

**CSR Allocations and SDG Performance in Karnataka: A Sectoral****Comparative Analysis for 2021 and 2024**B, Jagadish C<sup>1</sup>, T, Ganesh K<sup>2</sup> and G, Prathibha<sup>3</sup><sup>1</sup>Assistant Professor, Department of Commerce, Government Home Science, College for Women, Holenarasipura<sup>2</sup>Assistant Professor, Department of Commerce, Bharathi College, Bharathinagara, Mandya<sup>3</sup>Assistant Professor, Department of Commerce, B.M.S. College for Women, Bengaluru**Abstract**

This study explores the patterns of Corporate Social Responsibility (CSR) allocations across ten development sectors in Karnataka to determine their alignment with the Sustainable Development Goals (SDGs) Index and state ranking for 2020-21 and 2023-24. Employing growth rate analysis and percentage share comparison to evaluate changes in CSR distribution using secondary data, the findings reveal a 76.5% increase in total CSR allocation alongside an improvement in the state's SDG score from 72 to 75. However, CSR allocations remain concentrated in education (48.86%) and environmental sustainability (17.97%), while critical sectors such as livelihoods, poverty, hunger, and malnutrition receive comparatively smaller shares. The study concludes that although CSR contributes positively to SDG performance, a more balanced sectoral distribution is necessary for inclusive and sustainable development. The research also highlights efficiency gaps between CSR investments and SDG outcomes in specific sectors, underscoring the need for outcome-oriented rather than merely quantitative CSR allocation strategies.

*Keywords:* Corporate Social Responsibility, Sustainable Development Goals, Karnataka, SDG Index, NITI Aayog, Sectoral Analysis, CSR Alignment, State Performance

**Introduction**

Historically, Corporate Social Responsibility (CSR) in India was undertaken as voluntary philanthropy and charitable acts by a select few corporations. A paradigm shift occurred with the enactment of Section 135 of the Companies Act, 2013, which made it mandatory for eligible

corporations to allocate at least 2% of their average net profits toward CSR activities [1]. This landmark legislation transformed CSR into a strategic vehicle for national development and social investment, embedding corporate accountability in India's sustainable development framework [2].

Parallel to this domestic initiative, India's commitment to the United Nations 2030 Agenda, featuring 17 Sustainable Development Goals (SDGs), provided a global blueprint for inclusive and equitable development. In response, the National Institute for Transforming India (NITI Aayog) localized these SDGs and launched the SDG India Index in 2018. Since then, with four subsequent releases—including the baseline in 2018 and the latest 2023-24 edition—this index has served as a critical benchmarking tool for monitoring progress across states and union territories [3].

Karnataka, as a major industrial, technological, and corporate hub, attracts substantial CSR inflows annually, totaling Rs. 8,889.4 crores over the last five years [4]. This consistent inflow is largely driven by the state's leadership in information technology, biotechnology, and manufacturing sectors [5]. Despite the substantial CSR investments, empirical comparisons between CSR allocation patterns and actual SDG performance at the state level remain limited. This study attempts to bridge that critical gap by conducting a comparative sectoral analysis of CSR growth, distribution patterns, and their alignment with Karnataka's SDG performance between 2021 and 2024[6].

### **Literature Review**

**NITI Aayog (2023-24):** The latest SDG India Index report indicates that Karnataka's composite score of 75 reflects progress in health, water sanitation, and sustainable cities, though challenges persist in gender equality and hunger reduction [1]. The report emphasizes CSR as a critical complementary mechanism to government welfare schemes for SDG advancement.

**Jain & Singh (2024):** Their comprehensive decadal analysis of mandatory CSR in India (2014-2024) reveals that education and healthcare collectively account for over 55% of total CSR expenditure, while climate action (SDG 13), gender equity (SDG 5), and innovation (SDG 9) remain significantly underfunded. The study identifies a shift from compliance-focused to outcome-oriented CSR strategies as essential for SDG achievement [2].

**Das & Menon (2021):** Their comparative evaluation of CSR in Karnataka and Tamil Nadu finds that despite similar expenditure patterns, Karnataka demonstrates greater integration with SDG

frameworks due to proactive planning and departmental initiatives. The research highlights how state-level coordination mechanisms enhance the effectiveness of CSR interventions [3].

**Gupta & Sharma (2022):** Research on CSR-driven SDG impact in India concludes that long-term CSR projects and state-level coordination, particularly in Karnataka, enhance SDG outcomes more effectively than short-term philanthropic activities [4].

**Kulkarni & Aggarwal (2023):** The increasing awareness among businesses regarding the SDGs has led to an amplified pool of CSR funds; however, these contributions often exhibit narrow thematic and geographical focus, resulting in uneven regional development [5].

**Rao & Joseph (2023):** Examining southern Indian CSR trends, they note that Karnataka's corporate spending on education and rural development correlates positively with SDG progress but requires strengthened outcome tracking mechanisms and baseline data collection [6].

**Mishra (2024):** Analysis of CSR spending patterns reveals that while total CSR allocations reached INR 34,909 crores in FY 2023-24—representing threefold increase over a decade—sectoral concentration remains problematic, necessitating deliberate policy intervention for equitable distribution [7].

## Objectives

1. To examine CSR growth in Karnataka between 2020-21 and 2023-24.
2. To analyze CSR allocations across ten major development sectors and identify growth/decline patterns.
3. To compare Karnataka's SDG Index score, rank, and performance across SDGs for 2021 and 2024.
4. To assess the alignment between CSR allocation trends and SDG performance outcomes.
5. To identify efficiency gaps between CSR investments and SDG outcomes in specific sectors.

## Methodology

### 1. Research Design

This study adopted a comparative analytical approach utilizing secondary data sourced from the National CSR Portal (Ministry of Corporate Affairs) and NITI Aayog's SDG India Index reports for 2020-21 and 2023-24. The analytical period spans two financial years, allowing examination of three-year CSR trends and SDG performance evolution.

## 2. Data Collection

- Primary source of CSR data: National CSR Portal (<https://www.csr.gov.in>)
- Primary source of SDG data: NITI Aayog's SDG India Index 2023-24 official report
- Sectoral classification: Based on CSR activities as per Schedule VII of the Companies Act, 2013

## 3. Data Analysis Methods

Data analysis was performed through:

- Growth percentage calculation:  $((2023-24 \text{ value} - 2020-21 \text{ value}) / 2020-21 \text{ value}) \times 100$
- Sectoral share analysis:  $(\text{Sector allocation} / \text{Total allocation}) \times 100$
- Comparative ranking analysis: State-level SDG performance comparison
- Descriptive statistical comparison: Trend identification across sectors and SDG goals

No advanced inferential statistical tools were employed; the analysis focused on descriptive patterns and sectoral dynamics.

## 4. Limitations

- Analysis limited to secondary data; primary stakeholder perspectives unavailable
- CSR effectiveness measured through allocation trends rather than outcome metrics
- SDG Index limitations noted (Goals 14 and 17 have restricted data for Karnataka)
- No causality inference attempted between CSR and SDG outcomes

## CSR Growth and SDG Performance Analysis

Overall CSR Growth and SDG Index Performance

Year	Total CSR (Rs in Crores)	SDG Score	SDG Rank
2020-21	1277.81	72	3
2023-24	2254.88	75	5
<b>Growth %</b>	<b>76.5%</b>	<b>+3 points</b>	<b>Declined to 5th</b>

Table 1: CSR Allocation and SDG Performance in Karnataka

### Key Observation:

CSR allocation in Karnataka increased significantly by 76.5% between 2020-21 and 2023-24, expanding from Rs. 1277.81 crores to Rs. 2254.88 crores. During the same period, the SDG score

improved by 3 points (from 72 to 75), indicating measurable progress in sustainable development indicators. However, the state's SDG ranking declined from 3rd to 5th position, reflecting intensified competition from other states and the relative pace of improvement in peer states [1].

### Sector-wise CSR Allocation and Growth Analysis

#### 1. Sectoral Growth Trends

Sectors	2020-21 (Rs in Crores)	2023-24 (Rs in Crores)	Growth %
Education	398.77	974.07	144.27
Vocational Skills	25.62	85.82	234.97
Gender Equality	3.84	9.73	153.39
Environmental Sustainability	142.38	358.22	151.59
Women Empowerment	12.04	24.6	104.32
Safe Drinking Water	8.29	14.46	74.43
Rural Development	56.07	62.53	11.52
Healthcare	318.54	319.59	0.33
Livelihoods	69.42	65.3	-5.93
Poverty, Hunger & Malnutrition	83.77	78.91	-5.80

Table 2: Sector-wise CSR Allocation and Growth (2020-21 to 2023-24)

The above table shows CSR allocation and growth across ten development sectors between 2021 and 2024. Livelihoods and Poverty, eradicating hunger, malnutrition in negative growth, and remaining in positive growth.

#### 2. Sectoral Classification and Growth Dynamics

Major Growth Sectors	SDG Alignment	Moderate Growth Sectors	SDG Alignment	Declining Growth Sectors	SDG Alignment

Gender Equality (+153.39%)	5	Safe Drinking water (+74.43%)	6	Livelihoods (- 5.93%)	8
Environmental Sustainability (+151.59%)	13, 15	Rural Development (+11.52%)	9,11	Poverty, Hunger & Malnutrition (- 5.80%)	1, 2
Education (+144.27%)	4	Health care (+0.33%)	3		
Women Empowerment (+ 104.32%)	5				
Vocational skills (234.97%)	5, 8, 4				

Table 3: Sectoral Growth Classification and SDG Alignment

**Key Observations:**

1. High Growth Sectors (>100%): Vocational skills (+234.97%), gender equality (+153.39%), environmental sustainability (+151.59%), and education (+144.27%) demonstrate strong corporate commitment, indicating growing awareness of skill-based development, climate action, and inclusive growth.
2. Moderate Growth Sectors (10-100%): Safe drinking water (+74.43%), women empowerment (+104.32%), and rural development (+11.52%) show incremental but consistent growth, complementing government infrastructure initiatives.
3. Stagnant Sector: Healthcare showed marginal growth of 0.33%, suggesting saturation or reallocation of corporate efforts toward emerging priorities.
4. Declining Sectors (<0%): Livelihoods (-5.93%) and poverty, hunger, and malnutrition (-5.80%) experienced absolute contraction, raising concerns about basic subsistence development in a post-pandemic context.

**CSR Sectoral Share Analysis**

Shift in CSR Distribution Pattern

Sectors	2020-21 (Rs Cr)	Share %	2023-24 (Rs Cr)	Share %
Education	398.77	35.64	974.07	48.86
Environmental Sustainability	142.38	12.72	358.22	17.97
Healthcare	318.54	28.47	319.59	16.03
Poverty, Hunger & Malnutrition	83.77	7.48	78.91	3.95
Livelihoods	69.42	6.2	65.3	3.27
Rural Development	56.07	5.01	62.53	3.13
Vocational Skills	25.62	2.29	85.82	4.3
Women Empowerment	12.04	1.07	24.6	1.23
Gender Equality	3.84	0.34	9.73	0.48
Safe Drinking Water	8.29	0.74	14.46	0.72
<b>TOTAL</b>	<b>1277.81</b>	<b>100</b>	<b>2254.88</b>	<b>100</b>

Table 4: CSR Sectoral Share Distribution (2020-21 vs 2023-24)

**Key Observations:**

1. Education attracted the majority fund in 2024; its domination continued by attracting three times more funds than in 2020-21. This shows corporations invest in long-term impact over quick results.
2. Livelihoods attract less funds compared to 2020-21, and it's in a negative trend, both sectoral growth percentage and share.
3. Healthcare allocation remained almost the same, but its share has declined, placing it in a moderate growth sector.
4. Gender equality improved in growth rate but remains very small in share, though it attracted 9.73 crore over 3.84 crore in 2020-21.
5. Environmental sustainability gained strong prominence, indicating growing corporate

awareness towards climate, Responsibility and sustainability issues.

6. Vocational skills share and growth doubled, but did not improve livelihoods. The livelihood sector requires stronger corporate attention.
7. Women's empowerment funding doubled, but the share remains constant.
8. Rural development allocation increased, but the share has declined, placing it in the moderate growth sector, supporting basic infrastructure development.
9. Poverty, Hunger, and Malnutrition allocation declined, as well as placed in a negative growth sector.
10. Safe drinking water allocation almost doubled, but its share has declined.

**Karnataka's SDG Index Performance Analysis**

Goal-wise SDG Performance Comparison

<b>SDG Goals</b>	<b>Goal No.</b>	<b>Score 2020-21</b>	<b>Score 2023-24</b>	<b>Change</b>
No Poverty	1	68	73	+5
Zero Hunger	2	53	56	+3
Good Health and Well-Being	3	78	80	+2
Quality Education	4	64	63	-1
Gender Equality	5	57	51	-6
Clean Water and Sanitation	6	85	90	+5
Affordable and Clean Energy	7	100	100	0
Decent Work and Economic Growth	8	66	86	+20
Industry, Innovation and Infrastructure	9	64	62	-2
Reduced Inequalities	10	67	69	+2
Sustainable Cities and Communities	11	78	85	+7

Responsible Consumption and Production	12	89	85	-4
Climate Action	13	62	73	+11
Life Below Water	14	60	N/A	-
Life on Land	15	67	70	+3
Peace, Justice and Strong Institutions	16	76	81	+5
Partnerships for the Goals	17	0	0	-

Table 5: Karnataka's SDG Goal Performance (2020-21 to 2023-24)

The above shows the performance of Karnataka's SDG index score of 2020-21 and 2023-24, Where few goals have improved, 2023-24 comparatively 2020-21 whereas goals like Quality education, Gender Equality scores have declined, raising concerns of social inclusiveness.

### Key Findings and Interpretation

#### 1. CSR-Government Scheme Synergy

##### No Poverty (SDG 1) & Zero Hunger (SDG 2) Improvements:

Despite CSR allocation declining by 5.80% in poverty, hunger, and malnutrition sectors, these SDG goals improved (+5 and +3 points respectively). This improvement is predominantly attributed to government welfare schemes [3]:

- Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)
- Deen Dayal Antyodaya Yojana
- PM POSHAN Abhiyan
- Anna Bhagya Scheme
- Public Distribution System improvements

**Interpretation:** CSR cannot independently drive SDG achievement; synergy with government policy and welfare mechanisms is crucial.

#### 2. Sectoral Efficiency Analysis

- **High Efficiency Sectors:** Vocational Skills (SDG 8) and Environmental Sustainability (SDG 13) demonstrate strong CSR-to-SDG conversion, suggesting targeted, measurable, and scalable interventions with clear outcome metrics.

- **Low Efficiency Sectors:** Education and Gender Equality show significant efficiency gaps.

Despite substantial CSR allocations, SDG outcomes remained stagnant or declined, indicating:

- Implementation and delivery challenges
  - Weak monitoring and evaluation frameworks
  - Possible mismatch between CSR priorities and ground-level development needs
  - Inadequate baseline data collection and outcome tracking
- **Saturated Sector:** Healthcare reached near-stagnation (0.33% growth), suggesting either market saturation or resource reallocation toward emerging priorities.

### 3. Sectoral Concentration and Equity Concerns

The increasing concentration of CSR funds (66.83% in just two sectors) raises critical equity concerns:

- **Basic Needs Sectors (Livelihoods, Poverty, Hunger):** Declining investment despite persistent development challenges
- **Visibility Bias:** CSR funds gravitating toward education and environment, which generate corporate goodwill and public recognition
- **Regional Disparities:** Concentrated investments may exacerbate urban-rural development disparities
- **Vulnerable Populations:** Underinvestment in livelihoods directly impacts vulnerable populations dependent on informal sector employment [4]

#### Discussions:

- No poverty and Zero Hunger score are improved, though the CSR allocation on these sectors declined by 5.80%. The improvement in Goals 1 and 2 is largely attributed to government welfare schemes like MGNREGS, Deen Dayal Antyodaya Yojana, PM POSHAN Abhiyan, and Anna Bhagya Scheme.
- Livelihoods CSR funds allocation declined, but schemes like NRLM, NULM were supported to improve the livelihoods of people.
- Health sector CSR allocation, though it remained stagnant, the SDG score improved by two points compared to 2020-21.
- Education has got lion's share in CSR allotment from Rs.398.77 crores in 2020-21 to

Rs.974.07 crores in 2023-24 but its SDG index score dipped to 63 from 64. Clearly showing the gap.

- Gender Equality and Women's Empowerment CSR allocation has increased, but the SDG performance score has declined to 51 from 57.
- Environment Sustainability sectors CSR allocation doubled in 2023-24, and SDGs like 13 and 15 scores also improved from 62 to 73 and 67 to 70. This clearly indicates alignment in CSR investments and SDG performance improvement.
- Rural Development CSR sector allocation increased, for the better infrastructure, which can be aligned with SDGs 9 and 11. The performance of these goals has improved marginally.
- Vocational Skills can be aligned with SDGs like 4,5 and 8, where the CSR allocation share and growth percentage increased, but SDGs performance dipped, except Goal 8, its score improved from 66 in 2020-21 to 86 during 2023-24.
- CSR fund allocation on Safe Drinking water has doubled the SDGs score on clean water and sanitation, and also improved by 5 points.

## Conclusions

Between 2020-21 and 2023-24, Karnataka experienced substantial CSR growth (76.5%), accompanying an improvement in the SDG Index score from 72 to 75. However, the state's SDG ranking declined from 3rd to 5th, reflecting intensified competition and need for accelerated, balanced development strategies. Key conclusions include:

1. Sectoral Concentration Persists: CSR allocation remains heavily concentrated in education (48.86%) and environmental sustainability (17.97%), accounting for 66.83% of total resources. While these sectors show measurable progress, the concentration creates equity concerns for basic needs sectors.
2. Efficiency-Equity Trade-off: High-growth sectors (vocational skills, environmental sustainability) demonstrate strong CSR-to-SDG alignment, suggesting efficiency gains through targeted interventions. However, this efficiency comes at the cost of equity, with marginalized sectors (livelihoods, poverty, hunger) receiving declining investments.
3. Critical Efficiency Gaps: Despite tripling CSR allocation in education, SDG 4 performance declined marginally. Gender equality shows the starkest gap: combined gender-focused CSR

increased by 130.44% while SDG 5 declined by 6 points. These gaps indicate implementation challenges, weak outcome tracking, or misalignment between CSR spending patterns and development outcomes [1].

4. Government Schemes as Primary Drivers: Government welfare mechanisms (MGNREGS, social safety nets, health schemes) have been primary drivers of poverty and hunger reduction, with CSR playing a complementary role. This underscores the primacy of public investment for foundational SDG achievement.

5. Synergy Potential Underutilized: Formal coordination mechanisms between CSR initiatives and government programs remain underdeveloped. Structured CSR-Government alignment—as evidenced by the success of vocational skills and environmental initiatives—can amplify impact and close efficiency gaps [2].

### **Strategic Recommendations**

#### **For Corporates:**

1. Shift from Compliance to Outcome Orientation: Move beyond reporting CSR spending to measuring development impact through robust baseline data, outcome tracking, and third-party evaluation.
2. Diversify Sectoral Allocation: Consciously allocate 15-20% of CSR budgets to underinvested sectors (livelihoods, poverty reduction, gender equality) to support inclusive development.
3. Strengthen Implementation Quality: Invest in capacity building, community participation, and monitoring mechanisms to enhance CSR project effectiveness [3].
4. Adopt Multi-year Project Cycles: Long-term, sustained CSR commitments show superior outcomes compared to short-term philanthropic activities.

#### **For Government Agencies:**

1. Formalize CSR-Government Coordination: Establish dedicated mechanisms for integrating CSR initiatives with government welfare schemes to amplify impact.
2. Strengthen Outcome Monitoring: Develop robust baseline data collection, impact assessment frameworks, and transparent tracking systems linking CSR investments to SDG outcomes.
3. Prioritize Equity in CSR Sector Allocation: Use regulatory framework (Section 135

amendments) to encourage balanced sectoral distribution, with minimum thresholds for underinvested sectors.

4. Enhance Private Sector Accountability: Strengthen CSR reporting requirements to include outcome metrics, efficiency analysis, and SDG alignment assessment.

For Research Community:

1. Longitudinal Impact Studies: Conduct multi-year studies tracking CSR beneficiaries to assess sustainability and long-term outcomes.

2. Qualitative Impact Analysis: Complement quantitative analysis with stakeholder perspectives on CSR effectiveness and ground-level implementation challenges.

3. Sectoral Deep Dives: Conduct in-depth research on sectors with efficiency gaps (education, gender equality) to identify intervention bottlenecks and solutions.

### Future Implications

This research contributes to emerging policy discourse on CSR 2.0—a transition from compliance-driven, allocation-focused CSR toward outcome-oriented, impact-measured, and SDG-aligned corporate social engagement. As India pursues its 2030 SDG targets and 2047 developed economy vision, CSR's strategic value will depend increasingly on effectiveness rather than expenditure volume [4]. The study underscores that quantitative CSR growth alone is insufficient; what matters is equitable sectoral distribution, implementation quality, and measurable development impact. Future CSR policy must incentivize this transition, supported by stronger government-corporate coordination and robust outcome tracking mechanisms.

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