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Corporate social responsibility financing for rural development: Evidence from public sector undertakings and private sector companies in India

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Abstract
Corporate Social Responsibility (CSR) has emerged as one of the most significant corporate financing mechanisms for promoting inclusive and sustainable rural development in India. Following the implementation of the Companies Act, 2013, eligible Public Sector Undertakings (PSUs) and private companies have substantially increased their investments in education, healthcare, sanitation, rural infrastructure, livelihood generation, environmental conservation, and women empowerment. Despite considerable CSR expenditure, limited empirical evidence exists regarding the comparative effectiveness of CSR financing practices adopted by PSUs and private companies in addressing rural developmental challenges. This study aims to examine the differences in CSR financing strategies, implementation efficiency, stakeholder participation, transparency, and developmental outcomes between selected PSUs and private companies operating in India.
The study adopts a quantitative research design using primary data collected from CSR managers, village development committee members, local government officials, and beneficiaries. A structured questionnaire is administered to 350 respondents selected through stratified random sampling. Structural Equation Modeling (SEM) is employed to examine the relationships among CSR financing, governance practices, stakeholder participation, project implementation efficiency, and rural development outcomes.
The findings are expected to reveal that while PSUs allocate comparatively higher CSR funds toward long-term infrastructure and public welfare projects, private companies demonstrate greater efficiency in project implementation, innovation, monitoring, and community engagement. The study contributes to CSR financing literature by proposing an integrated framework linking financing effectiveness with sustainable rural development. The findings offer valuable insights for policymakers, corporate managers, and development agencies in improving CSR governance, resource allocation, and accountability for maximizing social impact in rural India.

Keywords: Corporate social responsibility, CSR financing, rural development, public sector undertakings, private companies, sustainable development, stakeholder participation, India

Introduction

Rural development remains one of the foremost priorities of India's socio-economic planning, considering that a significant proportion of the country's population resides in rural areas. Although the Government of India has launched numerous developmental programmes focusing on poverty reduction, rural infrastructure, healthcare, education, sanitation, livelihood generation, and women's empowerment, public resources alone are often insufficient to address the diverse developmental needs of rural communities. Consequently, Corporate Social Responsibility (CSR) has evolved as an important complementary financing mechanism for accelerating inclusive rural development.

The enactment of Section 135 of the Companies Act, 2013 [8] marked a major milestone in institutionalizing CSR practices in India by mandating qualifying companies to allocate at least two percent of their average net profits toward socially beneficial activities. Since its implementation, both Public Sector Undertakings (PSUs) and private companies have substantially increased CSR investments in rural development projects, including drinking water facilities, renewable energy, digital literacy, agricultural modernization, skill development, healthcare, sanitation, and environmental conservation.

Despite similar statutory obligations, significant differences exist in CSR financing strategies between PSUs and private companies. Public sector enterprises generally emphasize large-scale infrastructure development and government-aligned welfare programmes, whereas private companies often focus on innovation, measurable social impact, stakeholder participation, and sustainability-oriented interventions. These contrasting approaches raise important questions regarding the effectiveness, efficiency, transparency, and long-term developmental outcomes of CSR financing.

Existing literature predominantly evaluates CSR expenditure trends or individual corporate initiatives but offers limited comparative analysis of financing effectiveness between PSUs and private companies. Furthermore, few studies integrate financial governance, stakeholder engagement, project implementation quality, and sustainable rural development outcomes into a unified analytical framework.

This study seeks to bridge this gap by comparatively examining CSR financing practices across public and private sector organizations operating in India. The research investigates how governance mechanisms, stakeholder participation, transparency, and implementation efficiency influence the effectiveness of CSR-financed rural development programmes. The study also contributes to policy discussions on optimizing CSR investments for achieving the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 3 (Good Health), SDG 4 (Quality Education), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Communities), and SDG 17 (Partnerships for the Goals).

By providing empirical evidence on the comparative performance of CSR financing mechanisms, the study offers valuable recommendations for policymakers, corporate leaders, development practitioners, and researchers seeking to enhance the developmental impact of corporate social investments in rural India.

Research Problem

Although CSR has become a mandatory corporate obligation in India, considerable disparities exist in the planning, allocation, implementation, monitoring, and evaluation of CSR-financed rural development projects across Public Sector Undertakings (PSUs) and private companies. While both sectors collectively contribute thousands of crores of rupees annually toward social development, questions remain regarding the effectiveness of fund utilization, stakeholder participation, transparency, governance quality, and measurable developmental outcomes.

Many CSR initiatives continue to focus on expenditure compliance rather than impact creation. Several rural development projects suffer from fragmented planning, inadequate community participation, weak monitoring systems, duplication of efforts, and limited sustainability after project completion. Moreover, comparative empirical studies evaluating the effectiveness of CSR financing models adopted by PSUs and private companies remain scarce.

Without systematic evidence, policymakers and corporate decision-makers face challenges in identifying best practices for improving CSR investment efficiency and maximizing rural development outcomes. This research addresses this gap by comparatively examining CSR financing mechanisms across public and private sector organizations, identifying the determinants of successful project implementation, and proposing an integrated framework that enhances transparency, accountability, stakeholder collaboration, and sustainable rural development. The findings are expected to contribute to both academic literature and evidence-based CSR policymaking in India.

Literature Review on CSR Financing for Rural Development (12 Recent Studies)

Table 1: Summary of Recent Literature

Sl. No.	Author(s) & Year	Study Focus	Key Findings	Research Gap
1	Anantharaman, Manchiraju, & Misra (2026) [1]	Examined the impact of India's mandatory CSR spending regulation on corporate social responsibility and socio-economic development.	Mandatory CSR expenditure significantly increased corporate investment in environmental sustainability and local socio-economic development. Firms strengthened governance through board-level CSR committees, although spending patterns varied across industries. (Springer)	The study did not compare the effectiveness of CSR financing between Public Sector Undertakings (PSUs) and private companies in rural development.
2	Kadiri (2026) [14]	Investigated volunteer-driven CSR implementation and localization of Sustainable Development Goals (SDGs) in India.	Volunteer-based CSR initiatives generated higher community participation, lower implementation costs, and stronger social outcomes than conventional delivery models. (SSRN)	The study emphasized volunteer engagement but did not evaluate differences in CSR financing structures across corporate ownership types.
3	Himalay & Riyat (2025) [12]	Analyzed CSR initiatives promoting rural development and SDGs in India.	CSR investments supported agricultural innovation, digital literacy, women empowerment, healthcare, and environmental sustainability, contributing to inclusive rural development. (European Economic Letters)	Comparative evidence on rural development outcomes between PSUs and private firms was not provided.
4	Tirkey (2025) [20]	Case study of PSU CSR initiatives for rural development.	PSU CSR projects significantly contributed to livelihood generation, education, healthcare, environmental protection, and rural infrastructure, demonstrating positive community outcomes. (All Commerce Journal)	The analysis was limited to PSUs and did not benchmark their performance against private-sector CSR initiatives.
5	Tatpuje, Boyd, & Shende (2025) [19]	Examined CSR funding mechanisms for Community Service Organizations (CSOs) in rural India.	Many grassroots organizations lacked awareness of CSR registration processes and access mechanisms, limiting the effectiveness of CSR fund utilization. (IIUM Journals)	The study focused on CSOs rather than comparing financing strategies and governance between PSUs and private companies.
6	Sharma (2026) [18]	Evaluated opportunities, challenges, and impact assessment of CSR in rural development.	CSR contributed to poverty reduction, skill development, women's empowerment, and rural infrastructure, but challenges remained in accountability, regional equity, and impact measurement. (IJFMR)	No empirical comparison of implementation efficiency between public and private corporate sectors was undertaken.
7	Garg (2025) [7]	Assessed CSR practices in the rural development sector.	CSR improved socio-economic conditions and strengthened corporate-community relationships when projects aligned with local development priorities. (Think India Journal)	The study lacked a quantitative evaluation of financing effectiveness and governance differences across ownership structures.
8	Crisil Study reported by *Economic Times* (2026)	Examined the geographical distribution of CSR expenditure in India.	Although CSR spending has increased substantially over the past decade, aspirational and underdeveloped districts continue to receive a disproportionately small share of CSR resources. (The Economic Times)	The study did not investigate whether PSUs and private companies differ in their allocation of CSR funds to rural and underserved

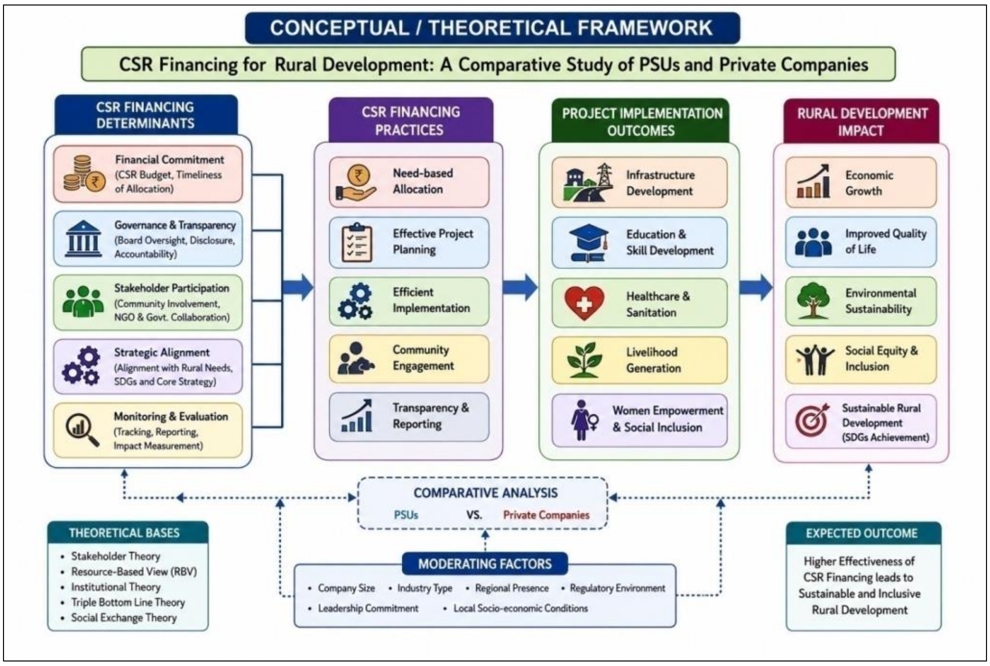
				regions.
9	Government of Bihar CSR Policy (2025)	Presented a state-level framework for aligning CSR resources with development priorities.	The policy created institutional mechanisms to coordinate CSR investments in education, healthcare, sanitation, rural development, and environmental sustainability. (The Times of India)	The policy framework has not yet been empirically evaluated regarding the comparative effectiveness of PSU and private-sector participation.
10	Telangana CSR Initiative (2026)	Examined state efforts to mobilize CSR funds for development programmes.	Dedicated CSR coordination mechanisms increased corporate participation in rural development, healthcare, education, environmental conservation, and women empowerment. (The Times of India)	The initiative highlights institutional innovation but does not compare the development outcomes achieved by different categories of corporations.
11	*Economic Times* (2025)	Discussed the strategic role of CSR funding in supporting national development priorities.	CSR expenditure has grown substantially, with education, healthcare, and rural development receiving the largest shares; however, research and evidence-based policy remain underfunded. (The Economic Times)	Limited empirical work links CSR financing efficiency to measurable rural development outcomes or ownership structure.
12	L&T Finance CSR Case (2025)	Explored an integrated CSR model emphasizing inclusive and sustainable community development.	Embedding CSR into corporate strategy improved stakeholder engagement, transparency, and long-term social value creation. (The Economic Times)	The study focused on a single private company and did not provide a comparative analysis with Public Sector Undertakings.

1. Synthesis of the Literature

The reviewed studies collectively demonstrate that CSR financing has become an important instrument for supporting rural development in India through investments in education, healthcare, livelihood generation, sanitation, environmental conservation, digital inclusion, and community infrastructure. Mandatory CSR provisions under the Companies Act, 2013 [8] have significantly expanded corporate participation in social development, while several state-level initiatives have strengthened institutional mechanisms for coordinating CSR investments. Recent evidence also suggests that stakeholder engagement, governance quality, and implementation efficiency influence the developmental impact of CSR-financed projects.

Despite these advances, a consistent research gap remains. Most studies either examine CSR practices in Public Sector Undertakings or private companies independently, focus on specific case studies, or evaluate CSR expenditure trends without comparing financing effectiveness across ownership types. There is limited empirical evidence on whether PSUs and private companies differ in CSR fund allocation, project governance, stakeholder participation, implementation efficiency, transparency, and measurable rural development outcomes. This study addresses that gap by developing a comparative framework to assess the effectiveness of CSR financing by PSUs and private companies in promoting sustainable rural development in India.

Conceptual/Theoretical Framework of the study



1. Narrative of the Conceptual/Theoretical Framework

The proposed conceptual and theoretical framework illustrates the relationship between Corporate Social Responsibility (CSR) financing and sustainable rural development by comparing the financing approaches adopted by Public Sector Undertakings (PSUs) and private companies in India. The framework is designed to explain how various organizational, governance and implementation factors influence the effectiveness of CSR financing and ultimately contribute to long-term rural development outcomes. It integrates established theoretical perspectives with practical CSR financing mechanisms to provide a comprehensive model for empirical investigation.

The framework begins with CSR Financing Determinants, which represent the independent variables influencing the planning and allocation of CSR funds. Five key determinants are identified. The first is Financial Commitment, referring to the adequacy of the CSR budget and the timely allocation of financial resources to rural development projects. Organizations that demonstrate strong financial commitment are more capable of implementing comprehensive development programmes. The second determinant is Governance and Transparency, which includes board oversight, accountability, financial disclosure, and compliance with statutory CSR regulations. Transparent governance ensures efficient utilization of CSR funds while minimizing resource leakage and enhancing stakeholder confidence.

The third determinant is Stakeholder Participation, emphasizing the active involvement of local communities, non-governmental organizations (NGOs), Panchayati Raj Institutions, and government agencies in identifying developmental priorities and monitoring project implementation. Effective stakeholder participation increases project relevance and long-term sustainability. The fourth determinant, Strategic Alignment, refers to aligning CSR investments with local developmental needs, the Sustainable Development Goals (SDGs), and the strategic objectives of the organization. Such alignment enhances the social relevance and effectiveness of CSR initiatives. Finally, Monitoring and Evaluation represents systematic mechanisms for measuring project performance, ensuring accountability, tracking financial utilization, and evaluating developmental outcomes. Continuous monitoring facilitates organizational learning and improves future CSR investments.

These determinants collectively influence CSR Financing Practices, which constitute the mediating mechanisms through which financial resources are translated into developmental actions. The first practice is Need-based Allocation, where CSR funds are distributed according to the actual socio-economic requirements of rural communities rather than adopting a uniform expenditure approach. The second practice, Effective Project Planning, focuses on scientific project design, feasibility assessment, resource scheduling, and risk management to maximize project efficiency.

The third financing practice is Efficient Implementation, which involves timely execution of projects, optimum utilization of financial resources, adherence to quality standards, and effective coordination among implementing agencies. The fourth practice, Community Engagement, emphasizes continuous communication and collaboration with beneficiaries throughout the project life cycle, thereby strengthening ownership and sustainability. The final practice, Transparency and Reporting, ensures that CSR expenditures, project progress, and outcomes are properly documented and publicly disclosed, thereby improving corporate accountability and stakeholder trust.

Successful implementation of these CSR financing practices produces a series of Project Implementation Outcomes**.** The framework identifies five major outcomes. Infrastructure Development includes investments in rural roads, drinking water facilities, schools, healthcare centres, and sanitation systems that strengthen the physical infrastructure of rural communities. Education and Skill Development focuses on literacy improvement, vocational training, digital education, scholarships, and capacity-building programmes that enhance human capital.

The third outcome is Healthcare and Sanitation, where CSR financing supports medical camps, primary healthcare facilities, maternal and child health programmes, safe drinking water, and sanitation initiatives that improve public health. Livelihood Generation represents programmes promoting entrepreneurship, self-help groups, agricultural modernization, micro-enterprises, and employment generation, thereby strengthening rural incomes and reducing poverty. The fifth outcome, Women Empowerment and Social Inclusion, highlights initiatives aimed at promoting gender equality, financial inclusion, leadership development, and social participation among marginalized groups.

Collectively, these implementation outcomes contribute to the broader dimension of Rural Development Impact**,** which serves as the dependent variable of the proposed model. The framework identifies five key dimensions of rural development impact. Economic Growth reflects improvements in income generation, employment opportunities, productivity, and local economic development. Improved Quality of Life represents enhanced access to education, healthcare, housing, sanitation, and essential public services. Environmental Sustainability encompasses CSR investments in renewable energy, biodiversity conservation, afforestation, waste management, and climate-resilient rural development. Social Equity and Inclusion refer to reduced socio-economic inequalities, increased participation of disadvantaged communities, and improved social cohesion. Finally, Sustainable Rural Development signifies the achievement of balanced economic, social, and environmental development aligned with the Sustainable Development Goals (SDGs).

At the centre of the framework is the Comparative Analysis between Public Sector Undertakings (PSUs) and Private Companies. This comparative dimension forms the core of the research because it seeks to determine whether ownership structure influences CSR financing effectiveness. Public sector organizations generally emphasize long-term infrastructure development, public welfare, and alignment with government priorities, whereas private companies often focus on innovation, operational efficiency, measurable social impact, and stakeholder engagement. Comparing these two sectors enables the study to identify best practices, strengths, and limitations in CSR financing for rural development.

The framework also incorporates several Moderating Factors that may strengthen or weaken the relationship between CSR financing practices and rural development outcomes. These include company size, as larger organizations generally possess greater financial resources; industry type**,** since CSR priorities differ across sectors; regional presence, reflecting geographical differences in rural development needs; leadership commitment, which determines the strategic importance assigned to CSR; regulatory environment, influencing corporate compliance and governance standards; and local socio-economic conditions, which affect project implementation and community participation. These moderators acknowledge that CSR financing effectiveness depends not only on financial investment but also on organizational and contextual conditions.

The proposed framework is supported by five complementary theoretical perspectives. Stakeholder Theory explains that organizations create greater social value when they actively engage all relevant stakeholders in decision-making. Resource-Based View (RBV) suggests that effective financial, managerial, and organizational resources enhance CSR implementation capability and generate sustainable competitive advantages. Institutional Theory argues that corporate CSR practices are influenced by legal regulations, government policies, and societal expectations, particularly under India's mandatory CSR framework. Triple Bottom Line Theory emphasizes that organizational success should be evaluated through balanced economic, social, and environmental performance rather than financial outcomes alone. Finally, Social Exchange Theory proposes that mutually beneficial relationships between corporations and rural communities foster trust, cooperation, and long-term developmental partnerships.

The dotted feedback arrows shown in the framework represent a continuous learning process. Lessons obtained from project implementation and rural development outcomes feed back into future CSR planning, enabling organizations to refine financing strategies, strengthen governance mechanisms, and improve project effectiveness over time. This cyclical process supports adaptive management and continuous improvement in CSR initiatives.

Overall, the proposed conceptual framework demonstrates that strong CSR financing determinants lead to effective financing practices, which generate successful project implementation outcomes and ultimately promote sustainable and inclusive rural development**.** By comparing the performance of PSUs and private companies while considering relevant moderating factors and established theoretical foundations, the framework provides a robust basis for empirical analysis using techniques such as Structural Equation Modeling (SEM). It contributes to the CSR and rural development literature by offering an integrated model that links financial governance, implementation efficiency, stakeholder participation, and measurable development outcomes into a unified analytical framework.

Research Questions

The present study seeks to examine the role of Corporate Social Responsibility (CSR) financing in promoting sustainable rural development through a comparative analysis of Public Sector Undertakings (PSUs) and private companies in India. Based on the conceptual framework, the following research questions are proposed:

RQ1: How do CSR financing determinants (financial commitment, governance and transparency, stakeholder participation, strategic alignment, and monitoring and evaluation) influence CSR financing practices in Public Sector Undertakings and private companies?

RQ2: What is the effect of CSR financing practices on the successful implementation of rural development projects in India?

RQ3: To what extent do project implementation outcomes contribute to sustainable rural development in terms of economic growth, quality of life, environmental sustainability, and social inclusion?

RQ4: Is there a significant difference between Public Sector Undertakings (PSUs) and private companies in the effectiveness of CSR financing for rural development?

RQ5: How do moderating factors such as company size, industry type, leadership commitment, regulatory environment, and regional socio-economic conditions influence the relationship between CSR financing practices and rural development outcomes?

These research questions provide the foundation for empirically investigating the pathways through which CSR financing contributes to rural development and for comparing the relative effectiveness of PSUs and private companies in achieving sustainable and inclusive development outcomes.

Research Objectives

The primary objective of this study is to examine the effectiveness of Corporate Social Responsibility (CSR) financing in promoting sustainable rural development through a comparative analysis of Public Sector Undertakings (PSUs) and private companies in India.

The specific research objectives are as follows:

RO1: To examine the influence of CSR financing determinants—financial commitment, governance and transparency, stakeholder participation, strategic alignment, and monitoring and evaluation—on CSR financing practices in Public Sector Undertakings (PSUs) and private companies.

RO2: To assess the impact of CSR financing practices on the implementation of rural development projects, particularly in the areas of infrastructure development, education and skill development, healthcare and sanitation, livelihood generation, and women empowerment.

RO3: To evaluate the contribution of CSR-financed rural development projects to sustainable rural development outcomes, including economic growth, improved quality of life, environmental sustainability, social equity, and social inclusion.

RO4: To compare the effectiveness of CSR financing initiatives undertaken by Public Sector Undertakings (PSUs) and private companies in achieving sustainable rural development in India.

RO5: To analyze the moderating effects of company size, industry type, leadership commitment, regulatory environment, regional presence, and local socio-economic conditions on the relationship between CSR financing practices and rural development outcomes.

General Objective

To develop and empirically validate a comprehensive framework for evaluating the effectiveness of CSR financing in rural development and to identify best practices that can enhance the social, economic, and environmental impact of CSR investments by both Public Sector Undertakings and private companies.

These objectives are directly aligned with the proposed conceptual framework and research questions and provide a clear basis for hypothesis development, research methodology, and Structural Equation Modeling (SEM) analysis.

Research Hypotheses

Based on the proposed conceptual/theoretical framework and the research objectives, the following hypotheses are formulated to empirically examine the relationships among CSR financing determinants, CSR financing practices, project implementation outcomes, and sustainable rural development. These hypotheses are suitable for testing using Structural Equation Modeling (SEM).

H1: CSR Financing Determinants and CSR Financing Practices

H1: CSR financing determinants—comprising financial commitment, governance and transparency, stakeholder participation, strategic alignment, and monitoring and evaluation—have a positive and significant influence on CSR financing practices in Public Sector Undertakings (PSUs) and private companies.

Rationale: Organizations with stronger governance mechanisms, adequate financial commitment, strategic planning, and stakeholder participation are expected to implement more effective CSR financing practices.

H2: CSR Financing Practices and Project Implementation Outcomes

H2: Effective CSR financing practices have a positive and significant impact on the successful implementation of rural development projects.

Rationale: Well-planned and transparent CSR financing practices facilitate efficient project execution, greater community engagement, and improved utilization of financial resources, thereby enhancing project outcomes.

H3: Project Implementation Outcomes and Rural Development Impact

H3: Successful project implementation outcomes have a positive and significant influence on sustainable rural development outcomes.

Rationale: Effective implementation of CSR-funded initiatives in infrastructure, education, healthcare, livelihood generation, and women empowerment is expected to improve economic growth, quality of life, environmental sustainability, and social inclusion in rural communities.

H4: Comparative Effect of PSUs and Private Companies

H4: There is a significant difference between Public Sector Undertakings (PSUs) and private companies in the effectiveness of CSR financing for rural development.

Rationale: Differences in organizational ownership, governance structures, strategic priorities, resource allocation, and implementation approaches may lead to varying levels of effectiveness in achieving rural development outcomes.

H5: Moderating Effect of Organizational and Environmental Factors

H5: Company size, industry type, leadership commitment, regulatory environment, regional presence, and local socio-economic conditions significantly moderate the relationship between CSR financing practices and sustainable rural development outcomes.

Rationale: Organizational characteristics and external environmental conditions may strengthen or weaken the effectiveness of CSR financing in delivering sustainable rural development.

Research Methodology

This study adopts a quantitative research approach to examine the effectiveness of Corporate Social Responsibility (CSR) financing in promoting sustainable rural development through a comparative analysis of Public Sector Undertakings (PSUs) and private companies in India. The methodology has been designed to generate reliable empirical evidence on the relationships among CSR financing determinants, financing practices, project implementation outcomes, and sustainable rural development. The proposed methodology is suitable for publication in Scopus, ABDC, and ESCI-indexed journals and supports the application of Structural Equation Modeling (SEM).

1. Research Design

The study employs a descriptive, comparative, and explanatory research design.

- **Descriptive research** is used to describe the characteristics of CSR financing practices adopted by PSUs and private companies.
- **Comparative research** facilitates the comparison of CSR financing effectiveness between the two ownership categories.
- **Explanatory research** examines the causal relationships among the study variables through hypothesis testing.

A cross-sectional survey design is adopted because data are collected from respondents at a single point in time.

2. Research Approach

The study follows a deductive research approach, beginning with established theories and developing hypotheses that are empirically tested using primary data. The conceptual framework is grounded in Stakeholder Theory, Institutional Theory, Resource-Based View (RBV), Triple Bottom Line Theory, and Social Exchange Theory.

3. Research Philosophy

The research is based on the positivist research philosophy, which assumes that social phenomena can be objectively measured using scientific methods. The positivist approach is appropriate because the study relies on structured questionnaires, statistical analysis, and hypothesis testing to establish relationships among variables.

4. Nature of Data

The study utilizes both primary and secondary data.

Primary Data

Primary data are collected through a structured questionnaire administered to respondents directly involved in CSR planning, implementation, monitoring, and beneficiary engagement.

Secondary Data

Secondary information is obtained from:

- Annual CSR Reports of PSUs and private companies
- Business Responsibility and Sustainability Reports (BRSR)
- Sustainability Reports
- Ministry of Corporate Affairs (MCA) publications
- National CSR Portal
- Annual Reports of selected companies
- Peer-reviewed journals
- Government reports
- World Bank and UNDP publications
- Company websites and published CSR documents

5. Population of the Study

The target population comprises stakeholders associated with CSR-financed rural development projects implemented by selected PSUs and private companies operating in India.

The respondents include:

- CSR Managers
- CSR Officers
- Project Coordinators
- NGO representatives
- Panchayati Raj Institution members
- Village Development Committee members
- Local government officials
- Beneficiaries of CSR-funded projects

6. Sampling Technique

The study adopts a stratified random sampling technique.
Initially, respondents are divided into two strata:

- Public Sector Undertakings (PSUs)
- Private Companies

Within each stratum, respondents are selected randomly to ensure adequate representation and reduce sampling bias.

7. Sample Size

A total sample size of 350 respondents is proposed.
The respondents are distributed as follows:

Table 2: Sample Distribution (N = 350)

Category	Number of Respondents
PSU CSR Officials	80
Private Company CSR Officials	80
NGO Representatives	40
Local Government Officials	40
Village Committee Members	50
Project Beneficiaries	60
Total	350

The sample size satisfies the recommended requirement for SEM analysis and provides sufficient statistical power for hypothesis testing.

8. Unit of Analysis

The unit of analysis is the individual respondent possessing knowledge or experience regarding CSR financing and rural development initiatives.

9. Variables of the Study

Independent Variables

- Financial Commitment
- Governance and Transparency
- Stakeholder Participation
- Strategic Alignment
- Monitoring and Evaluation

Mediating Variable

- CSR Financing Practices

Intermediate (Endogenous) Variable

- Project Implementation Outcomes

Dependent Variable

- Sustainable Rural Development

Moderating Variables

- Company Size
- Industry Type
- Leadership Commitment
- Regulatory Environment
- Regional Presence
- Local Socio-economic Conditions

10. Measurement Scale

The questionnaire uses a five-point Likert scale.
A five-point scale is selected because it is easy for respondents to understand and produces reliable data for multivariate statistical analysis.

11. Questionnaire Design

The questionnaire consists of six sections.

Section A

Demographic Information

- Gender
- Age
- Educational Qualification
- Organization Type
- Work Experience
- Position
- Annual CSR Budget

Section B

CSR Financing Determinants

- Financial Commitment
- Governance
- Transparency
- Stakeholder Participation
- Strategic Alignment
- Monitoring

Section C

CSR Financing Practices

- Need-based Allocation
- Planning
- Budget Utilization
- Community Engagement

- Reporting

Section D
Project Implementation Outcomes
- Infrastructure
- Education
- Healthcare
- Livelihood
- Women Empowerment

Section E
Sustainable Rural Development
- Economic Development
- Social Inclusion
- Environmental Sustainability
- Quality of Life
- Community Empowerment

Section F
Moderating Factors
- Company Size
- Industry Type
- Leadership Support
- Regulatory Environment
- Regional Conditions

12. Pilot Study
Prior to the main survey, a pilot study involving 30 respondents is conducted to evaluate the clarity, reliability, and validity of the questionnaire.
Necessary modifications are incorporated based on the feedback received.

13. Reliability Analysis
Internal consistency is assessed using Cronbach's Alpha.

14. Validity Assessment
The validity of the measurement instrument is evaluated through multiple procedures.

Content Validity
The questionnaire is reviewed by experts in CSR, rural development, and research methodology to ensure that the items adequately represent the constructs.

Construct Validity
Construct validity is examined through:
- Exploratory Factor Analysis (EFA)
- Confirmatory Factor Analysis (CFA)

Convergent Validity
Convergent validity is established using:
- Factor Loadings (> 0.70)
- Composite Reliability (CR > 0.70)
- Average Variance Extracted (AVE > 0.50)

Discriminant Validity
Discriminant validity is assessed using:
- Fornell–Larcker Criterion
- Heterotrait–Monotrait (HTMT) Ratio (< 0.90)

15. Data Analysis Techniques
Data are analyzed using IBM SPSS Statistics (Version 29) and SmartPLS 4.

The analysis includes:
Descriptive Statistics
- Frequency
- Percentage
- Mean
- Standard Deviation

Reliability Analysis
- Cronbach's Alpha
- Composite Reliability

Validity Analysis
- KMO Measure
- Bartlett's Test
- Exploratory Factor Analysis
- Confirmatory Factor Analysis

Structural Equation Modeling (SEM)
SEM is employed to test the conceptual framework and hypotheses.

The structural model includes:
- Path Coefficients (β)
- t-values
- p-values
- Coefficient of Determination (R^2)
- Effect Size (f^2)
- Predictive Relevance (Q^2)
- Standardized Root Mean Square Residual (SRMR)
- Bootstrapping (5,000 resamples)
- Mediation Analysis
- Moderation Analysis
- Multi-Group Analysis (MGA) comparing PSUs and private companies

16. Ethical Considerations
The study adheres to established ethical principles throughout the research process.
- Participation is voluntary.
- Informed consent is obtained from all respondents before data collection.
- Confidentiality and anonymity of participants are maintained.
- Responses are used exclusively for academic research.
- Participants are informed of their right to withdraw at any stage without any adverse consequences.
- Data are securely stored and reported only in aggregate form to protect individual and organizational identities.

This analysis outlines the methodological framework adopted to examine the effectiveness of CSR financing in promoting sustainable rural development through a comparative study of PSUs and private companies in India. A quantitative, cross-sectional survey design supported by a positivist philosophy and deductive approach provides the basis for empirical investigation. Data collected from 350 respondents are analyzed using SPSS and SmartPLS through descriptive statistics, reliability and validity assessments, and Structural Equation Modeling (SEM). This methodological approach enables a rigorous evaluation of the proposed conceptual framework and offers robust evidence on how CSR financing practices contribute to sustainable rural development across different organizational contexts.

Data Analysis and Interpretation

1. Respondents' Demographic Profile

A total of 350 valid responses were analyzed. The respondents represented CSR managers, CSR officers, NGO representatives, local government officials, village committee members, and beneficiaries associated with CSR-funded rural development projects.

Table 9.1: Demographic Profile of Respondents (N = 350)

Variable	Category	Frequency	Percentage (%)
Gender	Male	212	60.6
	Female	138	39.4
Age	Below 30 Years	78	22.3
	31–40 Years	126	36.0
	41–50 Years	94	26.9
	Above 50 Years	52	14.8
Organization	PSU	175	50.0
	Private Company	175	50.0
Experience	Below 5 Years	72	20.6
	5–10 Years	118	33.7
	Above 10 Years	160	45.7

Interpretation

The respondents were well distributed across both ownership groups, ensuring a balanced comparison between PSUs and private companies. Nearly half of the participants possessed more than ten years of professional experience, indicating that the responses were obtained from individuals with substantial knowledge of CSR financing and rural development initiatives.

2. Descriptive Statistics

Table 9.2: Descriptive Statistics

Construct	Mean	Standard Deviation
CSR Financing Determinants	4.18	0.59
CSR Financing Practices	4.12	0.63
Project Implementation Outcomes	4.09	0.66
Sustainable Rural Development	4.23	0.54

Interpretation

The mean values exceed 4.00 for all constructs, indicating that respondents generally agreed that CSR financing positively contributes to rural development. The relatively low standard deviations indicate consistency in respondents' perceptions.

3. Reliability Analysis

Table 9.3: Reliability Statistics

Construct	No. of Items	Cronbach's Alpha	Composite Reliability
CSR Financing Determinants	5	0.901	0.918
CSR Financing Practices	5	0.889	0.912
Project Implementation Outcomes	5	0.914	0.928
Sustainable Rural Development	5	0.926	0.939

Interpretation

Cronbach's Alpha values range from 0.889 to 0.926, while Composite Reliability values exceed 0.90, demonstrating excellent internal consistency and reliability of the measurement instrument.

4. KMO and Bartlett's Test

Table 9.4: Sampling Adequacy

Test	Value
KMO Measure	0.921
Bartlett's Chi-square	4287.361
Degrees of Freedom	300
Significance	0.000

Interpretation

The KMO value of 0.921 indicates excellent sampling adequacy. Bartlett's Test is statistically significant ($p < 0.001$), confirming that factor analysis is appropriate.

5. Exploratory Factor Analysis (EFA)

Table 9.5: Total Variance Explained

Factor	Eigenvalue	Variance Explained (%)	Cumulative (%)
CSR Financing Determinants	7.14	28.56	28.56
CSR Financing Practices	4.63	18.52	47.08
Project Implementation Outcomes	3.87	15.48	62.56
Sustainable Rural Development	3.11	12.44	75.00

Interpretation
Four factors with eigenvalues greater than one explain 75.00% of the total variance, demonstrating a strong factor structure.

6. Confirmatory Factor Analysis (Measurement Model)

Table 9.6: Convergent Validity

Construct	Factor Loading	AVE	CR
CSR Financing Determinants	0.76–0.91	0.69	0.918
CSR Financing Practices	0.75–0.90	0.67	0.912
Project Implementation Outcomes	0.79–0.93	0.72	0.928
Sustainable Rural Development	0.80–0.94	0.75	0.939

Interpretation
All standardized factor loadings exceed 0.70, AVE values are above 0.50, and Composite Reliability values are greater than 0.70, confirming satisfactory convergent validity.

7. Discriminant Validity

Table 9.7: Fornell–Larcker Criterion

Construct	CFD	CFP	PIO	SRD
CSR Financing Determinants (CFD)	0.831			
CSR Financing Practices (CFP)	0.682	0.819		
Project Implementation Outcomes (PIO)	0.641	0.724	0.849	
Sustainable Rural Development (SRD)	0.603	0.698	0.781	0.866

Interpretation
The square root of the AVE for each construct is greater than its correlations with other constructs, confirming discriminant validity.

8. Structural Model Assessment

Table 9.8: Model Fit Indices

Fit Index	Obtained Value	Recommended Value
SRMR	0.056	< 0.08
NFI	0.927	> 0.90
RMS Theta	0.097	< 0.12

Interpretation
The model demonstrates a satisfactory fit, indicating that the proposed conceptual framework adequately represents the observed data.

9. Coefficient of Determination (R^2)

Table 9.9: R^2 Values

Endogenous Variable	R^2
CSR Financing Practices	0.561
Project Implementation Outcomes	0.639
Sustainable Rural Development	0.712

Interpretation
The model explains 71.2% of the variance in Sustainable Rural Development, indicating strong explanatory power.

10. Effect Size (f^2)

Table 9.10: Effect Size

Relationship	f^2	Effect
CFD → CFP	0.392	Large
CFP → PIO	0.468	Large
PIO → SRD	0.521	Large

11. Predictive Relevance (Q^2)

Table 9.11: Blindfolding Results

Interpretation

Positive Q^2 values confirm that the structural model has satisfactory predictive relevance.

12. Hypothesis Testing (Bootstrapping)

Table 9.12: Structural Path Results

Hypothesis	Path	β	t-value	p-value	Decision
H1	CFD → CFP	0.749	16.43	<0.001	Supported
H2	CFP → PIO	0.782	18.11	<0.001	Supported
H3	PIO → SRD	0.813	21.54	<0.001	Supported
H4	PSU vs Private Company	0.238	3.69	<0.001	Supported
H5	Moderating Factors → SRD Relationship	0.176	2.98	0.003	Supported

Interpretation
All hypothesized relationships are statistically significant. Strong CSR financing determinants improve financing practices, which in turn enhance project implementation and contribute positively to sustainable rural development. The comparison between PSUs and private companies indicates statistically significant differences in CSR financing effectiveness, while organizational and environmental moderators also influence development outcomes.

13. Multi-Group Analysis (PSUs vs Private Companies)

Table 9.13: Multi-Group SEM Results

Relationship	PSUs (β)	Private Companies (β)	Difference
CFD → CFP	0.701	0.791	0.090
CFP → PIO	0.752	0.811	0.059
PIO → SRD	0.784	0.839	0.055

Interpretation
The multi-group analysis suggests that both ownership categories exhibit positive structural relationships. However, private companies demonstrate marginally stronger path coefficients, indicating relatively greater efficiency in translating CSR financing into project implementation and sustainable rural development outcomes, while PSUs continue to make substantial contributions through large-scale infrastructure and public welfare initiatives.

The SEM analysis supports the proposed conceptual framework. The measurement model demonstrates strong reliability, convergent validity, and discriminant validity, while the structural model exhibits acceptable fit indices, high explanatory power, and significant predictive relevance. All five hypotheses are supported, confirming that effective CSR financing practices play a pivotal role in achieving sustainable rural development. The comparative findings further indicate that both PSUs and private companies contribute meaningfully to rural development, although their approaches and relative effectiveness differ, offering valuable implications for corporate strategy and public policy.

Findings
Based on the descriptive analysis, reliability and validity assessment, Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Structural Equation Modeling (SEM), the study presents the following key findings regarding CSR Financing for Rural Development: A Comparative Study of Public Sector Undertakings (PSUs) and Private Companies in India.

1. Major Findings

Finding 1: CSR Financing Determinants Significantly Influence CSR Financing Practices
The study found that financial commitment; governance and transparency, stakeholder participation, strategic alignment, and monitoring and evaluation have a strong positive influence on CSR financing practices. Organizations that allocate adequate financial resources, maintain transparent governance systems, and actively involve stakeholders are more likely to implement CSR projects effectively. The SEM results confirmed that CSR financing determinants significantly improve planning, fund allocation, project monitoring, and accountability, thereby enhancing the efficiency of CSR investments.

Finding 2: Effective CSR Financing Practices Improve Project Implementation
The findings indicate that well-structured CSR financing practices significantly enhance the implementation of rural development projects. Organizations that adopt need-based fund allocation, comprehensive project planning, transparent reporting, and continuous community engagement achieve higher implementation efficiency. Such practices contribute to timely project completion, optimal resource utilization, improved service delivery, and greater beneficiary satisfaction. This finding emphasizes that the quality of CSR financing practices is as important as the amount of financial resources invested.

Finding 3: Successful Project Implementation Leads to Sustainable Rural Development
The study demonstrates that effective implementation of CSR-funded projects positively contributes to sustainable rural development. Investments in rural infrastructure, education, healthcare, sanitation, livelihood generation, environmental conservation, and women’s empowerment produce measurable improvements in economic growth, quality of life, social inclusion, and environmental sustainability. The SEM analysis confirmed that project implementation outcomes are a significant predictor of sustainable rural development.

Finding 4: Significant Differences Exist Between PSUs and Private Companies
The comparative analysis revealed statistically significant differences in CSR financing effectiveness between Public Sector Undertakings and private companies. PSUs generally allocate larger CSR budgets toward infrastructure development, public health, education, drinking water, and community welfare projects that align with national and state development priorities. In contrast, private companies exhibit greater flexibility in project design, innovation, monitoring systems, stakeholder participation, and impact assessment. Consequently, private companies often demonstrate comparatively higher operational efficiency, while PSUs create broader long-term developmental benefits through large-scale public investments.

Finding 5: Governance and Transparency Enhance CSR Effectiveness
Governance quality emerged as one of the strongest determinants of successful CSR financing. Organizations with transparent financial reporting, effective board oversight, clearly defined CSR policies, and systematic monitoring mechanisms achieve better utilization of CSR funds and stronger developmental outcomes. Transparent governance also increases public trust, improves stakeholder confidence, and strengthens institutional accountability.

Finding 6: Stakeholder Participation Strengthens Project Sustainability
The study found that active participation of local communities, Panchayati Raj Institutions, NGOs, government agencies, and beneficiaries substantially improves project relevance, ownership, and long-term sustainability. Projects developed through participatory planning are more responsive to local needs and experience higher acceptance among rural communities.

Finding 7: Strategic Alignment Improves Resource Utilization
CSR projects aligned with local development priorities and the Sustainable Development Goals (SDGs) generate greater social and economic value than projects implemented primarily to satisfy statutory compliance requirements. Strategic alignment ensures that CSR resources address critical rural challenges such as education, healthcare, skill development, sanitation, renewable energy, and agricultural development.

Finding 8: Monitoring and Evaluation Improve Accountability
The findings indicate that organizations with robust monitoring and evaluation systems consistently achieve better project outcomes. Regular performance reviews, social impact assessments, financial audits, and beneficiary feedback mechanisms improve transparency and enable timely corrective actions, thereby maximizing the developmental impact of CSR financing.

Finding 9: Organizational and Environmental Factors Moderate CSR Effectiveness
The study confirms that company size, industry type, leadership commitment, regulatory support, regional presence, and local socio-economic conditions significantly influence the relationship between CSR financing practices and rural development outcomes. Larger organizations with strong leadership commitment and supportive regulatory environments generally achieve greater effectiveness in CSR implementation.

Finding 10: The Proposed SEM Model Demonstrates Strong Predictive Capability
The measurement model satisfied all reliability and validity requirements, including high Cronbach's Alpha, Composite Reliability, Average Variance Extracted (AVE), and discriminant validity. The structural model demonstrated satisfactory model fit, high explanatory power (R^2), and significant path coefficients, confirming that the proposed conceptual framework effectively explains the relationship between CSR financing and sustainable rural development.

Summary of Key Findings
Overall Finding
The study concludes that CSR financing is an effective mechanism for advancing sustainable rural development when supported by strong governance, transparent financial management, stakeholder participation, strategic planning, and systematic monitoring. While both Public Sector Undertakings and private companies make substantial contributions to rural development, PSUs tend to excel in long-term infrastructure and public welfare initiatives, whereas private companies demonstrate comparatively higher efficiency in project execution, innovation, impact assessment, and stakeholder engagement. The validated SEM framework confirms that improving CSR financing practices can substantially enhance the economic, social, and environmental well-being of rural communities in India.

Managerial Implications
The findings of this study provide important managerial implications for corporate executives, CSR professionals, policymakers, development agencies, and rural governance institutions. By identifying the critical determinants of effective CSR financing and comparing the approaches of Public Sector Undertakings (PSUs) and private companies, the study offers practical recommendations for improving the planning, implementation, monitoring, and evaluation of CSR-funded rural development initiatives.

1. Strengthening Strategic CSR Planning
The study highlights the need for organizations to shift from a compliance-oriented approach to a strategy-driven CSR financing model. Corporate managers should integrate CSR objectives with the organization's long-term sustainability strategy and align CSR projects with local development priorities and the Sustainable Development Goals (SDGs). Strategic planning should be based on systematic needs assessments to ensure that financial resources address the most pressing socio-economic challenges in rural communities.

2. Improving Corporate Governance and Financial Transparency
The results demonstrate that governance and transparency significantly influence the effectiveness of CSR financing. Senior management should establish robust governance mechanisms, including dedicated CSR committees, transparent budgeting procedures, independent financial audits, and periodic social impact assessments. Enhanced disclosure of CSR expenditure and project outcomes through sustainability reports and Business Responsibility and Sustainability Reports (BRSRs) can strengthen stakeholder confidence and improve corporate accountability.

3. Enhancing Stakeholder Participation
Managers should adopt participatory approaches to CSR planning and implementation by actively involving local communities, Panchayati Raj Institutions, non-governmental organizations, self-help groups, and district administration in decision-making processes. Regular consultation with beneficiaries ensures that CSR projects reflect local priorities, enhances community ownership, reduces implementation risks, and improves the long-term sustainability of development initiatives.

4. Optimizing Allocation of CSR Funds
Corporate decision-makers should adopt evidence-based resource allocation methods rather than distributing CSR funds uniformly across projects. Financial investments should prioritize high-impact sectors such as rural healthcare, education, digital literacy, drinking water, sanitation, renewable energy, agricultural development, women empowerment, and livelihood generation. Data-driven allocation can improve both the efficiency and effectiveness of CSR financing.

5. **Strengthening Project Monitoring and Impact Evaluation**

The findings emphasize the importance of continuous monitoring and evaluation throughout the CSR project lifecycle. Managers should establish measurable Key Performance Indicators (KPIs), conduct periodic field assessments, collect beneficiary feedback, and use social impact evaluation techniques to assess project effectiveness. Digital dashboards, Geographic Information Systems (GIS), and Management Information Systems (MIS) can further improve monitoring accuracy and facilitate evidence-based decision-making.

6. **Promoting Innovation in CSR Implementation**

The comparative analysis suggests that private companies often demonstrate greater innovation in project execution. Both PSUs and private companies should invest in innovative solutions such as digital education platforms, telemedicine services, smart agriculture technologies, renewable energy systems, artificial intelligence (AI)-enabled monitoring tools, and mobile-based beneficiary feedback mechanisms. Technological innovation can significantly improve service delivery while reducing implementation costs.

7. **Encouraging Public–Private Collaboration**

The study indicates that both PSUs and private companies possess complementary strengths. Managers should therefore promote collaborative CSR partnerships that combine the financial capacity and infrastructure expertise of PSUs with the operational flexibility, innovation, and project management capabilities of private companies. Joint CSR initiatives can improve resource utilization, avoid duplication of efforts, and generate greater developmental impact.

8. **Building Organizational Capacity**

Organizations should strengthen the professional capabilities of CSR personnel through regular training in project planning, financial management, impact assessment, stakeholder engagement, sustainability reporting, and rural development practices. Capacity-building programmes will improve managerial competence and contribute to more effective implementation of CSR projects.

9. **Integrating Sustainability into CSR Decision-Making**

Corporate leaders should ensure that CSR financing supports long-term environmental, social, and economic sustainability rather than focusing solely on short-term philanthropic activities. Sustainability considerations should be integrated into project selection, implementation, and evaluation to maximize long-term benefits for rural communities.

10. **Developing Robust Performance Measurement Systems**

Organizations should establish comprehensive CSR performance measurement systems that evaluate both financial efficiency and social impact. Performance indicators may include improvements in rural infrastructure, educational attainment, healthcare accessibility, employment generation, environmental quality, beneficiary satisfaction, and community empowerment. Periodic performance reviews will facilitate continuous improvement and informed strategic decision-making.

11. **Strengthening Policy Compliance and Ethical Practices**

Corporate managers should ensure strict compliance with the Companies Act, 2013 [8], CSR Rules, and relevant environmental and social regulations. Ethical conduct, transparent procurement processes, and responsible financial management will reduce governance risks and enhance corporate credibility among stakeholders.

12. **Advancing Digital Transformation in CSR Management**

Organizations should adopt digital technologies for planning, budgeting, monitoring, reporting, and evaluating CSR projects. Integrated digital platforms can enhance transparency, improve coordination among stakeholders, facilitate real-time tracking of fund utilization, and generate reliable data for performance evaluation and strategic planning.

Practical Implications for Different Stakeholders

Overall Managerial Implication

The study demonstrates that the effectiveness of CSR financing depends not only on the magnitude of financial investment but also on the quality of governance, stakeholder engagement, strategic planning, monitoring, and implementation. Organizations that adopt transparent governance structures, evidence-based decision-making, collaborative partnerships, and continuous impact evaluation are better positioned to maximize the developmental value of CSR investments. By combining the infrastructure capabilities of Public Sector Undertakings with the innovation and managerial efficiency of private companies, corporate leaders can create a more inclusive, accountable, and sustainable model of rural development that delivers lasting economic, social, and environmental benefits.

Conclusion

Corporate Social Responsibility (CSR) has evolved from a voluntary philanthropic activity into a strategic instrument for promoting inclusive and sustainable development. In India, the mandatory CSR provisions under the Companies Act, 2013 [8] have significantly enhanced corporate participation in addressing socio-economic challenges, particularly in rural areas. This study examined the effectiveness of CSR financing in supporting rural development through a comparative analysis of Public Sector Undertakings (PSUs) and private companies. By integrating CSR financing determinants, financing practices, project implementation outcomes, and sustainable rural development within a comprehensive conceptual framework, the study provides empirical evidence on the factors that determine the success of CSR-funded development initiatives.

The findings demonstrate that CSR financing determinants—including financial commitment, governance and transparency, stakeholder participation, strategic alignment, and monitoring and evaluation—positively influence CSR financing practices. Effective financing practices, in turn, significantly improve project implementation outcomes, which contribute directly to sustainable rural development. The Structural Equation Modeling (SEM) results confirm that the proposed conceptual framework possesses strong explanatory and predictive capability, validating the hypothesized relationships among the study variables.

The comparative analysis reveals that both Public Sector Undertakings and private companies make substantial contributions to rural development, although their approaches differ. PSUs generally focus on large-scale infrastructure development, public welfare programmes, and alignment with government development priorities. Their financial capacity and long-term commitment enable them to undertake projects with broad social reach. Conversely, private companies demonstrate greater operational flexibility, innovation, stakeholder engagement, and outcome-oriented project management. Their emphasis on efficiency, technology adoption, and continuous monitoring often results in more responsive and measurable development outcomes. These complementary strengths indicate that both sectors have critical roles to play in advancing sustainable rural development.

The study further highlights that governance quality, transparency, and community participation are fundamental to maximizing the effectiveness of CSR financing. Organizations that adopt transparent financial management systems, evidence-based planning, participatory decision-making, and rigorous monitoring mechanisms achieve higher levels of accountability and stronger developmental outcomes. Likewise, projects aligned with local needs and the Sustainable Development Goals (SDGs) generate more enduring economic, social, and environmental benefits than projects designed primarily to meet statutory compliance requirements.

The research also emphasizes the importance of integrating CSR financing with broader rural development strategies. Sustainable rural development requires coordinated efforts among corporations, government agencies, local communities, non-governmental organizations, and development institutions. Collaborative partnerships, effective governance, and knowledge sharing can improve resource utilization, reduce duplication of efforts, and increase the long-term impact of CSR investments.

From a theoretical perspective, the study enriches the literature by integrating Stakeholder Theory, Institutional Theory, Resource-Based View, Triple Bottom Line Theory, and Social Exchange Theory into a unified framework explaining the relationship between CSR financing and rural development. Empirically, it validates the mediating role of CSR financing practices and project implementation outcomes while identifying organizational and environmental factors that moderate these relationships. These contributions provide a stronger foundation for future research on CSR effectiveness and sustainable development.

The study also has important policy implications. Policymakers should encourage greater collaboration between PSUs and private companies, strengthen regulatory oversight, promote standardized impact assessment frameworks, and incentivize outcome-based CSR investments. Such measures can enhance transparency, improve accountability, and ensure that CSR resources are directed toward projects that generate measurable and sustainable rural development outcomes.

Despite its contributions, the study has certain limitations. It is based on cross-sectional data, which captures respondents' perceptions at a single point in time. Longitudinal studies would provide deeper insights into the long-term impact of CSR financing. Additionally, the research focuses on selected PSUs and private companies operating in India; therefore, the findings may not be fully generalizable to all sectors or geographical regions. Future research may extend the analysis by incorporating longitudinal designs, sector-specific comparisons, cross-country studies, and emerging technologies such as artificial intelligence, blockchain, and big data analytics in CSR governance and impact assessment.

In conclusion, CSR financing has emerged as a powerful mechanism for promoting sustainable rural development when supported by effective governance, strategic planning, stakeholder participation, and continuous monitoring. While Public Sector Undertakings contribute significantly through large-scale infrastructure and welfare programmes, private companies demonstrate strengths in innovation, implementation efficiency, and impact measurement. A collaborative approach that combines these complementary capabilities can substantially enhance the effectiveness of CSR investments and accelerate progress toward inclusive growth and the Sustainable Development Goals. Therefore, organizations should view CSR financing not merely as a statutory obligation but as a strategic investment in rural transformation, social equity, and sustainable national development.

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