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**Address for
correspondence:**
Amruta Ashok Patil
Research Student,
Department of Commerce
and Management, Shivaji
University, Kolhapur
Email:
amrutapatil0501@gmail.com

The Role of Corporate Social Responsibility for Sustainable Development in India

Amruta Ashok Patil

Research Student, Department of Commerce and Management, Shivaji University, Kolhapur

Abstract

Corporate social responsibility (CSR) plays a crucial role in promoting sustainable development in India. Under the Companies Act, 2013, eligible companies are required to spend 2% of their net profits on social and environmental causes. CSR promotes poverty eradication, education, healthcare, gender equality and environmental protection, in line with the United Nations Sustainable Development Goals (SDGs). Key initiatives include the Tata Group's education and renewable energy projects, Hindustan Unilever's Project Shakti (empowerment of rural women), ITC's e-Choupal (agricultural sustainability), and Mahindra's Hariyali (tree plantation and water conservation). In 2022-23, Indian companies spent Rs 26,000 crore on CSR, with education and healthcare being the top priorities.

Keywords: Sustainable Development Goals (SDGs), CSR, Inclusive Growth, Sustainable Development

Introduction

Corporate Social Responsibility (CSR) has become an integral part of modern businesses, integrating social, environmental and ethical responsibilities into business strategies. In India, the scope of CSR is not limited to voluntary initiatives, but has become a legal obligation under the Companies Act, 2013. This Act mandates eligible companies to spend 2% of their average net profit on areas such as education, healthcare, rural development and environmental protection. In a developing economy like India, where social and environmental challenges are widespread, CSR has emerged as a powerful tool to promote sustainable development. Aligned with the United Nations Sustainable Development Goals (SDGs), CSR promotes inclusive growth, social equity and environmental sustainability. This introduction reviews the role of CSR in India in the context of sustainable development, highlighting its importance, key initiatives and future opportunities.

Objectives:

1. To study the concept of Corporate Social Responsibility.
2. To study the role of Corporate Social Responsibility for sustainable development in India.

Research Methodology:

This research uses qualitative research methods, including case studies. Also, by using quantitative methods together, the research has been made more comprehensive and in-depth. In this way, qualitative and quantitative methods have been used.

Review of Literature:

Agarwal Sanjay K, "Corporate Social Responsibility in India", SAGE Response; First Edition 2008, Baxi C.V. and Prasad Ajit, "Corporate Social Responsibility: Concepts and Cases", Excel Books, 2005, Gokul Ranganathan, "Towards Sustainable Sugar: Compendium of CSR Initiatives in South Asian Countries", Issuu.com, Gautam Richa, Kovid Raj, Singh Anju, "Corporate Social Responsibility in Indian Sugar Industry: Managers' Reflections", in International Journal of Indian Culture and Business Management · January 2014, Mitra Nayan, Schmidpeter René, "Corporate Social Responsibility in India: Cases and Developments After the Legal Mandate (CSR, Sustainability, Ethics & Governance)", Springer International Publishing, 2017

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Corporate Social Responsibility (CSR):

Corporate Social Responsibility (CSR) refers to businesses integrating ethical, social, and environmental concerns into their operations and stakeholder interactions. It's about companies taking accountability for their impact on society beyond profit-making.

Aspects Include:

- **Environmental sustainability:** Reducing carbon footprints, waste, and resource depletion (e.g., adopting renewable energy or eco-friendly packaging).
- **Social impact:** Supporting communities, promoting diversity, ensuring fair labor practices, and improving employee welfare.
- **Ethical governance:** Transparency, anti-corruption measures, and fair business practices.
- **Stakeholder engagement:** Balancing the needs of customers, employees, suppliers, and investors.

Objectives of Corporate Social Responsibility for Sustainable Development in India

Corporate Social Responsibility (CSR) plays a crucial role in promoting sustainable development in India. The following objectives indicate the key directions for achieving sustainable development through CSR:

- **Promoting social equity and inclusive growth:** CSR initiatives aim to promote social inclusion through poverty alleviation, education and skill development. In particular, initiatives are taken to mainstream rural and marginalized communities, such as Hindustan Unilever's Project Shakti, which provides economic independence to rural women.
- **Ensuring environmental sustainability:** CSR promotes measures such as green technology, tree plantation and water conservation to protect the environment and combat climate change. For example, Mahindra's Hariyali initiative works to maintain ecological balance.
- **Improving healthcare and well-being:** CSR initiatives improve the quality of life of the people by prioritizing healthcare facilities, clean water and sanitation. The Tata Group's healthcare project is a good example of this.
- **Alignment with the Sustainable Development Goals (SDGs):** CSR is aligned with the United Nations' 2030 Sustainable Development Goals, supporting areas such as gender equality, sustainable agriculture and clean energy. ITC's e-Choupal initiative promotes sustainable agriculture.
- **Driving innovation and economic growth:** CSR initiatives accelerate economic growth by promoting new technologies and business models. This creates employment opportunities for local communities and increases the brand value of companies.

Community empowerment and partnerships:

CSR creates long-term social and environmental impact by collaborating with local communities, NGOs and government agencies. This enables effective policy implementation and community empowerment.

CSR in India is aligned with the United Nations Sustainable Development Goals (SDGs), which cover key areas such as poverty eradication, education, healthcare, gender equality and environmental sustainability. By adopting ethical practices, companies promote inclusive growth and environmental protection. Some notable examples are as follows:

- **Tata Group:** Through Tata Trusts and Tata Power, it supports education, healthcare and renewable energy projects, impacting the lives of millions of people.
- **Hindustan Unilever:** Project Shakti promotes economic independence by empowering rural women as micro-entrepreneurs.
- **ITC:** The e-Choupal initiative provides farmers with digital tools to access markets, promoting agricultural sustainability.
- **Mahindra:** The Hariyali initiative focuses on tree plantations and water conservation, fighting climate change.

These initiatives demonstrate how CSR bridges the gap between corporate goals and social needs, creating shared value.

Legal Framework and Compliance

The Companies Act, 2013, makes CSR spending mandatory for companies that meet certain financial criteria (e.g., net profit of Rs 5 crore or more). The law focuses on sectors such as education, healthcare, rural development and environmental protection. In 2022-23, Indian companies spent Rs 26,000 crore on CSR, with education and healthcare accounting for the largest share. However, some companies face difficulties in identifying effective projects or measuring results.

Challenges in CSR implementation

In terms of capacity, CSR in India faces several obstacles:

- **Limited expertise:** Many companies lack the knowledge to design effective CSR programs.
- **Impact measurement:** Quantifying social and environmental impacts is complex.
- **Resource constraints:** Small companies find it challenging to allocate adequate funds.
- **Alignment of interests:** Balancing stakeholder expectations and societal needs can create conflicts.

To address these challenges, collaboration between businesses, NGOs and government agencies, as well as technology-based solutions such as impact assessment tools, are needed.

Growth Opportunities

CSR provides businesses with significant opportunities to innovate and enhance their reputation:

- Innovation: Companies are adopting green technologies such as solar power and waste management.
- Brand value: CSR increases customer loyalty and attracts socially conscious investors.
- Policy advocacy: Businesses can influence sustainable policies by partnering with governments.
- Community empowerment: Initiatives such as skill development and women's empowerment have long-term social benefits.

6. Sunil Kumar Misra, "Handbook of Corporate Social Responsibility in India – CII", Confederation of Indian Industry, 2013
7. Gupta Neha "Impact of CSR on Rural Development: A Case Study of Sugar Industry in India", Global Journal of Business Research, 2019

Conclusion:

Corporate social responsibility (CSR) in India is a significant tool for promoting sustainable development. CSR spending mandated under the Companies Act, 2013 is contributing to sectors such as education, healthcare, environmental protection and rural development. The initiatives of companies such as the Tata Group, Hindustan Unilever, ITC and Mahindra promote social inclusion, environmental sustainability and economic empowerment. However, challenges such as limited expertise, complexity of impact measurement and lack of resources are faced. However, opportunities such as green technology, community empowerment and partnerships enhance the impact of CSR. By aligning business policies with social and environmental needs, CSR can accelerate India's 2030 Sustainable Development Goals, laying the foundation for inclusive and sustainable growth.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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5. Mitra Nayan, Schmidpeter René, "Corporate Social Responsibility in India: Cases and Developments After the Legal Mandate (CSR, Sustainability, Ethics & Governance)", Springer International Publishing, 2017