

# A Study of Corporate Social Responsibility (CSR) Practices in Uttar Pradesh: A Comparison of the Eastern and Western Regions (2019–2023)

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## Abstract

A collaborative relationship between businesses and government is crucial for societal progress through the effective accumulation and allocation of capital. This partnership ensures the equitable distribution of benefits and the creation of lasting values for all stakeholders. In this context, corporate social responsibility (CSR) plays a pivotal role in promoting sustainable development. This study explores the scale and focus of CSR investments made by companies in Uttar Pradesh from 2018–19 to 2022–23 period, while also assessing the regional disparities in CSR funding between Western and Eastern UP. Using secondary data from the National CSR Portal of India and relevant literature, the research highlights the concentration of CSR efforts in the healthcare and education sectors in the state. The study utilises percentage analysis, tools of descriptive statistics and F-test to further show that investment is skewed in favour of the Western region, with Gautam Buddha Nagar being the chief beneficiary. Government policies aim to support and promote balance and sustainable development by encouraging equitable investments.

**Keywords:** CSR, Sector-specific, Regional disparity, Uttar Pradesh.

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## 1.0 Introduction

Corporate Social Responsibility (CSR) is the integration of social, environmental, and ethical considerations into business operations, emphasizing a balance between profitability and societal welfare. It has evolved from a voluntary philanthropic activity to a structured and strategic framework, particularly in India, where CSR is now legally mandated. This study focuses on CSR practices in Uttar Pradesh (UP), analyzing the regional disparities between its industrialized Western region and the rural, agrarian Eastern region from 2019 to 2023.

India's progression toward becoming a welfare state is deeply intertwined with its historical and cultural traditions of philanthropy. Ancient Indian scriptures highlight a governance-centric approach to societal welfare, laying the foundation for early concepts of Corporate Social Responsibility (CSR) (Muniapan and Mohan, 2008). Initially, CSR in India was rooted in religious and ethical duties, reflecting a traditional commitment to giving back to the community. Over time, evolving societal expectations led businesses to adopt broader responsibilities that extended beyond profit generation. These included addressing environmental challenges, promoting equitable development, and supporting marginalized groups. This transformation in corporate ideology marked a significant evolution, redefining the role of businesses as active contributors to socio-economic progress (Sheikh, 1996).

The 1990s signalled a watershed moment for CSR in India, as businesses began to operationalize these evolving expectations through structured frameworks that integrated social responsibilities into their operations. These frameworks emphasized balancing corporate interests with societal welfare, fostering long-term sustainability and resilience (Welford and Frost, 2006). Recognizing CSR's transformative potential, the Indian government took proactive steps to institutionalize its practice. Significant milestones include the introduction of voluntary CSR guidelines by the Ministry of Corporate Affairs in 2009, the National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business in 2011, and Business Responsibility Reporting in 2012. The culmination of these efforts was the landmark enactment of Section 135 of the Companies Act, 2013, which came into effect in 2014. This legislation made India the first country to legally mandate CSR activities, requiring eligible companies to allocate at least 2% of their average net profits over three years to CSR initiatives. This move

formalized corporate contributions to socio-economic development, transforming CSR from a discretionary activity into a statutory obligation.

In India, CSR has emerged as a strategic mechanism to address pressing socio-economic issues and foster inclusive growth (JICA, 2021). While the regulatory framework has spurred professional implementation, CSR in India remains largely compliance-driven. The focus on meeting legal requirements often overshadows the potential for more strategic and philanthropic initiatives, a challenge further compounded by spatial disparities in CSR spending (PWC, 2022).

The state of Uttar Pradesh exemplifies these disparities, with its economic and demographic diversity offering a unique lens to examine CSR practices. The Western region of UP, characterized by its industrial hubs and proximity to the National Capital Region (NCR), consistently attracts the majority of CSR investments. Districts like Gautam Buddha Nagar and Ghaziabad benefit from better infrastructure, industrial presence, and connectivity, making them favourable destinations for corporate investments. In contrast, Eastern UP, which is predominantly rural and agrarian, remains underfunded in CSR allocations despite its significant socio-economic challenges. This imbalance highlights the limitations of current CSR strategies in addressing regional inequalities and underscores the need for a more equitable distribution of resources.

This paper aims to investigate the trends, patterns, and implications of CSR spending across Uttar Pradesh from 2019 to 2023, focusing on the disparities between Eastern and Western regions. It explores sectoral priorities, analyses the socio-economic impact of CSR initiatives, and identifies factors contributing to the uneven distribution of funds. By addressing these challenges, the study identifies the sectors where optimizing CSR practices is required in order to ensure more inclusive and sustainable development in Uttar Pradesh. In doing so, it contributes to the broader discourse on leveraging CSR as a tool for equitable growth, bridging regional divides, and fostering holistic progress.

India is a welfare state. Most individuals and companies participate in philanthropic activities which have eventually evolved into Corporate Social Responsibility (CSR). CSR philosophy can be traced back to Indian Vedic literature and Puranas. However, Kautilya's "Arthashastra" was the first to provide an inside-out approach to CSR (Muniapan and Mohan, 2008).

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Earlier the conceptualisation of CSR was based on religious virtues but over a period with the change in society it transformed into a bigger picture. The world became conscious about their economic contribution to the local communities in which they operate. With the passage of time, business organisations become more socially responsible. A paradigm shift was observed in the philosophy and primary responsibility of business organisations (Sheikh 1996).

The 1990s marked the beginning of wide-spread acceptance of CSR. Several CSR models and frameworks were developed during this decade which focused on the philanthropic role of corporations and the concept of sharing.

This decade saw the corporates being encouraged to balance their self-interest of businesses with its wider and more virtuous role of social responsibility, which further encouraged them to act more socially responsible for their long-term endurance (Welford and Frost, 2006).

The Indian government conceived CSR as an instrument for integrating social, environmental and human concerns in the entire value chain of businesses. In this regard the ministry of corporate affairs issued a voluntary guideline on CSR in 2009 as its first step. A journey of legislative developments in this regard took off in early 2010, with the advent of the 21st Report of the Parliamentary Standing Committee on Companies Bill. This was followed by the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business in 2011 and Business Responsibility Reporting in 2012. Finally, 2014 marked the landmark when a mandatory provision of CSR under Section 135 of the Companies Act, 2013 came into effect from 1st April, 2014 making India the first country to legally mandate it.

CSR is defined by the European Commission as “responsibility of enterprises for their impact on society,” acts as a link between the society and the corporate world (Chauhan and Dawra, 2017). The primary objective of CSR is to deepen and widen the participation of the companies in the country’s socio-economic development and inclusive growth (JICA, 2021). The Companies Act, 2013 encourages companies to spend at least 2% of their average net profit of the previous three years on CSR activities. The combination of regulatory as well as

societal pressure has meant that companies have to pursue their CSR activities more professionally (PWC, 2022).

CSR is majorly compliance driven in India and has yet to evolve into a philanthropic and strategic practice because CSR spending has elevated spatial inequality in India (Thadikaran, et. al., 2021).

## **2.0 A Brief Review of Recent Studies**

The concept of corporate social responsibility (CSR) emerged in Western economic literature during the 1930s, long after it had been a part of Indian thought and tradition since Vedic times. In the 1950s, Bowen (1953) introduced the idea of corporate responsibilities, asserting that business leaders' social duty is to align corporate decisions with societal values. This marked a critical point in shaping the definition of CSR and is regarded as one of the first academic interpretations of the concept (Latapí Agudelo et al., 2019). It led to CSR's development as a mediator of the empirical link between corporate social performance (CSP) and corporate financial performance (CFP) (Margolis & Walsh, 2003).

The concept of CSR has continued to evolve in line with shifting social expectations of corporate conduct. Initially focused on profit generation, CSR gradually expanded to encompass broader responsibilities, eventually progressing to the creation of shared value (Latapí Agudelo et al., 2019).

The rationale for CSR can be categorized into four primary components: reducing costs and risks, enhancing legitimacy and reputation, gaining a competitive advantage, and fostering mutually beneficial outcomes through synergistic value creation (Kurucz et al., 2008). In contrast to global trends where CSR is often driven by spirituality, self-interest, fear of government intervention, or perceived government inefficiency in addressing social issues (Jones, 2013), in India, CSR is largely shaped by the need for legitimacy and reputation, which plays a critical role in linking CSR activities to financial performance (Aggarwal & Jha, 2019). Indian CSR practices are grounded in the principle of 'Trusteeship' articulated by Mahatma Gandhi, and this was legally formalized in the Companies Act, 2013.

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The CSR mandate under this Act has impacted over 16,237 companies, generating an estimated INR 200 billion in economic inflow (Mitra & Schmidpeter, 2016). Since its introduction, the number of companies engaging in CSR has grown, reflecting a positive economic trajectory for the nation. Between FY 2014-15 and 2018-19, there was a nearly 20% decline in the number of companies with zero CSR expenditure in both Category 1 and Category 2, according to the Ministry of Home Affairs (JICA Report, 2021).

Indian businesses are implementing various CSR models that align with their corporate missions, such as cause-related marketing, preferential buying, volunteerism, micro-credit, stakeholder engagement, and philanthropy. Scholars have proposed additional models aimed at addressing the shortcomings of earlier ones, including employment provision, skill development for disadvantaged groups, and addressing social dimensions (Das, 2009).

Through the integration of CSR into India's business practices, long-term economic growth prospects are expected to enhance ecological, cultural, and financial resources rather than depleting them (Mitra & Schmidpeter, 2016). Research has shown that CSR positively influences customer loyalty (Gürlek, Düzgün, & Uygur, 2017), brand image, and sustainability (Behringer & Szegedi, 2016). Additionally, studies in Uttar Pradesh suggest that a balanced CSR approach can significantly improve financial inclusion in rural areas (Singh & Misra, 2020).

Over recent years, CSR expenditure in India has increased, becoming a key tool for advancing the Sustainable Development Goals (SDGs) at both the national and state levels. CSR activities have redirected corporate focus from profit maximization to addressing the needs of marginalized and disadvantaged groups. Key areas of CSR spending, such as environmental conservation, healthcare, education, and rural development, are crucial for achieving the SDGs (Mitra & Schmidpeter, 2016). With its quality and impact, CSR is helping promote inclusive growth by complementing government initiatives in reaching underserved communities (Chauhan & Dawra, 2017).

CSR reflects corporations' obligations in economic, legal, ethical, and philanthropic domains (Carroll, 1991), connecting businesses to communities and fostering accountability through collaboration among civil societies, businesses, and government (Singh & Misra, 2021).

However, despite its benefits, research indicates that corporations often engage in CSR primarily to enhance their reputation and financial performance (Sarkar & Sarkar, 2015). Critics argue that the CSR law in India is not fully effective, as some companies use it for tax avoidance through interlocked holdings (Naz, 2008), and it encourages CSR spending within local areas (Section 135, Companies Act, 2013). Studies also highlight spatial inequalities in CSR spending across different states in India (Thadikaran et al., 2021).

India's growing spatial disparity is exacerbated by differences in per capita output and access to essential public services (Bourrousse et al., 2017). Furthermore, CSR may contribute to this imbalance, fostering development in certain regions while leaving others stagnant, thus worsening spatial inequality (Thadikaran et al., 2021). Research shows that income inequality is typically greater within countries than between them (Bohman et al., 2019).

Regarding multinational enterprises (MNEs), there is debate about whether they bear any social responsibility. Some studies oppose the notion (Narula & Straaten, 2021), while others argue that firms' responsibilities extend beyond internal inequality to include societal issues like distributive justice and economic inequality (Rygh, 2021). While views differ, human well-being remains the central concern of these practices (Kolk, 2016).

### **3.0 Research Gap**

The relationship between Corporate Social Performance (CSP) and Corporate Financial Performance (CFP) has been extensively studied, with most research indicating a positive correlation. However, variations in findings reveal gaps in understanding, often due to differing methodologies, biases, and the influence of contextual factors (Carroll & Shabana, 2010). Within this framework, examining the effectiveness of CSR practices is particularly crucial, especially in their role in addressing spatial inequality—an issue that remains underexplored in India.

The need for this study stems from the critical role Corporate Social Responsibility (CSR) plays in fostering sustainable socio-economic development across regions in India. While CSR has become a key mechanism for businesses to contribute to societal welfare, its

implementation and resource allocation often exhibit significant regional disparities. In Uttar Pradesh, one of India's most populous and economically diverse states, CSR expenditure patterns show a marked contrast between the western and eastern regions. These disparities may be influenced by varying levels of industrialization, economic development, and socio-political factors. Understanding how these elements shape CSR spending is crucial for evaluating its effectiveness in promoting balanced regional development (Thadikaran et al., 2021).

Despite the Companies Act, 2013, which mandates CSR contributions from eligible companies, research on the intra-state distribution of CSR activities in Uttar Pradesh remains sparse. The western region, characterized by industrial hubs and superior infrastructure, tends to attract a higher share of CSR investments. In contrast, the eastern region, grappling with poverty and inadequate public services, often receives less focus. This pattern raises concerns about whether CSR practices alleviate or exacerbate regional inequalities (Aggarwal & Jha, 2019). Examining the factors driving this unequal distribution is critical to understanding CSR's potential role in fostering inclusive growth.

Furthermore, limited research explores how CSR initiatives are tailored to address region-specific socio-economic challenges. CSR has the potential to go beyond traditional philanthropy, acting as a tool for sustainable development and income generation (Moon & Parc, 2019). However, the extent to which CSR strategies differ between regions remains unclear. For instance, while the eastern region might prioritize poverty alleviation, healthcare, and education, the western region may focus on environmental sustainability and infrastructure. A comparative analysis could shed light on whether CSR practices effectively address local needs or perpetuate existing imbalances.

The period from 2018 to 2023, heavily influenced by the COVID-19 pandemic, provides a unique lens to study CSR's adaptability. During this time, many corporations shifted their CSR focus to pandemic relief, emphasizing healthcare and livelihoods. However, the extent to which these efforts addressed spatial inequalities within Uttar Pradesh is unclear. A temporal analysis of CSR initiatives during this period could provide insights into their equitable impact and contribution to long-term regional development (Singh & Misra, 2021).



This study aims to address these gaps by analysing trends in CSR spending across Uttar Pradesh, identifying factors driving its uneven distribution, and comparing CSR initiatives in the state's eastern and western regions. By doing so, it will offer valuable insights into optimizing CSR practices to reduce regional disparities and promote equitable socio-economic growth (Thadikaran et al., 2021; Mitra & Schmidpeter, 2016). This research contributes to the broader discourse on CSR's role in creating inclusive development and transforming companies into "smart corporations" that generate shared value for both society and business.

#### **4.0 Objectives**

The objectives of the study are as follows:

- To analyse the overall trend of CSR spending in Uttar Pradesh over the specified period.
- To explore the reasons behind the uneven CSR expenditure in Western and Eastern Uttar Pradesh.
- To compare CSR expenditure patterns between Western and Eastern Uttar Pradesh.

#### **5.0 Scope of the Study and Methodology**

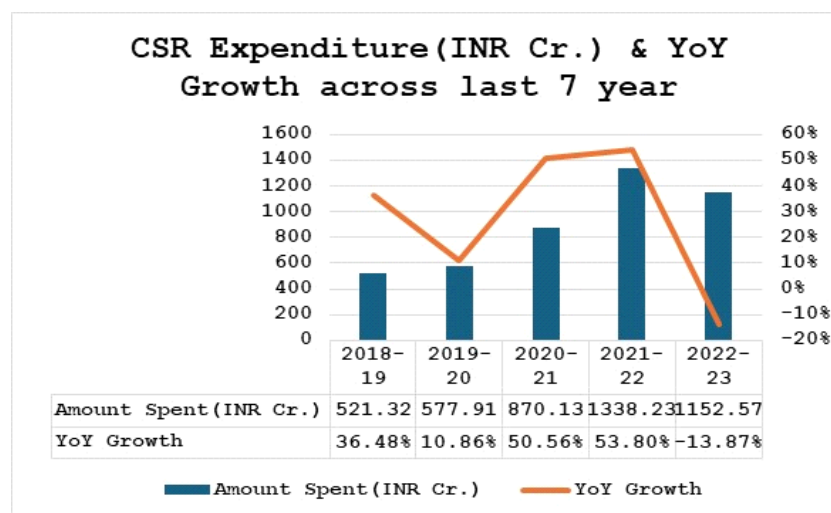
The primary focus of this study is to analyse regional disparity in CSR expenditure, with a particular emphasis on the state of Uttar Pradesh. This state was selected due to its high population density and unique demographic characteristics. Data for the study has been sourced from secondary materials, including the National CSR Portal and the Ministry of Corporate Affairs, Government of India. Additional information has been gathered from annual company reports and director's reports. The study employs methods such as percentage analysis and other descriptive statistical tools to draw meaningful inferences

#### **6.0 Data Analysis**

##### ***6.1 CSR Expenditure Trend in Uttar Pradesh: 2018-19 to 2022-23.***

After the implementation of CSR Act in 2014, the number of companies legally doing CSR expenditure under Section 135 of the Companies Act 2013 went up steadily from 2014–15 to 2020–21, reflecting an

increase in the state's economic growth and improved government support during this period. The CSR expenditure in Uttar Pradesh witnessed an upward trend from FY 2018-19 to FY 2022-23 with a CAGR of 21.94% (figure 1). On the contrary, the YOY growth rate of CSR expenditure in Uttar Pradesh has increased significantly in the past five years (2018-19 to 2022-23). The years leading up to the pandemic (2018-2020) witnessed consistent growth, with modest investments directed towards key sectors like education, health, and rural development (figure n).



**Figure 1**

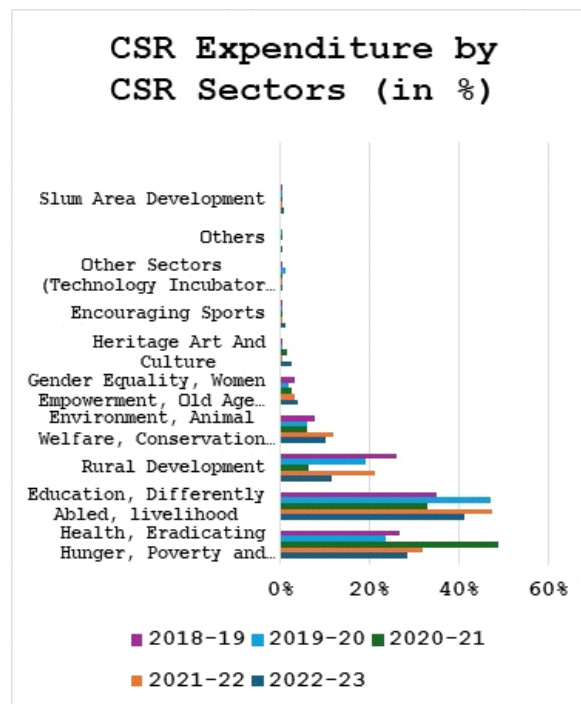
Source: csr.gov.in

Throughout the pandemic years (2020-2022), CSR expenditure remained stagnant, largely driven by COVID-19 relief initiatives. It reached its peak in 2021-22 at ₹ 1,338.23 crores, reflecting a year-on-year growth of 53.80%. Companies allocated funds to healthcare infrastructure, COVID-19 vaccination campaigns, and pandemic recovery efforts, demonstrating a swift and urgent response to the crisis. However, post-pandemic spending in 2022-23 declined by 13.87% to ₹ 1,152.57 crores, indicating a shift back to regular CSR programming and financial adjustments amid economic uncertainties.

## **6.2 Sector-wise Distribution of CSR Spending in Uttar Pradesh**

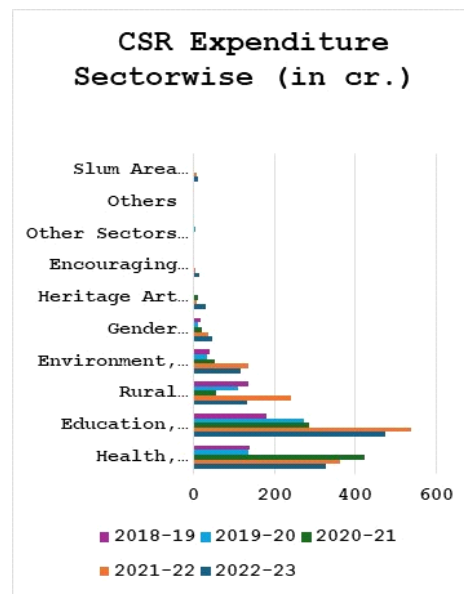
The following sectors (Figure 2) witnessed a significant CSR spending in Uttar Pradesh. These sectors include- education, healthcare and rural development. The healthcare sector experienced a sharp rise in CSR

expenditure in 2020-21 as a result of the COVID-19 pandemic. On the contrary, some of the sectors remained underfunded due to many companies prioritising their essential needs such as health, education, livelihood, etc. Figures 2 and 3 show that the Health, Hunger Eradication, Poverty, and Malnutrition sector consistently received the largest share of CSR funding (40%-50%), with a significant increase during 2020-22 due to COVID-19-related initiatives. The slight decline in 2022-23 indicates a transition from pandemic-specific priorities to regular development initiatives. Education, Livelihood, and Differently Abled sectors ranked second in priority (25%-30%), reflecting a steady commitment from corporations. Expenditure in these areas remained stable even during 2020-21 and 2021-22, indicating that education and livelihoods were not deprioritized despite the increased focus on healthcare. The allocation to the education sector did not experience a significant drop post-pandemic (2022-23), pointing to a return to developmental initiatives such as improving literacy, skill development, and access to quality education. Potential projects in this area include digital learning platforms, infrastructure enhancements, and vocational training programs to mitigate the impact of school closures.



**Figure 2**

Source: csr.gov.in

**Figure 3***Source: csr.gov.in*

Despite the rural challenges faced by Uttar Pradesh, Rural Development only accounted for 10%-15%, suggesting an urban bias in CSR spending. Environmental initiatives remained underfunded (less than 10%), even in light of growing ecological concerns. Allocations for Gender Equality and Heritage and Culture were minimal (2%-5%), indicating a lack of focus on these critical social and cultural issues. Furthermore, Slum Development received less than 1% of CSR funds, highlighting insufficient attention to urban poverty, as companies prioritized urgent needs such as health, education, and livelihoods.

### 6.3 East-West Regional Disparities in Uttar Pradesh

Uttar Pradesh is a microcosm of India's diversity, with its regions differing significantly in terms of economic development, industrialization, social infrastructure, and cultural attributes.

To explore regional inequality in Uttar Pradesh, the study divides the state into Eastern and Western regions, with Lucknow serving as the demarcation point and the administratively mandated center.

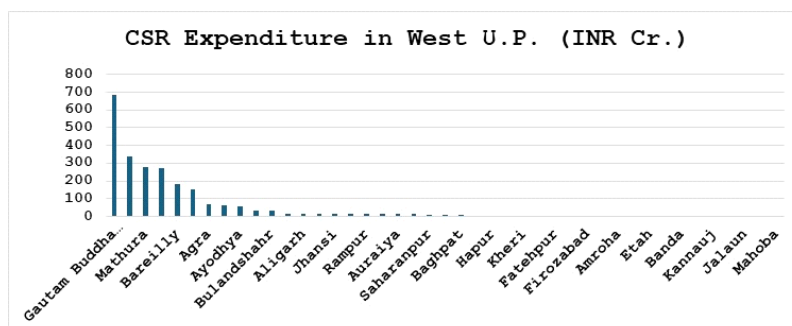
Western Uttar Pradesh receives a larger share of CSR expenditure compared to Eastern Uttar Pradesh, driven by several key factors such as better connectivity, industrial presence and socio-economic advantage.

A major difference is the number of districts, with 43 districts in Western UP versus 31 in Eastern UP, underscoring the sharp regional divide. Wealthier districts are predominantly concentrated in the western part of the state, while the more underdeveloped areas are found in the east. Projects in Eastern Uttar Pradesh are often fragmented and focus on basic needs like water and sanitation rather than long-term developmental goals.

On the other hand, Western Uttar Pradesh benefits from its partial inclusion in the National Capital Region (NCR), which provides better access to funding, infrastructure, improved road connectivity, and a higher influx of investment and industries. The disparity between the regions is also evident in the availability of basic services such as electricity, water, and other public utilities. Gautam Buddha Nagar, in particular, plays a central role in attracting CSR funding, due to its strategic location and economic prominence. This explains the difference in CSR expenditure done by the business firms in both the regions.

### 6.3.1. Western Uttar Pradesh

To investigate the spatial disparity in CSR expenditures in **West Uttar Pradesh**, the figure 4 data from 2018-19 to 2022-23 highlights significant regional inequalities. Gautam Buddh Nagar, with a total CSR expenditure of Rs. 683.23 crores, emerges as the dominant district, reflecting its industrial and corporate hub status. This district benefits from its proximity to the NCR (National Capital Region), robust infrastructure, and concentrated corporate offices. Similarly, Ghaziabad (Rs. 181.56 crores) and Bareilly (Rs. 101.81 crores) have consistently attracted significant CSR investments due to their urban nature and industrial activities.

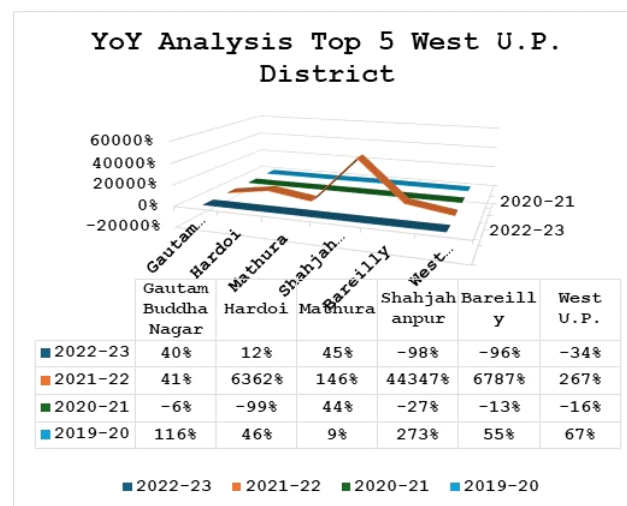


**Figure 4**

Source: csr.gov.in

In contrast, rural and underdeveloped districts like Mahoba and Sambhal recorded no CSR expenditure during this period, underscoring a neglect of backward regions. Additionally, districts such as Kannauj (<sup>1</sup> 0.85 crores) and Shamli (<sup>1</sup> 0.45 crores) received only nominal funds, indicating limited corporate presence and lesser alignment with CSR initiatives.

The figure 5 illustrates year-on-year (YoY) growth in CSR expenditure across the top five districts in Western Uttar Pradesh—Gautam Buddha Nagar, Hardoi, Mathura, Shahjahanpur, and Bareilly—over four financial years (2019-20 to 2022-23). Gautam Buddha Nagar, a consistent top performer, experienced steady growth trends, starting with a high of 116% in 2019-20, followed by a slight dip of -6% in 2020-21 during the pandemic, and moderate growth of 41% in 2021-22 and 40% in 2022-23, maintaining its dominant role as a corporate hub.



**Figure 5**

Source: csr.gov.in

Hardoi exhibits extreme fluctuations, with an extraordinary spike of 63,626% in 2021-22, marking a sudden influx of CSR funds, for pandemic-related projects or large-scale rural development initiatives. This contrasts with minimal growth in preceding years (46% in 2019-20 and -99% in 2020-21), while 2022-23 saw a drastic reduction to just 12%, reflecting unsustainable investment patterns. Mathura maintained more consistent trends, with moderate growth in 2019-20 (9%), 2020-21 (44%), and 2021-22 (146%), before stabilizing at 45% in 2022-23, demonstrating consistent corporate interest, likely driven by factors such as religious tourism or infrastructure development.

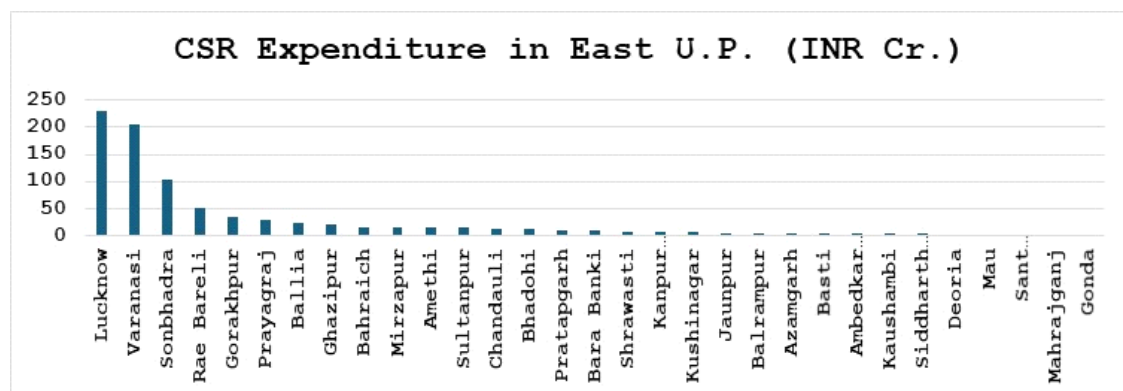
Shahjahanpur displayed dramatic variations, with a peak of 44,347% in 2021-22, following subdued growth in 2019-20 (273%) and 2020-21 (-27%). However, 2022-23 saw a significant drop to -98%, signalling a sharp withdrawal of CSR activities. Bareilly, showed relatively stable growth with 55% in 2019-20 and 2021-22, contrasting with a dip of -13% in 2020-21 and a sharp decline of -96% in 2022-23, indicating reduced corporate focus in the post-pandemic period.

Overall, Western Uttar Pradesh recorded its highest YoY growth (267%) in 2021-22 at ₹ 972.81 crores, driven by pandemic-specific projects, but this growth fell to -34% in 2022-23 (₹ 642.54 crores) as corporate spending normalized. While Gautam Buddha Nagar remains the anchor for CSR investments. Districts like Hardoi and Shahjahanpur highlight volatile patterns, suggesting temporary priorities. Mathura's consistent growth reflects its strategic importance, whereas Bareilly's declining trends raise concerns about its long-term sustainability in CSR allocations within the region.

Urban centers of western UP dominate CSR resource allocation, leaving rural areas like Banda, Kannauj, and Shamli with minimal funding. This imbalance indicates the socio-economic disparity between well-off urban districts and neglected rural regions. Targeting underdeveloped districts for strategic investments in education, healthcare, and rural development is essential for equitable growth. Furthermore, collaboration between corporations and government agencies could help achieve a more equitable distribution of CSR resources across the region.

### **6.3.2. East Uttar Pradesh**

The figure 6 provides an overview of Corporate Social Responsibility (CSR) expenditure across districts in Eastern Uttar Pradesh from 2018-19 to 2022-23 (sum of CSR expenditure in different districts from 2018-19 to 2022-23), providing insights into regional trends and disparities in corporate investments. The analysis highlights significant imbalances between urban and rural districts in fund allocation.

**Figure 6***Source: csr.gov.in*

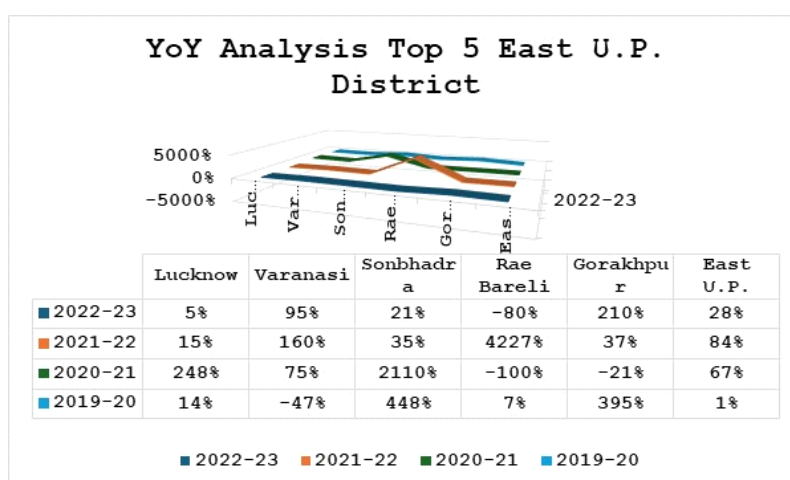
Lucknow, receiving a total CSR expenditure of Rs. 228.85 crore, is the top recipient, reflecting its role as a key administrative and economic center. It is followed by Varanasi, which saw a significant rise in CSR funding, reaching Rs. 204.26 crore, likely driven by its cultural importance and urban development in 2021-22 and 2022-23. Sonbhadra ranks third with Rs. 102.81 crore, benefiting from its resource-rich profile and industrial activities, which have attracted steady CSR investments over the years.

In contrast, several districts received minimal CSR investments like Maharajganj (Rs. 0.74 crore), Sant Kabir Nagar (Rs. 0.77 crore), and Deoria (Rs. 2.72 crore). These figures highlight a concentration of funds in urban and economically significant districts, while rural and less-developed areas remain largely neglected.

Figure 7 illustrates the year-on-year (YoY) growth in CSR expenditure for the top five districts in Eastern Uttar Pradesh—Lucknow, Varanasi, Sonbhadra, Rae Bareilly, and Gorakhpur—over four financial years (2019-20 to 2022-23). Lucknow shows steady yet moderate growth, peaking at 248% in 2020-21 due to pandemic-related funding, before leveling off at 15% in 2021-22 and 5% in 2022-23, indicating a plateau in corporate interest. Varanasi, in contrast, saw sharp fluctuations, with a significant decline of -47% in 2019-20, followed by strong recoveries of 75% in 2020-21, 160% in 2021-22, and 95% in 2022-23, highlighting its ongoing significance as a key area for corporate investment.



Sonbhadra experienced extraordinary growth of 2110% in 2020-21, likely driven by large-scale industrial or healthcare investments, though growth slowed to 35% in 2021-22 and 21% in 2022-23. Raebareli shows the most volatile trends, with growth surging to 448% in 2019-20 and an unprecedented 4227% in 2021-22, reflecting a pandemic-driven focus. A steep decline of -80% in 2022-23 was observed, indicating a withdrawal of CSR activities. Gorakhpur demonstrated steady performance, marked by a significant rise of 395% in 2019-20, a dip of -21% in 2020-21, and subsequent growth of 37% in 2021-22 and 210% in 2022-23, signalling renewed corporate attention.



**Figure 7**

Source: csr.gov.in

Overall, Eastern Uttar Pradesh recorded its highest YoY growth (84%) in 2021-22, reaching a total CSR expenditure of <sup>1</sup> 251.85 crore, driven by pandemic relief efforts. However, growth slowed to 28% in 2022-23 as CSR activities shifted back to regular development projects. While urban centers like Lucknow and Varanasi continue to attract steady investment, Raebareli's volatility and Sonbhadra's industrial focus reflect the varied priorities in corporate spending. Gorakhpur's growing significance and the region's overall growth highlight the increasing importance of Eastern Uttar Pradesh in CSR allocations, although the distribution across districts remains uneven.

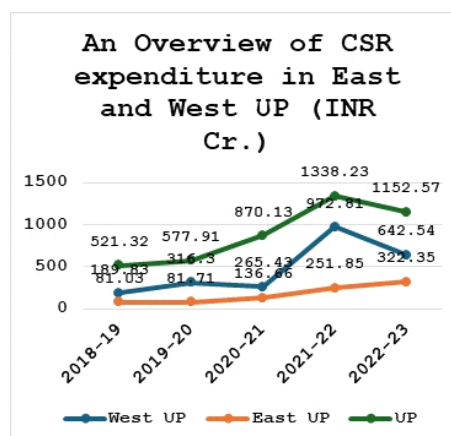
### **6.3.3. A CSR Expenditure Perspective: Eastern vs Western Uttar Pradesh**

CSR expenditure in Uttar Pradesh is shaped by diverse factors such as regional development, industrial activity, and socio-economic

conditions. The distribution of funds across districts reveals insights into how corporate social responsibility initiatives are aligned with local needs and priorities. This analysis explores the trends and patterns in CSR spending across the state.

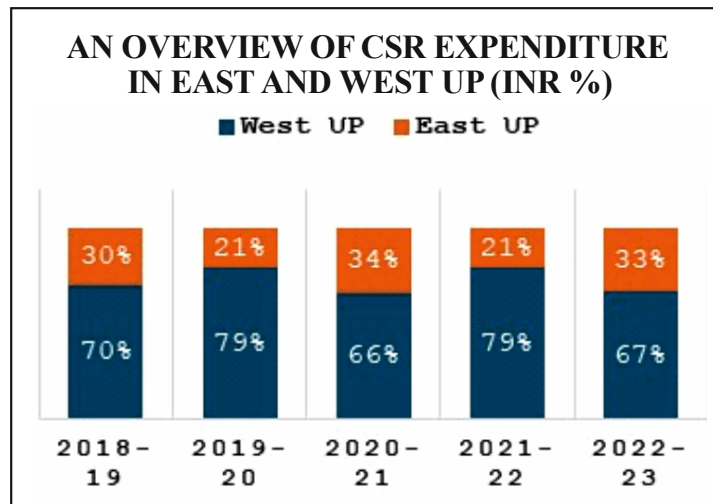
The key observations are as follows:

- **Urban Focus:** CSR expenditure is heavily concentrated in urban hubs like Lucknow and Varanasi, where corporate presence and infrastructure facilitate investments.
- **Neglected Rural Areas:** Districts such as Amethi, Maharajganj, and Sant Kabir Nagar receive negligible or no CSR funding, reflecting disparities in resource distribution.
- **Sectoral Impacts:** Understanding the specific sectors (health, education, rural development) where CSR funds are deployed could provide further insights into corporate priorities and their alignment with regional needs.
- The disparity reflects the sharp regional divide in Uttar Pradesh. While the western region's developed infrastructure attracts consistent investment, the eastern region struggles due to its limited utilities and challenging socio-economic conditions. Bridging this gap requires a deliberate shift in CSR strategies to target underdeveloped districts with sustainable, long-term rural development initiatives.



**Figure 8**

Source: [csr.gov.in](http://csr.gov.in)



**Figure 9**

*Source: csr.gov.in*

- The analysis of CSR expenditure in Uttar Pradesh from 2018-19 to 2022-23 reveals a significant regional disparity. West U.P. consistently receives the majority of CSR funds, peaking at ₹ 972.81 crores in 2021-22, driven by its urban centers like Gautam Buddha Nagar and Ghaziabad. In contrast, East U.P. lags behind, with CSR allocation peaking at Rs. 251.85 crores in 2021-22 and showing only a modest increase in subsequent years. The disparity highlights the need for more balanced CSR investments, focusing on the socio-economic development of Eastern Uttar Pradesh. To evaluate the variability in CSR expenditures between East and West Uttar Pradesh, an F-test was conducted. The test compared the variances of CSR spending over the five-year period (2018-19 to 2022-23) for both regions. The null hypothesis ( $H_0$ ) assumes equal variances in CSR expenditures across East and West U.P., while the alternative hypothesis ( $H_1$ ) suggests unequal variances. The F-statistic was computed as the ratio of the variance of CSR expenditure in West U.P. to that in East U.P. The F-statistic was calculated at a 5% significance level; the F-statistic was found to be 9.1436, thereby rejecting the null hypothesis. The test confirms that there is a variability in CSR expenditure between Eastern and Western UP.

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## 7.0 Results and Discussion

The trend of increased CSR spending from 2018-19 to 2021-22 aligns with the growing emphasis on corporate contributions to sustainable development. The increase in healthcare investments during the pandemic reflects the adaptability of CSR strategies in addressing urgent public health challenges. Similar findings have been documented in previous studies, which show that crises often drive corporations to channel resources toward critical sectors (Singh & Misra, 2021).

However, the sharp decline in 2022-23 raises concerns about the sustainability of CSR expenditure of the corporates in the face of economic uncertainties. The reduced spending post-crisis indicates a shift back to pre-pandemic priorities or financial constraints faced by corporations.

### *Sector-wise Distribution of CSR Spending*

In Uttar Pradesh, the sectoral distribution of CSR funds revealed healthcare as the leading beneficiary, particularly during the pandemic. Between 2020-21, healthcare accounted for 40% to 50% of total CSR funding, reflecting a substantial increase. Education and livelihood initiatives consistently followed, receiving approximately 25% to 30% of the funds. Additionally, rural development emerged as one of the top three priority sectors, aligning closely with the state's Sustainable Development Goals (SDGs) and budgetary priorities. The Companies Act played a pivotal role in driving the effective implementation of government policies and programs, supporting the broader sustainable development agenda.

### *Volatility in CSR Expenditure Patterns*

The district-level analysis of CSR expenditure revealed significant volatility across both regions of Uttar Pradesh. In Western Uttar Pradesh, districts like Gautam Buddha Nagar demonstrated consistent growth, whereas Hardoi and Shahjahanpur experienced erratic increases, largely influenced by pandemic-related funding. Similarly, Eastern Uttar Pradesh showed fluctuations, with Varanasi and Lucknow displaying steady growth, while districts like Rae Bareilly exhibited extreme variations. These patterns underscore the temporary nature of certain CSR investments, often driven by short-term priorities or one-time funding initiatives.

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***Regional Disparities in CSR Spending***

The study highlights a significant disparity in CSR spending between Western and Eastern Uttar Pradesh. Western districts like Gautam Buddha Nagar and Ghaziabad, with better infrastructure and proximity to the NCR, consistently received higher CSR funds. In contrast, Eastern Uttar Pradesh, particularly rural areas like Maharajganj and Sant Kabir Nagar, received minimal funding. This urban-centric allocation underscores the need for balanced CSR strategies to ensure equitable development across the state.

The private sector has contributed significantly to the CSR spending of Uttar Pradesh. But a lack of conscious standardised monitoring is seen with respect to diversion of funds towards Western UP at the cost of Eastern one. Gautam Buddha Nagar alone accounts for CSR allocations equivalent to the combined funding of top Eastern districts such as Lucknow, Sonbhadra, Ayodhya, and Varanasi. This imbalance reflects the principle of “money attracts money” and “development attracts development,” as Gautam Buddha Nagar’s strategic location within the NCR and its status as an industrial hub make it a prime destination for corporate investments. Notably, some companies, such as Bennett Coleman and Co., have allocated their entire CSR budgets to this district. With a total investment of <sup>1</sup> 18,693 crores (UPGIS, 2023), Gautam Buddha Nagar has emerged as one of India’s most promising investment destinations. This trend highlights the need for more equitable CSR strategies to address regional imbalances and ensure inclusive growth across the state.

To further assess the regional disparity in CSR expenditure, an F-test was conducted to compare the variances of CSR spending in East and West Uttar Pradesh. The results validate the conclusion that CSR expenditures are more volatile and concentrated in Western Uttar Pradesh compared to the Eastern region.

The State Government is actively working to address the regional disparity in CSR spending between Western and Eastern Uttar Pradesh by promoting new growth trajectories and striving for inclusive, sustainable, and balanced development. To this end, the government is focusing on developing key cities in the eastern region, including Varanasi, Sonabhadra, Ayodhya, and Lucknow. Lucknow, as the capital city, Sonabhadra as India’s energy hub, and Ayodhya and Varanasi as

important socio-cultural centers, are seen as promising areas for fostering regional development and bridging the CSR divide.

The interconnectedness of various elements within the social system, along with a shared vision for the future and a collective responsibility for the welfare of all, has been a fundamental guiding principle of the state (Dhanesh, 2016). In this context, the state's approach to CSR draws inspiration from the ancient Vedic concept of Sarva Lok Hitam, which emphasizes the well-being of all stakeholders and fosters a holistic, inclusive view of corporate responsibility.

## 8.0 Conclusion

In conclusion, the CSR expenditure trend in Uttar Pradesh from 2018-19 to 2022-23 highlights a complex dynamic of regional economic imbalances, sectoral priorities, and the effects of the COVID-19 pandemic. Western Uttar Pradesh consistently receives a larger share of CSR funds, while Eastern Uttar Pradesh remains underfunded. This calls for a more balanced allocation approach. Redirecting resources to the eastern region, especially in rural development, healthcare, and education, is essential to addressing its socio-economic challenges and ensuring equitable growth across the state.

A symbiotic relationship between businesses and the government is necessary to effectively distribute CSR benefits, fostering sustainable long-term value for all stakeholders.

## Declaration of conflicting interests

The Authors declare that there is no conflict of interest.

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