

Is legalizing Corporate Social Responsibility a way to achieve Sustainable Development Goals 2030 – the case of India

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The introduction of Section 135 in the Companies Act, 2013, made India one of the few countries to legalize Corporate Social Responsibility (CSR) mandating certain companies to spend two percent of their average net profit on CSR. The High-Level Committee (HLC) formed in 2015 to assist the government in strengthening the CSR framework called it a learning experience for all stakeholders, including the government, business, implementing agencies, auditors, etc. Responsive regulation has the ability to close the gap between policy and implementation through better knowledge and proactive assessment of the regulatory performance. Therefore, it is vital to understand how these regulations are helping Indian society, particularly in the face of a global pandemic like COVID-19. The aim of this study is to answer the following research questions: Will legalization of CSR increase corporate participation in welfare activities? What kind of activities are the companies focusing their CSR spending on? Will these spends allow India to achieve the Sustainable Development Goals (SDG) 2030 goals? What are the lessons for the world from this 'learning experience' in India? This research paper uses the sustainable development framework to study corporate participation as India's CSR policy is based on it. The insights are drawn using a deductive approach based on secondary data available from the CSR reports of the companies eligible for CSR spends and the CSR data uploaded by companies on Government of India's dedicated CSR platform. The CSR spending based on Section 135 of the Act provides a framework for businesses to collaborate in addressing the country's development concerns via capital, management skills, technology, and innovation. The findings reveal that in the year 2019-2020 (India has April to March financial year) 5223 companies spent around USD 2.41 billion across 18765 CSR Projects in comparison to USD 1.36 billion in the year 2014-15. The CSR spends of companies was highest on education projects followed by healthcare, rural development, and environmental sustainability. The data shows that the legalization of CSR can boost corporate engagement in welfare activities, pointing a way forward for the world to achieve SDG 2030 through legally mandated CSR participation.