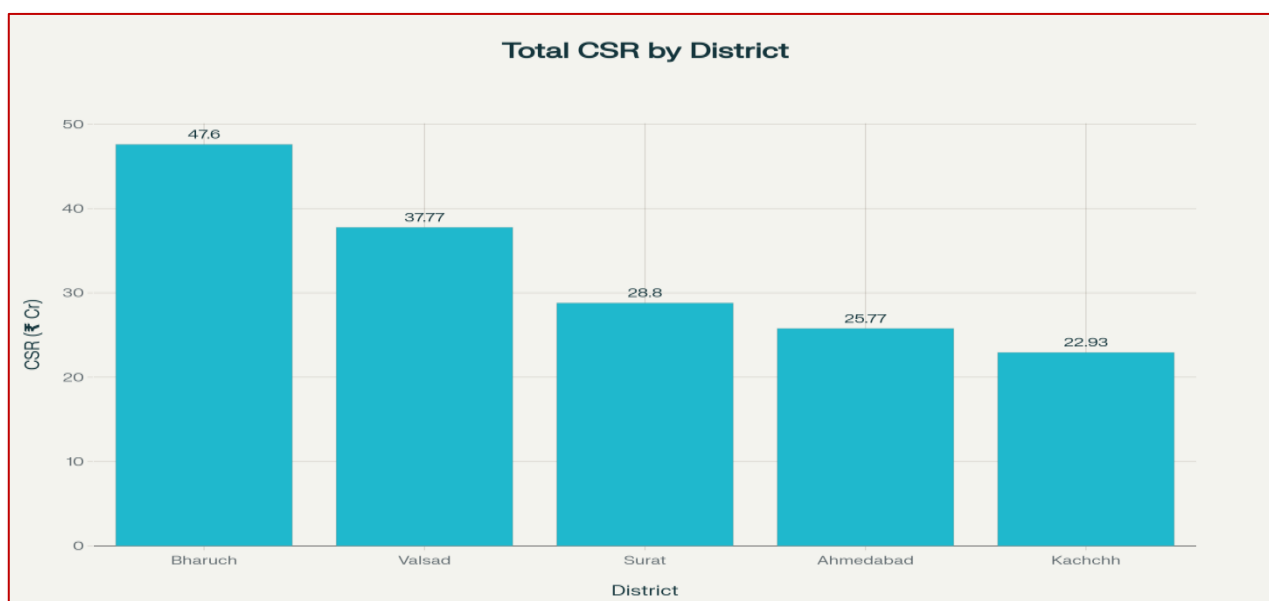
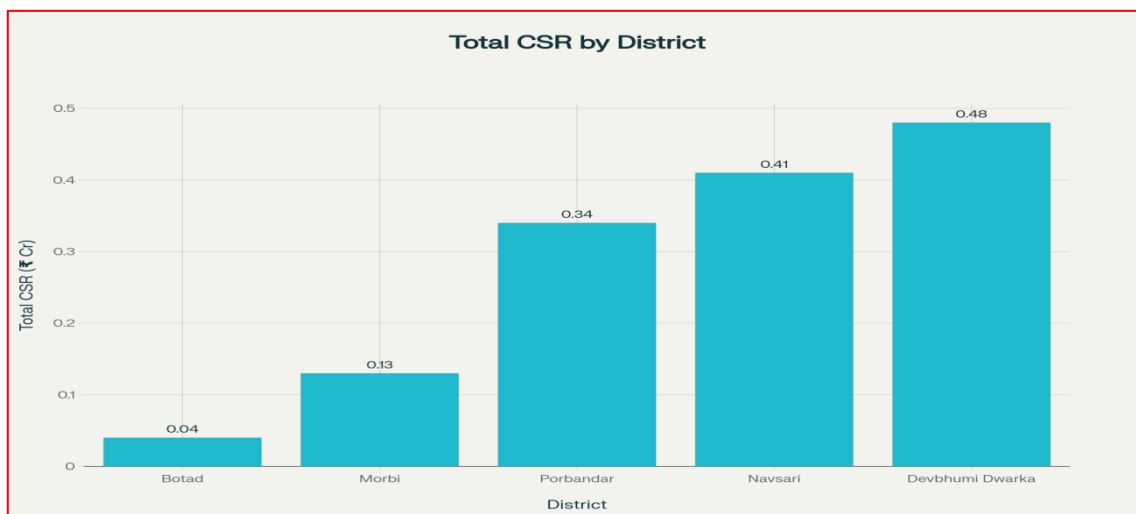


Table & Graph 4.3: Bottom 5 Gujarat districts by total rural CSR spending

District	Botad	Morbi	Porbandar	Navsari	Devbhumi Dwarka
Total CSR (₹ Cr)	0.04	0.13	0.34	0.41	0.48



The data shows a big difference between districts in how much CSR money they received over five years. Bharuch received the most, getting ₹47.60 Crores, which is about 15% of all the rural CSR funds in Gujarat. Valsad, Surat, Ahmedabad, and Kachchh also received a significant share, totalling over half of the entire ₹319.97 Crores spent across the state.

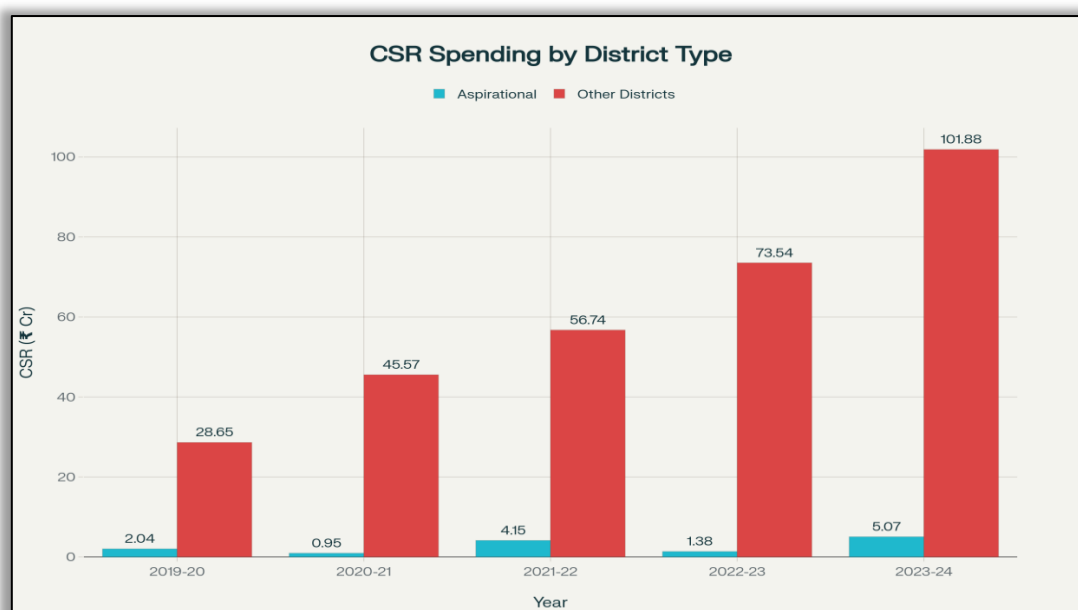
On the other hand, some districts received very little CSR funds. Botad, Morbi, Porbandar, Navsari, and Devbhumi Dwarka together got only about 1% of the total spending in Gujarat, with amounts between just ₹0.04 Crores and ₹0.48 Crores. This shows that the distribution of CSR funds is uneven, with most funds concentrated in a few districts.

The ranking clearly shows that CSR spending is concentrated in a few areas. Districts like Bharuch, Surat, Ahmedabad, and Kachchh, which have large industries and urban centres, received much higher CSR funds. In contrast, smaller or newly formed districts such as Botad and Devbhumi Dwarka received very little. The difference between the top and bottom districts is very wide. The top district alone accounts for about 15% of total CSR spending, while an average district gets only around 3% and some receive almost nothing. This pattern is similar to the national trend, where most CSR funds go to industrially developed regions.

4.3 Aspirational vs. Non-Aspirational Districts

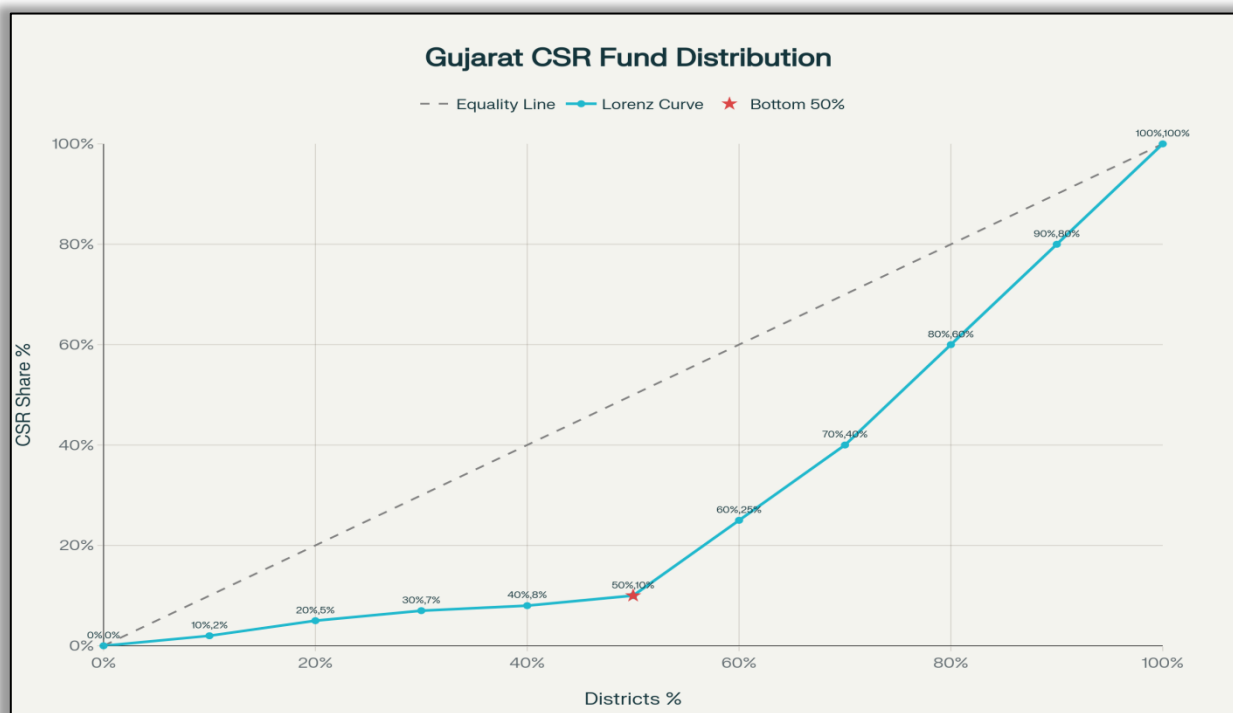
Table & Graph 4.4: CSR spending on rural development in Gujarat’s aspirational vs. other districts by year

Year	2019–20	2020–21	2021–22	2022–23	2023–24
Aspirational (₹ Cr) (Dahod+Narmada)	2.04	0.95	4.15	1.38	5.07
Other Districts (₹ Cr)	28.65	45.57	56.74	73.54	101.88



In Gujarat, Dahod and Narmada are the two "aspirational" districts identified by NITI Aayog for focused development. From 2019-20 to 2023-24, these two districts together received ₹13.59 Crores in CSR funds, about 4.3% of the state's total ₹319.97 Crores. In contrast, the other 29 districts received ₹306.38 Crores. Funding for aspirational districts was uneven, with sharp rises and falls over the years, while non-aspirational districts saw steady growth. On average in 2023-24, each aspirational district received ₹2.535 Crores, less than the ₹3.513 Crores per other district. This shows a clear funding gap, where, despite higher needs, aspirational districts attract less CSR, which reflects a wider trend of CSR favouring industrial areas over underserved regions.

4.4 Distributional Inequality: Gini & Lorenz Analysis



The Lorenz curve shown in the graph illustrates the unequal distribution of CSR spending across Gujarat's 31 districts. The horizontal axis represents the cumulative percentage of districts, ranked from those receiving the least to the most CSR funds, while the vertical axis shows the cumulative percentage of total CSR expenditure.

The curve deviates significantly from the 45-degree line of perfect equality, indicating a strong concentration of CSR funds in a limited number of districts. Notably, the bottom 50% of districts account for only about 10% of total CSR funds, while the top 16% of districts (5 districts) receive approximately 51% of all spending. This sharp imbalance highlights a highly skewed allocation pattern. The degree of inequality is quantified by a Gini coefficient of approximately 0.57, considered high. This suggests that CSR funding is concentrated in more industrialised or urban districts, while rural or underdeveloped regions receive disproportionately less. Such a pattern may undermine the objective of inclusive rural development and underscores the need for more equitable CSR allocation frameworks. Overall, CSR resources in Gujarat are unevenly distributed, with a "missing middle" of underserved districts receiving limited attention despite their developmental needs.

5. DISCUSSION AND POLICY IMPLICATIONS

5.1 Critical Evaluation of CSR Policy under the Companies Act, 2013

Section 135 of the Companies Act, 2013 marked a global first by mandating CSR expenditure for eligible companies. While the law has succeeded in increasing total CSR spending and improving reporting transparency, its design has significant structural limitations when evaluated from a rural development and equity perspective.

- First, the Act specifies *what* companies must spend (2% of profits) but does not adequately regulate *where* or *how* the funds should be allocated. Schedule VII merely lists broad permissible activities, including rural development, without prescribing spatial priorities or minimum allocations for backward or aspirational districts. This legal flexibility allows companies to concentrate CSR projects near operational centres for visibility, ease of implementation, and reputational benefits.

- Second, the “comply or explain” approach lacks enforcement mechanisms related to equitable distribution. As long as expenditure is reported, there are no legal consequences for geographic concentration or neglect of high-need rural districts. This weakens CSR’s redistributive intent and enables symbolic compliance.
- Third, the Act does not sufficiently integrate CSR with district or state development planning processes. CSR remains largely disconnected from government-led rural development schemes, leading to duplication in developed districts and neglect in underserved areas.

Thus, while the Companies Act, 2013, has institutionalised CSR spending, it has not ensured developmental equity. The findings of this study—high district-level inequality (Gini \approx 0.57) and minimal CSR flow to aspirational districts—suggest that the current legal framework inadequately addresses spatial justice in CSR allocation.

5.2 Key Findings

- **Total Spending and Growth:** Gujarat’s CSR spending on rural development rose quickly from ₹ 30.7 crore in 2019–20 to ₹106.9 crore in 2023–24, showing a growth of about three and a half times. In total, around ₹320 crore was spent on rural projects during this period. This rising trend follows the national pattern, with companies across India spending a record ₹25,000 crore on CSR in 2021–22. The yearly growth in Gujarat averaged about 40%, with the biggest increase seen in 2023–24.
- **District Disparities (Top vs. Bottom):** CSR spending in Gujarat is heavily concentrated in a few districts. The top five—Bharuch, Valsad, Surat, Ahmedabad, and Kachchh—received about 51% of total funds, while the bottom five got less than 1%. For instance, Bharuch alone received nearly ₹47.6 crore, compared to just ₹0.04 crore for Bhavnagar over five years. The Gini coefficient of 0.57 highlights this sharp inequality. Overall, wealthier and industrial areas attract most CSR funds, while poorer districts receive very little, reflecting a broader national trend.
- **Aspirational vs. Other Districts:** Dahod and Narmada, the two aspirational districts in Gujarat, received very little support through CSR funds. Together, they got just ₹13.6 crore, which is only about 4.3% of the total CSR spending in the state. Given their needs, this amount is quite low. This reflects a bigger issue seen across India, where less developed areas often miss out on CSR support. In fact, studies show that such districts get only a small share of total CSR funds. In Gujarat, too, Dahod and Narmada were among the lowest in CSR funding, even though they are meant to be priority areas for rural development. This shows that the CSR fund is not reaching the places that need it most.
- **Inequality (Lorenz Curve/Gini):** The Lorenz curve for district-level CSR in Gujarat shows a clear imbalance. About half of the districts receive only 10% of the total funds, while just 5 districts get more than 50%. This sharp inequality, reflected in a Gini score of around 0.57, reveals that CSR spending is highly concentrated. Similar to national trends, the funds tend to cluster in select areas. In Gujarat, this means many rural communities are left out, getting little or no help from corporate initiatives.
- **Sectoral Note:** While this study focuses on rural development, it is important to note that CSR spending across India often leans more toward sectors like education, health, and sanitation. Rural development is among the top CSR categories, but even within it, the allocation is far from equal. For example, education and health received major increases during the COVID period, while rural projects remained unevenly supported.

Overall, CSR funding for Gujarat’s rural areas has grown significantly. However, the pattern of distribution remains highly unbalanced. Funds mainly go to industrial and better-developed districts, while poorer regions, especially aspirational districts, receive much less. This suggests that CSR, despite its potential, has not effectively supported more equal or inclusive development across the state.

5.3 CONCLUSION

This analysis shows that although CSR spending on rural development in Gujarat has grown rapidly, its distribution across districts remains highly uneven. In reality, companies tend to focus their efforts on areas that are more accessible or visible, rather than in regions with the greatest need. As a result, many disadvantaged communities continue to be left out, despite the legal requirement for companies to contribute to development. This reflects broader concerns that CSR often serves branding goals near corporate hubs, rather than supporting inclusive growth. The impact of this uneven pattern is significant. When CSR funds flow mostly to developed districts, it weakens the original aim of the Companies Act—to use private funds to support development in lagging areas. If such trends continue, they may widen regional disparities: well-off districts benefit more, while poorer ones see few improvements. This also limits the potential of CSR to support the Sustainable Development Goals. Experts have stressed the need for CSR strategies that focus clearly on underdeveloped areas and align with key development priorities. In Gujarat, the findings point to the need for a fresh approach. Simply requiring companies to spend 2 % of profits is not enough. CSR needs to be better guided by local development data and more closely coordinated between companies and the government. Only with such steps can CSR move beyond charity and become a serious tool for rural progress.

5.4 POLICY RECOMMENDATIONS

- ❖ **Need-Based CSR Guidelines under Schedule VII:** The Ministry of Corporate Affairs (MCA) should issue supplementary guidelines under Schedule VII that encourage companies to prioritise aspirational and backward districts for rural development projects. While retaining flexibility, such guidance would align CSR practice with the developmental intent of Section 135.
- ❖ **District-Level CSR Planning Mechanism:** District administrations should prepare annual CSR need-assessment reports and share them with companies and CSR foundations. This would help companies design projects consistent with local development priorities without violating the voluntary project-selection principle under the Act.
- ❖ **Mandatory Geographic Disclosure:** CSR reporting formats on the National CSR Portal should require clearer district-wise disclosure of expenditures. Enhanced transparency would strengthen accountability and allow regulators and researchers to track spatial equity in CSR spending.
- ❖ **Incentivising CSR in Backwards Areas:** The government may introduce fiscal or recognition-based incentives for companies that allocate a higher share of CSR funds to aspirational districts. Such incentives would remain consistent with the Act while nudging firms towards inclusive development.
- ❖ **Outcome-Based Monitoring:** Rule 8 of the CSR Rules should be strengthened to emphasise outcome and impact assessment, particularly for rural development projects. Measuring developmental outcomes rather than expenditure alone would improve CSR effectiveness.

By aligning CSR implementation more closely with legal intent and regional development priorities, CSR can move beyond compliance and function as a genuine instrument of inclusive rural growth.

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