

# SEEDS OF CHANGE: CORPORATE FOOTPRINTS ON RURAL FUTURES



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## **Introduction [1]**

In today's world, everyone wants to shift to big cities to achieve big dreams. As a result, urban areas are developing rapidly, still majority population is residing in rural areas, but this raises an important question, are rural areas developed? answer is "No", though Indian Government works hard to improve rural life through its various schemes, which are implemented through local bodies in rural areas. For focused implementation, effective rural governance is essential. Rural Governance refers to the structures and processes by which decisions are made in rural areas.

- **Rural Governance in India**

Rural governance in India is primarily based on the Panchayati Raj system, which was institutionalized through the Constitution Act, 1992. Panchayat governance in India is one of the oldest systems of local self-governance in the world.

The Panchayat Raj system is structured in three tiers

- a) Base level – Gram Sabha - Gram Panchayat – at village level, it is the most direct link between the people and governance.
- b) Middle tier – Panchayat Samiti – which co-ordinates among several Gram Panchayats.
- c) Top level – Zilla Parishad – at district level, which integrates development planning for the entire district.

One of the most important institutions within the rural governance framework is the Gram Sabha. It consists of all the adult residents of a village and serves as the core decision making body in the Panchayat Raj System.

[1] The article reflects the general work of the authors, and the views expressed are personal. No reader should act on any statement contained herein without seeking detailed professional advice.

Gram Sabha is responsible for approving plans, reviewing expenditures and ensuring accountability in the functioning of Gram Panchayat. The Gram Panchayat Development Plan is critical for rural planning which outlines development needs, priorities of the village. However, Rural areas often face challenges such as

- 1) Lack of good infrastructure facilities,
- 2) Poverty,
- 3) Unemployment & underemployment,
- 4) Lack of good health care facilities,
- 5) Education and skill development,
- 6) Inadequate financial access etc.

Due to these challenges, rural governance fails to achieve moto of 'improved life of rural communities'.

However, these problems can be cured with the help of the Corporate Sector.

- **Satisfying the Rural needs with the help of corporate sector along with Rural Governance**

As per the provisions of section 135 (1) of Companies Act 2013 Companies having a net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more during the immediately preceding financial year must contribute at least 2 % of their average net profits from the preceding three financial years on Corporate Social Responsibility Activities (CSR Activities). Which means that the corporate sector also has to contribute towards social & development work. The Schedule VII of the Companies Act, 2013 provides a wide scope for CSR identified activities. It includes rural development.

So, if CSR and rural governance can work together to bring meaningful change to rural India then it will become the actual example of sustainable development.

It is a major change in the corporate sector which is a mandatory responsibility towards national development. CSR in India is not just a financial obligation; it is increasingly seen as a tool for inclusive and sustainable development.

If CSR efforts are aligned with Gram Panchayat Development Plan, the result can be far more impactful.

- **Collaborative Approach to CSR and Rural Governance**

There should be effective collaboration between the corporate sector and the government, and local communities. CSR can provide support and strengthen rural governance by aligning business-led development efforts with the grassroots democratic institutions such as Panchayati Raj Institutions (PRIs), Self-Help Groups (SHGs), and village level committees.

CSR can help Rural governance by working in various sectors.

1) In the Health sector, companies can run mobile medical units, organize health camps, or provide financial support for ASHA workers (Accredited Social Health Activists) who play a key role in maternal and child health immunization and hygiene promotion.

2) In the Education sector, companies can contribute by building classrooms, setting up digital learning centers, providing study materials, and even training teachers. Meanwhile, Village Education Committees (VECs) or School Management Committees (SMCs) can monitor school attendance, mid-day meal schemes etc. This kind of partnership ensures that investments in education are not just about infrastructure but also about improving learning outcomes.

3) In the area of Livelihoods, CSR efforts can be directed towards skill development programs, microfinance initiatives, and entrepreneurship support. Local SHGs and farmer producer organizations (FPOs) can help companies to identify the right beneficiaries and provide post-training support.

4) In the Water and Sanitation sector, companies can build household toilets, community water tanks, water filtration plants, or rainwater harvesting systems. In turn, village-level water users committees or sanitation committees can take responsibility for operating and maintaining these facilities.

5) In the sector of Renewable Energy, companies can promote clean energy solutions like solar lanterns, solar streetlights, or community-level biogas plants. Trained and empowered local groups can operate and manage these systems. This not only reduces dependency on conventional energy sources but also contributes to environmental sustainability and cost savings for rural households.

### **Fulfilment of Actual Requirements**

The main focus of the collaboration of CSR & Rural Governance should be fulfilment of main requirement of that particular rural area. For that, the company must recognize the needs of the village. All the decisions related to requirements and development of the village are decided by 'Gram Panchayat'. It would be more beneficial for the villagers if any company who is working under the CSR project properly consults with rural governance such as Gram Panchayat so the company can fulfil the actual needs of the villagers. These partnerships ensure that CSR efforts are aligned with local governance structures and have a desirable impact.

- **Examples**

CSR and Rural Governance collaboration can be seen in the following examples. Several corporate entities have launched impactful initiatives aimed at rural development through strategic partnerships with Panchayati Raj Institutions (PRIs).

### **ITC E-Choupal by ITC Company [2]**

ITC's e-Choupal, a digital initiative that installs internet-enabled kiosks in villages, offering farmers real-time access to market prices, weather forecasts, and expert agricultural guidance. Managed locally by trained individuals, this model brings transparency and boosts farmers' earnings by eliminating intermediaries.

ITC Limited has provided computers and Internet access in rural areas across several agricultural regions of the country, where the farmers can directly negotiate the sale of their products with ITC Limited. Online access enables farmers to obtain information on mandi prices, and good farming practices, and to place orders for agricultural inputs like seeds and fertilizers. This helps farmers improve the quality of their products, and helps in obtaining a better price.

ITC Limited kiosk with Internet access is run by a 'sanchalak' — a trained farmer. The computer is housed in the sanchalak's house and is linked to the Internet via phone lines or by a VSAT connection. Each installation serves an average of 600 farmers in the surrounding ten villages within a 5 km radius. The sanchalak bears some operating cost but in return earns a service fee for the e-transactions done through his e-Choupal. The warehouse hub is managed by the same traditional middlemen, now called 'samyojaks', but with no exploitative power due to the reorganization.

[2] <https://en.wikipedia.org/wiki/E-Choupal>



These middlemen make up for the lack of infrastructure and fulfil critical jobs like cash disbursement, quantity aggregation, and transportation. Since the introduction of e-Choupal services, farmers have seen a rise in their income levels because of a rise in yields, improvement in quality of output, and a fall in transaction costs. The system saves procurement costs for ITC Limited. The farmers do not pay for the information and knowledge they get from e-Choupals; the principle is to inform, empower and compete.

### **The Story Of Osmanabad's Transformation – An Outcome Of Hindustan Unilever Foundation's Interventions [3]**

The Hindustan Unilever Foundation (HUF) is a not-for-profit organization established by Hindustan Unilever Limited (HUL) in 2010.

With Hindustan Unilever Limited's support, the Swayam Shikshan Prayog – a grassroots women-led community in Osmanabad, is empowering women in underserved areas to transform into leaders in agriculture. They have designed the Women-led Climate Resilient Farming Model to practise low-input sustainable farming techniques to become climate resilient, leading to a reduced water footprint and enhanced agro-biodiversity. Aside from creating several avenues of income generation and positive change in communities, this initiative has led to the creation of lasting infrastructure for water preservation, sowing the seeds for a sustainable future for generations to come.

### **Conclusion**

The collaboration between CSR and rural governance should be more than a financial partnership. As rural India aspires for inclusive growth, the focus must shift from mere delivery of services to empowering local institutions through transparency, accountability and community ownership.

[3] <https://www.hul.co.in/news/2024/championing-water-security-for-a-sustainable-future/>

For any feedback or response on this article, the authors can be reached on [kalyani.oak@ynzgroup.co.in](mailto:kalyani.oak@ynzgroup.co.in) and [rutika.agnihotri@ynzgroup.co.in](mailto:rutika.agnihotri@ynzgroup.co.in)

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