



Corporate Social Responsibility Spending As A Tool For Sustainable And Inclusive Growth: Evidence From Oil Marketing Companies In Uttar Pradesh

Professor (Dr) Hanuman Prasad Malonia ¹ & Ms. Kanika Agarwal ²
Professor in Commerce, S.R.K. (PG) College, Firozabad.
Research Scholar, S.R.K. (PG) College, Firozabad. Dr. Bhimrao Ambedkar
University, Agra

1. INTRODUCTION

Corporate social responsibility (CSR) refers to a business model that helps businesses to contribute to the well-being of society and communities through environmental and various social measures while conducting their business operations. Businesses do not operate in isolation; rather, they operate in society and the environment too, which makes them responsible towards society, the economy and the environment. In today's world, CSR is getting attention in both the academic and business circles. CSR refers to the voluntary and mandatory actions undertaken by corporations to contribute towards social welfare, environmental conservation, and inclusive development while maintaining accountability towards stakeholders.

As a result of growing recognition that companies have obligations beyond maximizing profits, corporate social responsibility (CSR) has become an important part of corporate governance in the modern era. CSR has grown in importance as a strategy for tackling social and environmental issues as a result of growing worldwide concern for sustainability, moral behaviour, and equitable development. CSR has received institutional recognition in India with the Companies Act of 2013.

The Companies Act 2013 defines corporate social responsibility as “A company’s responsibility to contribute to economic, social and environmental development by undertaking activities that benefit society beyond profit-making objectives.”

As per Section 135 and VII Schedule of this act, CSR spending is mandatory for companies that meet the following criteria in a given financial year.

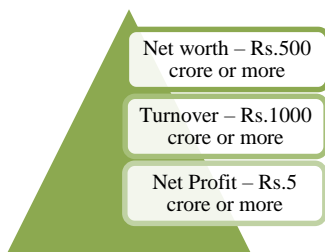


Figure 1.1 CSR Spending Criteria
Source: Author Compiled

The companies that meet any of the above criteria are required to spend at least 2% of their average net profit of the last three financial years on the CSR activities and also they have to reflect their CSR policies and expenditure in their published annual reports.

Education, healthcare, rural development, environmental sustainability, skill development, women's empowerment, and poverty alleviation are among the CSR activities that are allowed under Schedule VII of the Act. Through CSR reporting and disclosure requirements, this legal mandate has strengthened business involvement in national development and empowered transparency.

Sustainable and inclusive growth has become an important developmental goal in developing economies like India. Sustainable growth emphasizes development that meets present needs without compromising the ability of future generations to meet their own needs. Inclusive growth refers to economic and social progress that benefits all sections of society, especially marginalized and disadvantaged communities. CSR can play a significant role in achieving both sustainability and inclusiveness by supporting social infrastructure,

improving quality of life, reducing inequalities, and promoting environmentally responsible business practices.

Oil Marketing Companies (OMCs) occupy a critical position in the Indian economy. They are responsible for distribution and marketing of petroleum products and contribute significantly to industrial development, transportation, and public welfare. However, the operations of OMCs are also associated with environmental challenges such as carbon emissions, pollution, and resource consumption. Due to their environmental footprint and large-scale operations, OMCs are expected to adopt strong CSR practices and contribute actively towards sustainable development. Public sector oil marketing companies such as Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), and Hindustan Petroleum Corporation Limited (HPCL) have been actively involved in CSR initiatives aimed at improving social welfare and promoting sustainability.

Uttar Pradesh is one of the largest and most populous states in India, facing significant challenges in areas such as education, healthcare, sanitation, employment, rural development, and environmental management. The state also hosts a wide network of oil marketing operations such as fuel depots, bottling plants, LPG distribution, and retail outlets. Therefore, Uttar Pradesh provides an important context for examining the effectiveness and societal impact of CSR spending by oil marketing companies.

Despite the increasing importance of CSR, many studies focus mainly on CSR disclosure or financial performance. Limited research has been conducted on the societal outcomes of CSR spending, particularly at the regional level and in environmentally sensitive industries such as oil marketing. Therefore, the present study attempts to examine CSR spending as a tool for sustainable and inclusive growth, focusing on the initiatives and societal impact of oil marketing companies operating in Uttar Pradesh.

2. LITERATURE REVIEW

From a voluntary charitable endeavour to a strategic tool promoting equitable and sustainable development, corporate social responsibility, or CSR, has undergone significant change. Following the implementation of Section 135 of the Companies Act, 2013, which requires CSR expenditures for qualified companies, CSR has acquired institutional recognition in India. CSR is now seen as a link between

business success and the well-being of society, supporting both national development goals and social advancement.

In this regard, Kumar et al. (2023) examined how well India's mandatory CSR laws were being followed and found that CSR had caused businesses to concentrate more on planned social spending. According to their study, the adoption of CSR has increased transparency and prompted businesses to match their expenditures with legally specified priority areas. Similarly, Narayanan and Singh (2022) investigated whether firms actually participate in welfare when CSR is enforced by law. Although company motivations may still differ, their findings show that legalizing CSR has increased corporate involvement in welfare initiatives. This suggests that while required CSR guarantees a minimum contribution, the extent of the social impact is determined by the company's intention and the effectiveness of its implementation.

India's CSR spending trends indicate a notable increase over time, with businesses increasingly funding environmental sustainability, healthcare, education, and rural development. Shoryaditya (2023) examined trends in CSR spending and pointed out that, even with rising CSR contributions, it is still difficult to gauge the true impact of spending. The study underlined that because of insufficient monitoring and uneven reporting guidelines, CSR results frequently remain ambiguous. The unequal distribution of CSR funds across regions is a significant problem in CSR allocation. The geographical skewness of CSR spending in India was examined by Gawande and Pathak (2023), who came to the conclusion that underserved backward districts are frequently the focus of CSR investments, which are concentrated in industrially developed regions. According to their study, CSR may not be able to support inclusive development at the national level if it is not dispersed strategically. Nandhakumar (2023) provided support for this claim, arguing that CSR may inadvertently exacerbate spatial inequality if funds are allocated to developed regions for the sake of corporate convenience, infrastructure accessibility, and brand visibility advantages. These results imply that unless CSR spending is planned with equity in mind, it does not always ensure inclusive growth.

Indian CSR model is different from the rest of the world as it's a legal mandate. However, this has led to debates about whether mandated CSR encourages genuine social commitment or simply compliance behavior. Rajgopal and Tantri (2021) also tested whether mandated CSR drives out voluntary CSR expenditure. Their research provided evidence that mandatory CSR could crowd out voluntary CSR activities, because firms

are likely to limit investment in this type of activity with the aim of achieving compliance, and nothing more. This suggests that directed CSR acts as a pinning-down ladder to ensure basic coverage, but could stifle innovation in the strategy of engaging CSR if firms are concerned only with meeting a directive.

The role of CSR in achieving Sustainable Development Goals (SDGs) has gained importance in recent academic discourse. CSR initiatives are increasingly being aligned with SDG priorities such as poverty reduction, clean energy, climate action, education, and health. Kumar and Ranajeet (2025) emphasized that CSR serves as a significant ally in achieving SDGs in India. Their research highlighted that CSR investments, when aligned with national development frameworks, can strengthen inclusive growth by addressing critical issues such as healthcare accessibility, educational infrastructure, and environmental conservation.

Similarly, the study retrieved through Bohrium focusing on CSR and SDGs among responsible business leaders suggests that CSR contributes meaningfully to sustainable development when firms integrate SDG goals into their CSR planning. The study indicates that companies adopting SDG-linked CSR strategies demonstrate better accountability and structured long-term planning.

Thus, existing literature confirms that CSR is not merely a compliance mechanism but can act as a policy support tool for sustainable development if properly aligned with SDGs.

Environmental sustainability is one of the most emphasized themes in CSR research, particularly because industrial activities have a direct ecological impact. CSR is increasingly used as a corporate strategy to reduce environmental harm and support sustainable practices.

Bhayani (2024) conducted an analytical study focusing on environmental sustainability in CSR activities of oil sector PSUs. The study highlighted that oil PSUs are increasingly adopting environmental CSR programs such as plantation drives, water conservation, waste management, and renewable energy awareness initiatives. This suggests that the oil sector recognizes its responsibility in reducing environmental degradation and supporting ecological balance.

Dalwadi and Japee (2023) analyzed the top CSR contributing companies in India and found that environmental sustainability is emerging as a

priority focus area, though education and health still dominate CSR expenditure. Their study indicates that companies are increasingly investing in climate-conscious initiatives like afforestation, renewable energy adoption, and pollution control.

Further, Haque et al. (2024) assessed CSR and environmental sustainability from the beneficiaries' perspective. Their findings suggest that beneficiaries perceive CSR programs as effective when they create visible environmental improvements such as cleaner surroundings, reduced pollution, and better resource management. This is crucial because beneficiary perception reflects real social value, rather than only corporate reporting.

However, these studies also imply that environmental CSR outcomes depend heavily on implementation monitoring and long-term engagement rather than short-term project-based spending.

Public Sector Undertakings (PSUs) play a major role in CSR spending in India, especially in sectors like petroleum, power, and mining. Oil marketing companies such as IOCL, BPCL, and HPCL are among the major CSR contributors due to their high revenues and large-scale operations. Das and Mukherjee (2018) conducted a case study on CSR practices in Indian petroleum companies and found that petroleum PSUs actively contribute to social welfare programs in education, healthcare, sanitation, and rural development. The study highlights that CSR in petroleum PSUs is often aligned with community welfare, reflecting the government-driven social responsibility culture in PSUs.

Bhayani (2024) further supported this by stating that oil sector PSUs are increasingly focusing on environmental sustainability, as the sector is environmentally sensitive. This suggests that petroleum companies attempt to balance their ecological footprint through CSR initiatives.

3. RESEARCH GAPS

The reviewed literature provides strong evidence that CSR contributes to sustainable development, but several gaps remain. First, many studies focus on CSR trends at the national level, while limited research specifically examines CSR outcomes in Uttar Pradesh, despite it being one of India's most populous and development-sensitive states. Second, while petroleum PSUs have been studied broadly, limited research evaluates how CSR spending by oil marketing companies contributes

specifically to inclusive growth outcomes, such as community empowerment, environmental protection, and sustainable welfare development.

Additionally, studies such as Gawande and Pathak (2023) and Nandhakumar (2023) highlight geographical inequality in CSR allocation, but limited research addresses how oil marketing companies distribute CSR spending across states like Uttar Pradesh and what societal impact results from such allocation. Furthermore, the literature indicates the need for beneficiary-based assessment and measurable impact evaluation frameworks (Haque et al., 2024; Srivastava & Srivastava, 2023), which remain underexplored in oil sector CSR studies.

Thus, there is scope for a focused study assessing how CSR spending by oil marketing companies in Uttar Pradesh contributes to sustainable and inclusive growth through sectoral spending patterns and reported social outcomes.

4. OBJECTIVE OF THE STUDY

The present study is based on the following two objectives:

- To examine the major focus areas of CSR spending by oil marketing companies in Uttar Pradesh.
- To analyze the role of CSR spending in promoting sustainable and inclusive growth in Uttar Pradesh.

5. RESEARCH METHODOLOGY

The present study is descriptive and analytical in nature. It is based entirely on secondary data collected from various published and authentic sources. Secondary data has been collected from annual reports, CSR reports, sustainability reports, and official websites of selected oil marketing companies such as Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), and Hindustan Petroleum Corporation Limited (HPCL). In addition, publications and CSR disclosures of the Ministry of Corporate Affairs (MCA), government policy documents, and research papers published in journals and edited volumes have also been used.

The study covers CSR initiatives undertaken by oil marketing companies with relevance to Uttar Pradesh. CSR activities are analyzed under key

intervention areas such as education, healthcare, environmental sustainability, rural development, and skill development. The study uses content analysis and comparative analysis to interpret the nature of CSR spending and its contribution to sustainable and inclusive growth. The study emphasizes qualitative interpretation of CSR initiatives rather than focusing on statistical measurement of CSR expenditure.

5.1 CSR Framework and Focus Areas of Oil Marketing Companies

Oil marketing companies in India, particularly Indian Oil Corporation Ltd (IOCL), Bharat Petroleum Corporation Ltd (BPCL), and Hindustan Petroleum Corporation Ltd (HPCL), undertake varied CSR initiatives that directly relate to sustainable and inclusive development. In the context of Uttar Pradesh, these initiatives span health, education, environment, community welfare, and livelihoods.

5.2 Healthcare and Public Health Initiatives

Indian Oil Corporation Ltd (IOCL) has launched one of its most significant CSR activities in partnership with national public health programs:

- IOCL signed a Memorandum of Understanding (MoU) with the Central TB Division and the Government of Uttar Pradesh to support the intensified Tuberculosis (TB) Elimination Project. Under this initiative, IOCL deploys mobile medical vans, Truenat diagnostic machines, and handheld X-ray units across all 75 districts of Uttar Pradesh, aiming to bridge diagnostic gaps and ensure early detection and treatment of TB, especially in hard-to-reach and high-burden regions.
- Many of IOCL's healthcare programs also support Swarna Jayanti Samudaik Hospital (SJSH) in Mathura, Uttar Pradesh a 50-bed facility providing free or subsidized medical services to local communities, with more than 50,000 patients benefitting annually from treatments ranging from general OPD services to specialized care.
- Preventive healthcare & hospital support in Mathura: During 2020-21, IOCL's CSR through healthcare promotion helped treat over 30,000 patients at Swarna Jayanti Samudaik Hospital, including 337 surgical procedures, highlighting direct impact on community health.

Across Uttar Pradesh, CSR in health has consistently been one of the top areas of corporate spending, with health receiving ₹480.83 crore through CSR initiatives in FY 2023-24, underscoring a widespread corporate social focus on improved health outcomes in the state.

5.3 Education and Skill Development

Oil marketing companies have supported education and livelihood programmes, particularly to empower youth and underprivileged groups.

- IOCL's "IndianOil Vidushi" programme runs a specialized residential coaching initiative for academically meritorious but economically underprivileged girl students. The program trains them for engineering entrance exams such as JEE Main and Advanced, increasing their access to higher technical education — with historically strong outcomes in JEE performance.
- BPCL's Digital Literacy as Life Skill (DLLS) and computer-aided learning initiatives at schools in Uttar Pradesh enhance students' access to technology and future employment skills. These programmes align with CSR focus on education and skill development, helping youth gain employable skills and access higher education opportunities, which are critical components of inclusive growth.

5.4 Environment, Sustainability, and Community Development

While much of oil company CSR is health and education focused, environment and sustainability are also key components:

- BPCL's Project Greening Classrooms used recycled plastic benches in school infrastructure projects in Uttar Pradesh, combining environmental awareness with improved learning environments.
- IOCL's healthcare and outreach activities promote environmental health indirectly by improving sanitation and public-health awareness in rural areas, a necessary foundation for sustainable living standards.

According to CSR data for Uttar Pradesh, environment received ₹205.44 crore in CSR funding in FY 2023-24, demonstrating that environmental sustainability is also a valued priority among corporate CSR activities in the state.

5.5 Community Welfare and Inclusive Growth

Large CSR donors such as IOCL also extend impact beyond immediate services:

- Nationally in 2023-24, IOCL spent ₹457.71 crore in community development projects, covering areas such as health, nutrition, empowerment, and socio-economic upliftment — including activities benefiting over 11.7 million beneficiaries, with funds directed to aspirational regions including 40 aspirational districts (several in UP).
- Flagship programmes under IOCL like “Parivartan – Prison to Pride” and “Nayi Disha – Smile for Juvenile” focus on social inclusion and rehabilitation, reflecting CSR approaches that go beyond traditional charity towards inclusive community transformation

CSR Area	Key Activities	Contribution to Growth
Education	Schools, scholarships, digital learning	Human capital development
Healthcare	Health camps, sanitation, and drinking water	Improved quality of life
Environment	Tree plantation, renewable energy, clean fuel	Sustainability promotion
Skill Development	Vocational training, entrepreneurship	Employment generation
Rural Development	Infrastructure and community support	Inclusive regional development

Table 1: Major CSR Focus Areas of Oil Marketing Companies

6. ANALYSIS & INTERPRETATION

- CSR Spending and Sustainable & Inclusive Growth: CSR spending contributes to sustainable and inclusive growth by addressing both social and environmental challenges. In Uttar Pradesh, CSR initiatives undertaken by oil marketing companies help improve education

levels, healthcare access, rural livelihoods, and environmental conditions.

- **CSR and Sustainable Growth:** Sustainable growth is promoted through environmental CSR initiatives such as afforestation, pollution control, and renewable energy projects. These initiatives contribute to long-term ecological balance and align with national sustainability priorities. Oil marketing companies also promote cleaner fuels and awareness programs for environmental conservation.
- **CSR and Inclusive Growth:** Inclusive growth is promoted through CSR initiatives that target marginalized communities. Educational and skill development programs help improve employability among rural youth. Healthcare and sanitation initiatives improve living conditions, especially in underserved regions. Rural development projects contribute to infrastructure development and reduce regional inequalities.
- **CSR and Societal Development Outcomes:** CSR spending results in societal outcomes such as improved literacy, enhanced healthcare services, environmental awareness, and livelihood opportunities. CSR initiatives also strengthen community engagement and build social trust. These outcomes indicate that CSR spending is not merely a legal obligation but an effective tool for societal transformation.

7. FINDINGS AND DISCUSSION

The study finds that oil marketing companies allocate CSR spending towards development-oriented activities that are aligned with national priorities. Education, healthcare, sanitation, environmental sustainability and skill development emerge as major focus areas in line. CSR initiatives have contributed positively to strengthening social infrastructure and addressing community welfare needs in Uttar Pradesh.

The findings indicate that CSR spending supports sustainable growth by promoting environmental responsibility through afforestation, clean energy initiatives, and resource conservation. At the same time, CSR initiatives promote inclusive growth by focusing on rural development, livelihood enhancement, and welfare programs for disadvantaged communities. CSR initiatives also contribute towards achieving

Sustainable Development Goals such as quality education, good health, clean water, and climate action.

However, the study also suggests that CSR impact assessment mechanisms need improvement. While CSR spending is significant, systematic evaluation of outcomes and long-term sustainability of projects remains a challenge. Greater stakeholder participation and region-specific planning can further improve CSR effectiveness.

8. CONCLUSION AND SUGGESTIONS

The present study concludes that CSR spending serves as an effective tool for promoting sustainable and inclusive growth in Uttar Pradesh. Oil marketing companies play an important role in supporting social development through CSR initiatives in education, healthcare, sanitation, rural infrastructure, and skill development. Environmental CSR activities further contribute to sustainability goals and help address ecological concerns.

It is suggested that oil marketing companies should adopt long-term CSR strategies focusing on measurable outcomes and sustainable community development. Strong monitoring systems and transparent impact assessment frameworks should be developed to evaluate the effectiveness of CSR initiatives. Stakeholder engagement, including involvement of local communities and government agencies, should be enhanced to ensure that CSR projects address real societal needs. Future research can incorporate primary data and comparative analysis across different states or sectors for a deeper understanding

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