

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT GOALS FOR A DEVELOPED INDIA

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ABSTRACT

Corporate Social Responsibility (CSR) stands as a cornerstone of modern corporate ethics, as businesses globally acknowledge their pivotal role in tackling societal, economic, and environmental issues. This paper explores the CSR initiatives on advancing the Sustainable Development Goals (SDGs) within the Indian context. Providing an insightful overview of the CSR landscape in India, the article examines key initiatives undertaken by Indian enterprises and their implications for sustainable development. Moreover, it elucidates both the opportunities and hurdles in augmenting corporate contributions to the SDGs in India. Through its findings, this study emphasizes the importance of continuous efforts for sustainable development and highlights the progress made by Indian companies in integrating CSR principles into their business strategies.

Keywords – Corporate Social Responsibility, sustainable goals

INTRODUCTION

Corporate social responsibility is practiced with the intent of giving back to communities and creating positive and enduring socio-economic value for them. It also can be described as the responsibility of the corporate sector towards society at large. A large part of corporate players makes sure to allocate a separate budget for CSR activities. Through its sincerity in CSR initiatives, corporate players have also proven that their business goes beyond and can contribute towards a better tomorrow in these uncertain times. Today CSR is one of the potent measures for corporate players to build their organization brand's image. It has also become an integral part of the business model for many corporate players. CSR is also a bridge that connects the accelerated production and profit with the sustainability of society and environment. It is also a bridge that connects the success of science and technology (Technological Investment) in business with peace and prosperity (values/spiritual capital) in life. Unless and until the supply of natural resources and peace in society prevail, progress of business and profit cannot be attained and sustained. Hence business sustainability is a function of social peace (social sustainability) and nature's balance (environmental sustainability).

The Sustainable Development Goals (SDGs) established by the United Nations in 2015 have influenced how businesses view their social responsibilities, alongside their national CSR obligations. The SDGs aim to address global development challenges by 2030, including ending poverty, protecting the environment, and promoting peace and prosperity. These 17 interconnected goals provide a roadmap for global development and offer companies an opportunity to align their CSR efforts with these priorities.

In India, the SDGs have shaped the country's approach to CSR, leading to a unique CSR environment. Indian firms are now contributing to sustainable development within the framework of the SDGs, reflecting a more globally aligned perspective on CSR that emphasizes meeting international development goals.

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN INDIA

History of CSR in India

The history of CSR in India has its four phases which run parallel to India's historical development and has resulted in different approaches toward CSR. However, the phases are not static, and the features of each phase may overlap other phases.

1. The First Phase:

In the first phase charity and philanthropy were the main drivers of CSR. Culture, religion, family values and tradition, and industrialization had an influential effect on CSR. In the pre-industrialization period, which lasted till 1850, wealthy merchants shared a part of their wealth with the wider society by way of setting up temples for religious causes. Moreover, these merchants helped the society in getting over phases of famine and epidemics by providing food from their stock.

With the arrival of colonial rule in India from the 1850s onwards, the approach towards CSR changed. The industrial families of the 19th century such as Tata, Godrej, Bajaj, Modi, Birla, and Singhanian were strongly inclined towards **economic** as well as social considerations. However, it has been observed that their efforts toward social as well as industrial development were not only driven by selfless and religious motives but also influenced by caste groups and political objectives.

2. The Second Phase:

In the second phase, during the independence movement, there was increased stress on Indian Industrialists to demonstrate their dedication toward the progress of the society. This was when Mahatma Gandhi introduced the notion of "trusteeship", according to which the industry leaders had to manage their wealth so as to benefit the common man.

Gandhi's influence put pressure on various Industrialists to act towards building the nation and its socioeconomic development. According to Gandhi, Indian companies were supposed to be the "temples of modern India". Under his influence, businesses established trusts for schools and colleges and also helped in setting up training and scientific institutions. The operations of the trusts were largely in line with Gandhi's reforms which sought to abolish untouchability, encourage the empowerment of women and rural development.

3. The Third Phase:

The third phase of CSR (1960–80) had its relation to the element of a "mixed economy", the emergence of Public Sector Undertakings (PSUs), and laws relating to labour and environmental standards. During this period the private sector was forced to take a backseat. The public sector was seen as the prime mover of development because of the stringent legal rules and regulations surrounding the activities of the private sector, the period was described as an "era of command and control". The policy of industrial licensing, high taxes, and restrictions on the private sector led to corporate malpractices. This led to the enactment of legislation regarding corporate governance, labour, and environmental issues.

PSUs were set up by the state to ensure the suitable distribution of resources (wealth, food, etc.) to the needy. However, the public sector was effective only to a certain limited extent. This led to a shift of expectation from the public to the private sector and their active involvement in the socio-economic development of the country became absolutely necessary.

4. The Fourth Phase:

In the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In the 1990s the first initiation towards globalization and economic liberalization were undertaken. Controls and licensing systems were partly done away with which gave a boost to the economy the signs of which are very evident today. The increased growth momentum of the economy helped Indian companies grow rapidly and this made them more willing and able to contribute towards social causes.

LEGISLATIVE FRAMEWORK OF CSR IN INDIA

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the **Companies Act, 2013** in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance. The Companies Act, 2013 serves as the primary legal basis for CSR regulation in India. This Act requires certain corporations meeting specific criteria to allocate a percentage of their revenues to CSR efforts¹. In fact, India was one of the first countries to formally enact CSR legislation, setting a precedent in this area.

Under Section 135 of the Companies Act 2013, companies with a net worth of at least INR 500 crore, a turnover of at least INR 1000 crore, or a net profit of at least INR 5 crore during any financial year must spend at least 2% of their average net profits from the preceding three financial years on CSR activities. Furthermore, the Act mandates these companies to establish dedicated CSR committees to suggest and oversee CSR initiatives.

The Companies Act 2013 Schedule VII provides a list of CSR-related activities that companies can undertake. These activities encompass a broad range of social and environmental concerns, including ending hunger and poverty, promoting gender equality and education, ensuring environmental sustainability, and supporting rural development.

However, CSR in India goes beyond mere legal compliance. The framework encourages businesses to integrate CSR into their corporate strategies and view it as an opportunity to generate value for all stakeholders by aligning corporate goals with societal needs.

Corporate contributions to achieve sustainable goals through CSR

1.Education and Skill development

Education plays a vital role in the development of any nation, and Indian corporations have made significant contributions to the education sector through their CSR initiatives. These initiatives aim to improve access to quality education and promote skill development.

One notable initiative is Tata Consultancy Services (TCS)'s 'Adult Literacy Program', which utilizes computer-based functional literacy (CBFL) to teach non-literate adults. This program has been successful in imparting functional literacy skills (TCS, 2020). TCS also launched 'TCS iON', an integrated IT solution for educational institutions, enhancing their operational efficiency and academic delivery.

Infosys Foundation has undertaken various projects to develop school and college infrastructure, provide scholarships, and support mid-day meal programs. Additionally, they have established the 'Infosys Science Foundation Awards' to recognize and support research in the sciences and humanities.

Wipro's 'Applying Thought in Schools' initiative focuses on comprehensive reform of the Indian school education system, including curriculum design, teacher training, and assessment reforms.

In the area of skill development, Larsen & Toubro has set up Construction Skills Training Institutes (CSTIs) to enhance the skills of construction workers.. Godrej, on the other hand, has established the 'Godrej Skill Academy' to provide training in construction, electronics, beauty, and wellness sectors for the youth..

These CSR initiatives highlight the commitment of Indian corporations to promote education and skill development, showcasing their contribution to the betterment of society.

2. Health and sanitation

Indian corporations have significantly contributed to healthcare and sanitation through their impactful CSR initiatives. These initiatives encompass a wide range of activities, from supporting healthcare facilities to promoting awareness about sanitation and hygiene.

Reliance Industries, through its Reliance Foundation, has undertaken various health initiatives, including the Drishti program for corneal graft surgeries, health camps, and the provision of mobile medical units to deliver primary healthcare services in rural areas.

Hindustan Unilever (HUL)'s 'Swachh Aadat, Swachh Bharat' program is dedicated to promoting hygiene practices such as handwashing, drinking clean water, and using clean toilets, with the goal of creating a significant impact on public health.

Tata Consultancy Services (TCS) has channeled their CSR efforts towards creating systemic solutions that address significant health challenges. For example, TCS has provided an integrated Hospital Management System and IT infrastructure to healthcare institutions like The Cancer Institute (CI) in Chennai and Tata Medical Center (TMC) in Kolkata.

Mahindra & Mahindra, through 'Project Nanhi Kali', not only provides academic support to underprivileged girls but also emphasizes the connection between health, sanitation, and education by offering health and nutrition awareness programs.

Tata Steel's 'Maternal and Newborn Survival Initiative' (MANSI) program has made substantial contributions to reducing infant mortality rates in operational areas by strengthening the existing public health system and engaging with the community.

ICICI Foundation's 'Swachhata Doot' initiative focuses on creating awareness about sanitation, water purification, waste management, and personal hygiene in rural Maharashtra, making a direct contribution to public health.

These examples demonstrate how Indian corporations are investing in health and sanitation initiatives that significantly contribute to public health and well-being.

3.Environmental sustainability

Environmental sustainability has emerged as a pivotal focus area for Corporate Social Responsibility (CSR) endeavors in India, with corporations implementing diverse initiatives to conserve natural resources, curb emissions, and propel renewable energy adoption. Noteworthy among these endeavors is the Adani Group's substantial investment in renewable energy, particularly solar power, underscoring its steadfast dedication to sustainable development and emission reduction. Similarly, ITC Limited has achieved carbon positivity for over a decade, maintained water positivity for several years, and sourced over 40% of its energy needs from renewable channels. Their 'Wellbeing out of Waste' (WoW) initiative has

had a profound impact by focusing on waste segregation at the source and fostering recycling practices, positively influencing the lives of millions.

ACC Limited, a leading cement producer, has embarked on various environmental sustainability projects, including water resource management, afforestation drives, and the adoption of alternative fuels and raw materials in their production processes, thus significantly contributing to environmental preservation. Hero MotoCorp's 'Greenovation' initiative is centred on augmenting biodiversity and advocating for renewable energy integration within its operations. Meanwhile, Maruti Suzuki's 'Water ATM' project stands out for its commitment to providing clean drinking water to rural communities in Haryana, addressing both environmental and health challenges.

These examples vividly demonstrate how CSR initiatives in India are harmonizing with global sustainability objectives, recognizing the indispensable role that businesses must play in safeguarding the environment for forthcoming generations.

4. Rural development and Poverty alleviation

Indian corporations have emerged as key players in driving rural development and alleviating poverty through a myriad of CSR initiatives. These endeavors are aimed at enhancing living standards, fostering resource accessibility, and catalyzing economic growth in rural areas. Bharat Petroleum Corporation Limited (BPCL) has spearheaded 'Project Boond', dedicated to ensuring access to safe drinking water in rural communities. This initiative has led to the establishment of vital water infrastructure in numerous villages across India, significantly improving the quality of life.

The Aditya Birla Group's 'Aditya Birla Rural Technology Park' stands out as a pioneering skill development initiative, empowering rural youth through diverse training programs in various trades, thus enhancing their employability prospects. Meanwhile, HDFC Bank's 'Holistic Rural Development Programme' takes a comprehensive approach to rural development, addressing critical areas such as natural resource management, sanitation, education, and skill enhancement.

Tata Trusts' 'Lakhpatti Kisan - Smart Villages' program is designed to uplift tribal households by augmenting their annual income, showcasing an integrated model for holistic rural development. Moreover, since 2014, the TCS Bridge IT program has been instrumental in tackling social disparities by empowering marginalized youth to become rural entrepreneurs and community leaders. Through partnerships with local NGOs, TCS offers a comprehensive 5-year program encompassing skills training, mentoring, technology access, and resources, enabling these digital entrepreneurs to serve as the last mile.

Additionally, the 'Wadi' program, a collaborative effort led by NABARD (National Bank for Agriculture and Rural Development) along with several corporate partners, has played a crucial role in supporting tribal families in establishing horticulture orchards. This initiative has not only provided a sustainable source of income but has also led to significant improvements in living standards.

These exemplary initiatives underscore the unwavering commitment of Indian corporations to fostering rural development and combating poverty, showcasing the profound impact of CSR endeavors on societal progress.

5. Women Empowerment and Gender Equity

In the realm of corporate social responsibility, significant attention has been directed towards women empowerment and gender equality, with a concerted effort to uplift women's

economic and social standing while advocating for parity. HCL Foundation's 'Power of One' initiative exemplifies this commitment, aiming to foster gender equality through comprehensive skill development, healthcare, and educational programs tailored for women. Similarly, Bharti Foundation's 'Swabhiman' program is dedicated to providing education, skill training, and access to employment opportunities for young women hailing from marginalized backgrounds, thus empowering them to pursue their aspirations.

Bajaj Auto's 'Saksham' program is geared towards advancing women's financial inclusion by offering financial literacy training and facilitating access to microfinance and insurance products. On another front, 'Project Shakti' by Hindustan Unilever stands out for its transformative impact on rural women, providing them with income-generating avenues and honing their entrepreneurial skills as micro-entrepreneurs, thereby fostering economic independence.

Tata Power's 'Dhaaga' and 'Abha' initiatives represent yet another facet of empowering women, focusing on supporting their entrepreneurial endeavors and nurturing leadership skills. These initiatives collectively underscore the concerted efforts of corporations in India to champion women's empowerment and advocate for gender equality, reflecting a steadfast commitment to building a more inclusive and equitable society.

6. Energy conservation and clean energy

Energy is another major concern in rural India, with a majority of the population being dependent on depleting fuel wood and erratic electricity supply. Clean and renewable energy for the poor and vulnerable rural communities are another focus area at Dalmia Bharat Sugar. Company's technology innovation initiatives have helped operationalize and decentralize renewable energy solutions in the rural areas by promoting cook stoves, LPG connections, biogas plants, Solar lighting systems like lanterns, street lights, study lamps and home lighting systems.

Bhoruka Charitable Trust, The Energy & Resource Institute (TERI), Rajasthan Electronics and Instruments Limited, The Indian Institute of Science Education, IIT Madras, Social Work & Research Centre, Skill Council for Green Jobs, have carried out energy renewable projects across the country.

Tata Power aligns its CSR initiatives with several SDGs, such as SDG 7 (Affordable and Clean Energy) through its focus on renewable energy projects, and SDG 4 (Quality Education) through initiatives promoting education and skill development.

CHALLENGES IN CSR

1. **Ambiguity in CSR Guidelines:** One of the critical challenges of CSR is the lack of clear and specific guidelines for CSR implementation in India. This ambiguity leads to varied interpretations and inconsistent execution of CSR activities across different organizations.
2. **Insufficient Understanding of Community Needs:** Many companies struggle to effectively identify and understand the requirements of the people they aim to serve. This is often due to limited engagement with community stakeholders, resulting in CSR initiatives that may not fully address the pertinent issues or be sustainable in the long term.
3. **Misalignment of Corporate Expertise and CSR Activities:** Often, there is a disconnect between a company's core competencies and the type of CSR projects

undertaken. This misalignment can lead to inefficient use of resources and less impactful CSR initiatives.

4. **Challenges in Impact Measurement:** Assessing the effect of CSR initiatives is a significant challenge. Numerous enterprises or firms lack the tools or expertise to effectively assess the outcomes and benefits of their CSR initiatives, making it challenging to gauge their actual impact and improve future projects.
5. **Perception of CSR as an Obligatory Expenditure:** In many cases, CSR is viewed primarily as a regulatory requirement rather than an opportunity for strategic investment. It can indicate a lack of innovation and long term commitment to CSR projects, with companies often treating CSR activities as mere tick-box exercises to fulfil legal obligations.
6. **Need for Integration into Main Business Tactic:** For CSR to be truly effective, it must be integrated into the company's core business strategy rather than being seen as a separate or peripheral activity. This integration requires a shift in mindset from seeing CSR as a compliance-driven activity to recognizing its potential for adding value to the business and the community.
7. **Narrow Perception Towards CSR:** Many national companies in India fail to build CSR into the heart of their brand, as a result CSR is not integrated into the business strategy and is seen as a standalone concept. This means that there is no joined up thinking with the brand towards CSR and means there are more risks for things to go wrong with regards to both internal and external communications. Crucially, CSR is not given the due diligence it demands and is still used purely as a marketing tool, which is no longer an accepted by consumers.
8. **Lack of Transparency:** This is perhaps one of the main issues, where the local implementing agencies do not make enough efforts to disclose or share information about their programmes, whether they have been successful or not, nor are audits conducted to show how funds are spent. This lack of transparency negatively impacts the process of trust building between companies and local communities, which is key to the success of any CSR initiative at the local level.
9. **Lack of a joint approach for CSR Activities:** India is a vast country with a predominately rural population, and it is here where a lot of companies concentrate their CSR efforts. However, what studies show, is that there is a lack of interest from local communities to participate and contribute to the CSR activities of companies at grassroots. This is because there have been little efforts from many of these companies to raise awareness about CSR or its purpose in local communities. This issue is further intensified by the lack of communication between the company and the community at grassroots. All this weakens the CSR efforts.
10. **Scaling up CSR Initiatives** Scaling up CSR initiatives is a crucial aspect of driving a larger impact and addressing complex social and environmental challenges in India. To effectively scale up CSR initiatives, several factors need to be considered. One challenge is the need for strategic planning and resource allocation. Scaling up requires careful planning, including identifying target areas, setting clear objectives, and allocating sufficient resources to support expanded initiatives.

These challenges serve as opportunities for corporations to enhance their performance and capabilities.

SUGGESTIONS FOR EFFECTIVE CSR INITIATIVES IN FUTURE

1. **Enhance Regulatory Framework:** Governments should offer clearer guidance on CSR regulations, promoting consistency and resolving ambiguities. Aligning state-level regulations can simplify implementation and reporting procedures.
2. **Promote Collaboration and Partnerships:** Encourage corporations, government agencies, NGOs, and local communities to collaborate, leveraging resources, expertise, and networks. Public-private partnerships can scale successful initiatives and drive innovation.
3. **Promote Capacity Building:** Establish comprehensive training programs and capacity-building initiatives aimed at strengthening the understanding and application of CSR principles within businesses and among stakeholders. Collaboration among industry associations, government bodies, and academic institutions can facilitate the development and delivery of specialized training modules tailored to diverse needs and contexts.
4. **Embrace Technology and Innovation:** Use digital platforms, mobile tech, and data analytics to improve how CSR initiatives work, monitor them better, and report on progress. This tech-driven approach can make initiatives more accessible, track progress in real-time, and manage resources efficiently.
5. **Set Up Impact Assessment Mechanisms:** Create standardized frameworks for assessing the impact of CSR initiatives. These frameworks should include both quantitative and qualitative measures and involve stakeholders in the evaluation process.
6. **Promote Accountability and Transparency:** Encourage transparent reporting and disclosure of CSR endeavors. Advocate for the adoption of globally recognized reporting frameworks like GRI standards, while involving external stakeholders in monitoring and evaluation processes.
7. **Facilitate Stakeholder Engagement:** Create platforms for meaningful dialogue, consultation, and feedback to actively involve stakeholders in CSR initiatives. By engaging stakeholders in the entire process—from design to implementation and evaluation—companies can ensure inclusivity and alignment with community needs.
8. **Promote Research and Knowledge Exchange:** Support research on CSR practices, impacts, and innovative approaches. Share research findings and best practices widely through conferences, journals, and online platforms to foster learning and collaboration.

CONCLUSION

Engaging in various CSR activities is a win-win situation for both corporate and society. [Corporates](#) can save a lot in front of taxation and also contribute to upliftment of society by indulging in such CSR activities. CSR has come a long way in India, from responsive activities to sustainable initiatives, corporates have included CSR as part of their practice area. Indian corporations have demonstrated a growing commitment to CSR, aligning their initiatives with the SDGs. This alignment enables them to address multiple dimensions of sustainable development, such as education, health, environmental sustainability, women empowerment, and rural development. CSR initiatives have shown positive impacts, benefiting various stakeholders and communities. Successful case studies highlight the transformative potential of CSR projects, showcasing improved livelihoods,

education outcomes, healthcare access, and environmental conservation. However, challenges persist, and continued efforts are needed to address the challenges and leverage the opportunities for further enhancing the impact of CSR initiatives in India.

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