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Corporate Social Responsibility (CSR) and the Sustainable Development Goals (SDGs): Assessing India's Legal Framework with reference to Section 135 of The Companies Act, 2013

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Abstract

India took the lead in bringing corporate endeavours into line with the Sustainable Development Goals (SDGs) by implementing Corporate Social Responsibility (CSR) through Section 135 of the Companies Act, 2013. India's legal framework integrates essential CSR efforts with the SDGs with environmental preservation and sustainable development. It is vital to understand the role of legislative mandates in promoting sustainable development by identifying the gaps and synergies between corporate CSR practices and the SDGs. Although CSR has been successfully institutionalized by India's legal framework, ongoing assessment and modification are required to guarantee that corporate contributions adequately address environmental issues and are working towards more focused goals of sustainable development.

Keywords: *Corporate Social Responsibility, Section 135, Sustainable Development Goals, Environmental Protection, Legal Framework.*

1: Introduction

Corporate social responsibility (CSR) pronounces the moral duty of companies to make constructive contributions to the environment and society. In India, CSR has transformed from being a voluntary endeavour to a mandate by law. Companies that achieve certain financial benchmarks are required under Section 135 of the Companies Act of 2013, to devote at least 2% of their average net income over the previous three years to corporate social responsibility (CSR) initiatives. These initiatives cover topics including poverty reduction, healthcare, education, and environmental sustainability. In parallel, in 2015, the

ISSN PRINT 2319 1775 Online 2320 7876
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United Nations unveiled the Sustainable Development Goals (SDGs), a set of 17 interrelated objectives designed to tackle global issues such as poverty, inequality, climate change, and environmental degradation. As a signatory, India has pledged to incorporate these objectives into its national development agendas and policies in order to achieve them by 2030. This research aims to examine and assess the laws that regulate corporate social responsibility (CSR) in India, with specific attention to Section 135 of the Companies Act of 2013. Further, it determines the opportunities and difficulties in combining CSR programs with the objectives of sustainable development . It also draws a mechanism wherein SDGs and CSR be better aligned to support sustainable development in India.

2: Legal Framework of CSR in India Section 135 of the Companies Act, 2013: Mandates for Corporate Social Responsibility activities

A revolutionary change in India's corporate governance environment was brought about by the addition of Section 135 to the firms Act, 2013, which made corporate social responsibility (CSR) a part of the firms' statutory duties. India stands out as one of the few nations to enact mandatory CSR laws thanks to this clause, which establishes a framework for certain corporations to engage in CSR activities and introduces legal compliance methods.

2.1 Schedule VII: List of Activities Eligible under Corporate Social Responsibility

The areas in which businesses may participate in CSR initiatives are listed in Schedule VII of the Companies Act of 2013. These serve as examples and give businesses the freedom to carry out projects that complement more general national interests. The range of activities consists of

- Eliminating malnutrition, poverty, and hunger;
- Supporting education, including vocational training and special education;
- Encouraging women's empowerment and gender equality;
- Ensuring environmental sustainability;
- Preservation of the nation's cultural heritage;
- Actions to help veterans of the armed forces;
- Promoting athletics;
- Donations to the Prime Minister's National Relief Fund or other funds that have been informed;
- Initiatives for rural development;
- Development of slum areas;

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- Disaster relief, rehabilitation, and reconstruction efforts are all included in disaster management.[1]

The Ministry of Corporate Affairs (MCA) has made it clear that these items should be interpreted liberally to allow businesses to creatively customize their CSR initiatives while still adhering to national development objectives.[2]

2.2 Corporate Social Responsibility Rules and Amendments: Notable Changes and Their Implications

Section 135 is supplemented by the Companies (Corporate Social Responsibility Policy) Rules, 2014, which offer operational clarification on how CSR is to be implemented. To increase compliance and reporting effectiveness, these regulations have been amended multiple times since they were first introduced. Among the noteworthy changes are:

- **Companies (Amendment) Act, 2019:** The 2019 modification changed CSR's "comply or explain" requirement to a more legally obligatory one. Businesses that do not spend the required amount for CSR must transfer the unused funds to a fund listed in Schedule VII within six months of the fiscal year's conclusion.
- **Corporate Social Responsibility Rules Amendment, 2021:** The 2021 regulations placed a strong emphasis on impact analysis and greater openness in CSR expenditures. Among the major adjustments are:
    a. Impact assessments are required for businesses with ₹10 crore or more in CSR obligations.
    b. A new CSR-1 Form is being introduced for organizations who plan to carry out CSR initiatives on behalf of businesses.
    c. Clarification about administrative overheads, making sure that they don't account for more than 5% of all CSR spending.[3]

These modifications highlight a shift in policy toward accountability and provable results in CSR initiatives.

2.3 Compliance Mechanisms: Reporting Requirements and Penalties for Non-Compliance

The Act's CSR standards are enforced through a combination of fines and required disclosures. Important prerequisites consist of:

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[1] Companies Act, No. 18 of 2013, Section 135 r/w Sch. VII, India Code (2013)
[2] Ministry of Corporate Affairs, General Circular No. 21/2014 (June 18, 2014).
[3] Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Gazette of India, Extraordinary, Part II, Sec. 3(i) (Jan. 22, 2021).

- **CSR Committee and Policy:** A CSR Committee of three or more directors, including at least one independent director, must be established by companies that meet the requirements under Section 135(1). The Committee's responsibilities include developing and establishing a CSR policy, overseeing its implementation, and recommending the appropriate level of spending.
- **Reporting in Board's Report and CSR Website Disclosure:** An annual report on corporate social responsibility (CSR) that includes information on the CSR Committee's makeup, the approved CSR policy, the amount spent and unspent, and the reasons for non-spending must be included in the Board's report. The company's official website must also disclose the CSR Policy.
- **Penalties for Non-Compliance:** Companies who do not transfer the unspent CSR payment to the designated fund within the allotted time frame risk fines under the new requirements. Each accountable officer may be penalized one-tenth of the unspent sum or ₹2 lakh, whichever is less, and the firm may be fined twice the unspent amount or ₹1 crore, whichever is less. The government's determination to instill social responsibility into company DNA, with a focus on sustainable development and ethical governance, is demonstrated by this move from voluntary compliance to enforcement.

3: Sustainable Development Goals (SDGs) and Corporate Engagement

3.1 Overview of SDGs: Introduction to the 17 Goals

As part of the 2030 Agenda for Sustainable Development, all United Nations (UN) Member States approved the Sustainable Development Goals (SDGs) in 2015 as a universal call to action. These 17 goals—which include 169 targets—act as a guide for world peace, prosperity, and the welfare of both people and the environment. They cover important topics including economic growth, gender equality, clean water and sanitation, poverty, health, education, climate action, and justice.[4]

These are the 17 Sustainable Development Goals:

i. **No Poverty:** Companies may lessen poverty by encouraging the development of jobs, fair salaries, and moral labour standards.

[4] United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development, A/RES/70/1 (Oct. 21, 2015), https://sdgs.un.org/2030agenda.

ISSN PRINT 2319 1775 Online 2320 7876
 UGC CARE Listed (Group -I) Journal Volume 11, Issu 11 a, 2022

ii. **Zero Hunger:** Through sustainable farming practices and supply chains, businesses in the food and agriculture sectors are essential to guaranteeing food security.

iii. **Good Health and Well-Being:** Businesses can promote good health and well-being by offering wellness initiatives, healthcare benefits, and safe working conditions.

iv. **High-quality education:** Businesses can fund skill-development projects, educational programs, and scholarships.

v. **Gender Equality:** Businesses need to encourage workplace diversity and gender-inclusive practices.

vi. **Clean Water and Sanitation:** Companies can guarantee responsible water use by putting water conservation measures into place.

vii. **Clean and Affordable Energy:** Businesses should increase energy efficiency and make investments in renewable energy.

viii. **Decent Work and Economic Growth:** Fair trade, anti-exploitation initiatives, and sustainable employment policies are crucial.

ix. **Industry, Innovation, and Infrastructure:** Businesses ought to spend money on technological advancements and environmentally friendly production methods.

x. **Decreased Inequalities:** Companies can give underprivileged populations access to inclusive opportunities.

xi. **Sustainable Cities and Communities:** Businesses can back eco-friendly infrastructure and urban sustainability initiatives.

xii. **Responsible Production and Consumption:** Waste minimization techniques and sustainable supply chain management are essential.

xiii. **Climate Action:** Companies should reduce their environmental effects and implement carbon-neutral practices.

xiv. **Life Below Water:** Organizations need to encourage sustainable fishing and stop marine pollution.

xv. **Life on Land:** Businesses should make a commitment to biodiversity preservation, conservation, and reforestation.

xvi. **Peace, Justice, and Robust Institutions:** Transparency, anti-corruption initiatives, and ethical leadership are essential.

xvii. **Partnerships for the Goals:** Sustainable development requires cross-sector cooperation.

The economic, social, and environmental facets of sustainable development are all intended to be balanced by these interconnected objectives. Although they were first developed for governments, private sector actors—particularly multinational firms and industries—are crucial to their success.

3.2 Relevance to Corporates: How Businesses Can Contribute to SDGs

Due to their ability for innovation, resource mobilization, and influence over global supply chains, corporations play a crucial role in facilitating the achievement of the SDGs.

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Businesses may support the SDGs in a number of ways, including through their investments, CSR initiatives, sustainable business models, and core operations.

- **Integrating SDGs into Business Strategy:** By coordinating their operations and mission with particular objectives, businesses can integrate SDGs into their strategic planning. A manufacturing company may promote SDG 12 (Responsible Consumption and Production) by putting circular economy principles into practice, while a technology company might invest in digital learning platforms to focus on SDG 4 (Quality Education).[5]
- **Environmental, Social, and Governance and Responsible Investments:** An effective path to accomplishing SDG goals is provided by the Environmental, Social, and Governance (ESG) framework. Investors are putting more and more pressure on businesses to be transparent about how they handle sustainability opportunities and threats. Due to this change, investing in SDG-aligned projects is now both morally and financially advantageous.
- **Reporting and Measurement Tools:** Companies should use sustainability reporting frameworks like the Integrated Reporting Framework, the UN Global Compact's Communication on Progress (CoP), and the Global Reporting Initiative (GRI) to reveal their SDG-related activities in order to demonstrate sincere commitment. These techniques guarantee accountability in corporate contributions to global goals and aid in monitoring impact.

3.3 Global Best Practices: Examples of Corporate Alignment with SDGs

A number of multinational firms have demonstrated how the private sector can spur sustainable development by taking innovative measures to align their operations with the SDGs.

- **Unilever: Integrating Sustainability in Product Development:** SDGs have been incorporated by Unilever into its Sustainable Living Plan, which covers topics including climate action (SDG 13), sanitation (SDG 6), and nutrition (SDG 2). According to the corporation, 75% of its growth came from its sustainable brands, which expanded 69% faster than the rest of the business.[6]

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[5] United Nations Global Compact, Integrating the SDGs into Corporate Reporting: A Practical Guide (2018).
[6] Unilever, Making Sustainable Living Commonplace, https://www.unilever.com/sustainable-living/.

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- **Tata Group: A Model for CSR and SDG Alignment in India**: Companies in the Tata Group have aggressively linked their CSR initiatives to the SDGs. SDGs 3 and 4 are supported by Tata Steel's investments in rural healthcare and education, while SDG 7 (Affordable and Clean Energy) is supported by Tata Power's solar microgrid projects in rural India. The group creates shared value for the company and society by integrating CSR with core operations.[7]
- **IKEA: Climate Positive Goals:** By 2030, IKEA hopes to achieve climate positivity through its People and Planet Positive agenda. By utilizing renewable energy, cutting carbon emissions throughout the supply chain, and encouraging customers to consume sustainably, it aims to achieve SDGs 12 and 13.

These illustrations show that supporting the SDGs is a strategic necessity rather than a humanitarian undertaking. In a market that is becoming more socially conscious, this kind of connection strengthens brand credibility, expands market reach, and increases business resilience.

4: Alignment of CSR Activities with SDGs in India

4.1 Mapping CSR Activities to SDGs: Analysis of How CSR Initiatives Correspond to Specific SDGs

In India, corporate social responsibility, or CSR, has given companies a defined framework to engage in socially beneficial activities that help build the nation, particularly since Section 135 of the Companies Act, 2013 was put into effect. The integration of CSR initiatives with the Sustainable Development Goals (SDGs) of the UN, which offer a worldwide framework for social, environmental, and economic development by 2030, represents a significant shift in the conversation around CSR. Although it doesn't specifically mention SDGs, Schedule VII of the Companies Act of 2013 covers topics that align with several SDGs, including healthcare, education, gender equality, poverty reduction, and environmental sustainability. For example:

- SDG 6 (Clean Water and Sanitation) is aided by CSR initiatives that emphasize sanitation and hygiene (Swachh Bharat Abhiyan).
- Vocational training and skill development initiatives are linked to SDGs 8 (Decent Work and Economic Growth) and 4 (Quality Education).

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[7] Tata Sustainability Group, Sustainability Report 2022–23, https://www.tatasustainability.com.

- Afforestation and the use of renewable energy are examples of environmental projects that support SDGs 13 (Climate Action) and 15 (Life on Land).

In order to facilitate a smooth transition between international obligations and national developmental goals, the Ministry of Corporate Affairs (MCA) has urged businesses to match their corporate social responsibility (CSR) initiatives with national priorities that line with global targets.

4.2 Case Studies: Examples of Indian Companies Aligning CSR with SDGs

- **ITC Limited:** A digital platform that gives farmers access to real-time information, ITC's e-Choupal initiative tackles SDGs 2 (Zero Hunger), 8 (Decent Work and Economic Growth), and 12 (Responsible Consumption and Production). The program promotes sustainability in rural supply chains and increases agricultural productivity.[8]
- **Wipro Limited:** Wipro's CSR is centered on sustainability and education. By increasing knowledge of climate change and biodiversity loss, Wipro Earthian, a sustainability education program for schools and colleges, directly supports SDGs 13 (Climate Action) and 15 (Life on Land). Additionally, their healthcare programs support SDG 3 (Good Health and Well-Being).[9]
- **Infosys Limited:** In terms of coordinating CSR with sustainability goals, Infosys has become a pioneer. The company's CSR programs are concentrated in rural development, healthcare, education, and renewable energy. The company's pledge to achieve carbon neutrality by 2020 is consistent with SDG 13 (Climate Action). Additionally, the Infosys Foundation's efforts to assist school infrastructure and finance the arts and culture contribute to the advancement of SDGs 4 (Quality Education) and 11 (Sustainable Cities and Communities).

The synergistic relationship between corporate responsibility and global development goals is demonstrated by these companies, which serve as examples of how CSR programs may be used to achieve both commercial objectives and SDG ambitions.

4.3 Challenges: Identifying Gaps and Obstacles in Alignment

Notwithstanding positive trends, a number of obstacles prevent CSR and SDGs in India from being seamlessly aligned.

[8] ITC Limited Sustainability Report 2022, https://www.itcportal.com.
[9] Wipro Foundation, Annual Report 2022–23, https://www.wiprofoundation.org.

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- **Lack of Awareness and Strategic Integration:** CSR is often seen by businesses as a charitable duty rather than a tool for strategic growth. Therefore, rather than being deliberate, SDG alignment is frequently accidental. Strong methods for connecting CSR results to SDG indicators are lacking since sustainability measurements are not well understood or well-versed.
- **Inadequate Impact Measurement:** The lack of established instruments for impact assessment is a significant obstacle. Many businesses still lack data-driven approaches to assess the practical effects of CSR programs against SDG targets, even if some have embraced reporting frameworks like GRI or the Business Responsibility and Sustainability Reporting (BRSR).[10]
- **Fragmented Implementation:** CSR initiatives are frequently dispersed and solitary. The interconnectedness of the SDGs is not addressed by initiatives in the absence of inter-sectoral collaborations and comprehensive planning. As a result, the long-term developmental benefit of CSR initiatives is diminished.
- **Inequitable Geographic Distribution:** Remote and tribal areas are sometimes neglected as a result of the concentration of CSR investment on metropolitan or developed areas. Vulnerable groups may be neglected as a result of this unequal distribution of CSR funds, compromising the SDG agenda's inclusivity and universality.
- **Regulatory Ambiguity:** The Companies Act does not specifically require reporting in relation to the SDGs, despite the fact that it promotes CSR-SDG alignment. Because of the inconsistent reporting standards caused by this regulatory gap, it is challenging to assess national progress on SDG indicators through CSR initiatives.[11]

5: Impact Assessment of Mandated CSR on Sustainable Development

5.1 Criteria for Assessing Impact

In India, evaluating the effects of required Corporate Social Responsibility (CSR) has become a crucial subject for study and policymaking. India was the first to enact legislation requiring CSR spending for specific company types in 2013, when Section 135 of the Companies Act was introduced. A clear set of evaluation indicators is necessary in order to

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[10] Securities and Exchange Board of India (SEBI), BRSR Framework Guidelines (2021), https://www.sebi.gov.in.

[11] Ministry of Corporate Affairs, Report of the High-Level Committee on CSR (2018).

ISSN PRINT 2319 1775 Online 2320 7876
 UGC CARE Listed (Group -I) Journal Volume 11, Issu 11 a, 2022

assess the efficacy of this mandate, especially in light of the Sustainable Development Goals (SDGs). In most cases, impact assessments use both qualitative and quantitative measures. Commonly applied criteria include the following:

- **Relevance:** The extent to which CSR initiatives complement SDG goals and community needs.
- **Effectiveness:** The degree to which the initiatives produce the desired results, such more students attending school or better sanitation.
- **Efficiency:** How cost-effective a project is and how well money is spent in relation to results.
- **Sustainability:** The possibility that advantages will last long after the CSR intervention is over.
- **Scalability:** The degree to which a project can be repeated or expanded in various settings.
- **Beneficiary Feedback:** Views from stakeholders and people of the community about the changes brought about by CSR efforts.[12]

Frameworks like the Securities and Exchange Board of India's (SEBI) required Business Responsibility and Sustainability Reporting (BRSR) format have helped standardize the evaluation of non-financial factors, such as SDG-linked performance metrics, in recent years.

5.2 Statistical Review of CSR Spending and Outcomes

CSR spending in India has steadily increased since Section 135 was passed, demonstrating businesses' commitment to the country's growth. The Ministry of Corporate Affairs (MCA) released data showing that Indian corporations spent a total of more than ₹1.25 lakh crore (about USD 15 billion) on CSR initiatives between FY 2014–15 and FY 2021–22.[13]

A statistical examination of CSR spending by sector and SDG shows several noteworthy trends:

- The largest CSR allocations are regularly given to education and skill development (SDGs 4 and 8), which receive close to 37% of all CSR funding each year.
- About 28% goes toward healthcare and sanitation (SDGs 3 and 6), which includes significant funding for government initiatives like Swachh Bharat Abhiyan.

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[12] United Nations Development Programme, "Measuring Impact: A Guide to Social Return on Investment," (2019).

[13] Ministry of Corporate Affairs, National CSR Data Portal, https://www.csr.gov.in.

ISSN PRINT 2319 1775 Online 2320 7876
Research paper UGC CARE Listed (Group -I) Journal Volume 11, Issu 11 a, 2022

- Funding for Environmental Sustainability (SDGs 13 and 15) is often lower, at about 8% of overall spending.
- Approximately 12% of all CSR funding goes to rural development projects that are connected to many SDGs.[14]

Furthermore, the unbalanced contribution patterns are highlighted by the fact that the top 10 CSR spending corporations in India—including Reliance Industries, Tata Consultancy Services, ONGC, and HDFC Bank—contribute an excessively high percentage (above 40%) of all CSR expenditures. Large-scale assessment of CSR success is hampered by the fact that outcome and impact reporting are optional, despite financial reporting being required. Nonetheless, research conducted by the UNDP and NITI Aayog has tried to monitor how CSR priority areas and SDG indicator advancements intersect in a few Indian states.

5.3 Insights into the Effectiveness of Mandated CSR in Advancing SDGs

The following significant conclusions about the impact of mandatory CSR on sustainable development in India are drawn from an analysis of the data and evaluation metrics currently available:

- **Positive Outcomes in Health and Education:** The infrastructure for public health and education has benefited greatly from mandated CSR. For example, a number of businesses have collaborated with state governments to enhance maternal health care, fund midday meal programs, and construct schools. SDGs 3 and 4 have benefited directly from these efforts, which have improved access to essential services in developing regions.
- **Catalyst for Public-Private Partnerships**: A collaborative governance model where businesses, civil society, and government institutions work together to develop answers has been made possible by CSR. This has strengthened SDG 17 (Partnerships for the Goals) by assisting in the scaling of initiatives including digital literacy, rural electricity, and watershed development.
- **Corporate Prioritization Based on Visibility:** High-profile industries that offer immediate reputational advantages appeal to a lot of businesses. This has led to an overemphasis on sanitation and education, while topics like gender equality (SDG 5), biodiversity (SDG 15), and climate change (SDG 13) continue to receive little funding. It's still difficult to allocate CSR resources fairly.

[14] KPMG, "India's CSR Reporting Survey 2022," https://home.kpmg/in/en/home.html.

ISSN PRINT 2319 1775 Online 2320 7876

- **Lack of Impact Assessment Culture:** The majority of businesses take a tick-box approach because they confuse compliance with effect. Input/output monitoring (such as the amount of money spent or the number of beneficiaries) must give way to outcome-based assessments that track real developmental progress over time. The legitimacy and openness of CSR results are impacted when thorough, independent assessments are lacking.
- **Geographical Disparities:** Maharashtra, Gujarat, and Karnataka are among the industrialized or metropolitan states with the highest concentration of CSR spending. There are regional disparities in development funding because less developed areas—such as numerous tribal and northern areas—get comparatively less attention.[15]

6: Challenges and Opportunities

6.1 Implementation Challenges: Issues Faced by Companies in Complying with CSR Mandates

Corporate Social Responsibility (CSR) has become a regulatory requirement for certain Indian firms after the passage of Section 135 of the firms Act, 2013. Even though this legislative action is a step in the right direction toward encouraging sustainable development and inclusive growth, businesses still face several implementation obstacles.

- **Ambiguity in Law Interpretation:** The interpretation of CSR law, particularly with regard to eligible activities specified under Schedule VII, is one of the main issues. In order to assure compliance without running the danger of legal scrutiny, businesses frequently find it difficult to match their initiatives with the acceptable categories, which results in either cautious expenditure or investments in low-impact but "safe" ventures.
- **Lack of Institutional Capacity:** The internal infrastructure needed to plan, carry out, oversee, and assess CSR initiatives is lacking in many businesses, especially small and medium-sized organizations (SMEs). Without strategic planning or long-term vision, ad hoc project implementation frequently results from the lack of specialized CSR departments or qualified people.

[15] Centre for Social Impact and Philanthropy, Ashoka University, "CSR in Backward Districts: Mapping Gaps," (2020).

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- **Inequitable Geographic Distribution:** CSR funding is typically concentrated in metropolitan or industrialized areas where businesses operate, giving less developed and underdeveloped areas little consideration. This unequal distribution undercuts the goals of regional parity and inclusive prosperity.
- **Inadequate Impact Assessment:** The assessment of the true social or environmental impact of CSR expenditures is still mostly optional, even though financial reporting is required. Rather of monitoring results and long-term improvements, businesses usually concentrate on input and output metrics.
- **Regulatory and Compliance Burden:** Compliance pressure has increased as a result of growing legal requirements, such as mandated disclosures under the Business Responsibility and Sustainability Reporting (BRSR) framework. Businesses must strike a compromise between meeting CSR requirements under stringent time deadlines and documentation standards and operational goals.

6.2 Opportunities for Improvement: Strategies to Enhance CSR Effectiveness

Notwithstanding the difficulties, India's CSR law offers a number of chances to raise the standard and influence of corporate giving.

- **Strategic Alignment with SDGs:** Businesses can provide their projects coherence, structure, and a global perspective by coordinating their corporate social responsibility (CSR) efforts with the Sustainable Development Goals (SDGs) of the UN. This alignment improves stakeholder participation and business brand equity while addressing actual societal challenges.
- **Leveraging Technology:** CSR can be completely transformed by digital solutions that guarantee accountability, facilitate real-time monitoring, and increase project transparency. Need assessments, beneficiary tracking, and effect evaluations can be facilitated by Geographic Information Systems (GIS), mobile applications, and data analytics.
- **Collaborative Models:** Businesses can use platforms like industry clusters, public-private partnerships, or CSR foundations to pool their CSR resources in order to take a collaborative approach. Collaborations between government agencies, companies, and civil society enable scale, innovation, and synergy.
- **Capacity Building:** Program design and execution can be enhanced by funding capacity building for implementation partners (NGOs, SHGs, and local authorities) as

well as within organizations. Better results will come from professionalizing CSR functions through training and knowledge exchange.

- **Third-Party Evaluation:** Third-party, independent impact assessments lend credibility and offer unbiased commentary on the success of CSR initiatives. These assessments can assist businesses in improving their tactics and adding to a nationwide database of CSR best practices.

6.3 Policy Recommendations: Suggestions for Policymakers to Strengthen the CSR Framework

Policymakers must take a flexible and inclusive approach to CSR regulation in order to address current issues and seize new potential.

- **Refining Schedule VII:** Schedule VII should be modified on a regular basis to reflect changing social demands, consulting with corporate stakeholders and development specialists. More flexibility through more expansive thematic categories would allow businesses to experiment without worrying about non-compliance.
- **Differential Compliance Framework:** A differentiated compliance method based on firm size, sales, or CSR expenditure threshold could lessen compliance burden and increase participation, especially considering the capacity differences between SMEs and large corporations.
- **Mandatory Impact Assessment for Large Projects:** Impact assessments must to be required for CSR projects that surpass a specific amount, such as ₹1 crore. To guarantee uniformity and comparability across industries, standards for outcome indicators should be created.
- **Incentives for Regional Development:** Policymakers should consider offering tax or regulatory incentives for companies investing CSR funds in underdeveloped districts or aspirational regions. This can address the problem of geographical imbalance in CSR spending
- **Public CSR Database:** Transparency and the replication of successful models can be facilitated by a centralized public database for CSR projects, results, impact evaluations, and beneficiary feedback. This data can be added to the Ministry of Corporate Affairs' CSR portal in an easily navigable manner.[16]

[16] National CSR Data Portal, Ministry of Corporate Affairs, https://www.csr.gov.in.

ISSN PRINT 2319 1775 Online 2320 7876
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7. Conclusion:

India is a global leader in requiring corporate social responsibility (CSR) for corporations, having seen substantial change in the idea since it was codified in the Companies Act of 2013. Schedule VII, Section 135 of the Act, and the ensuing CSR Rules have formalized firms' obligations to promote environmental sustainability and socioeconomic advancement. A paradigm shifts in corporate behavior from voluntary giving to organized, strategic, and quantifiable CSR practices has been sparked by this legislative obligation throughout the last ten years. The legislative structure established by Section 135 was intended to include social development into the fundamental business plan, not just to compel corporations to pay a portion of their revenues. The clause requires qualifying businesses to invest in CSR initiatives equal to at least 2% of their average net income over the previous three years. The Act's Schedule VII lists the specific categories in which these funds may be allocated, including rural development, healthcare, education, gender equality, and environmental sustainability. Numerous circulars and revisions have been made over time in an effort to improve the regulatory framework's efficacy, flexibility, and clarity. The potential of the CSR framework to further the Sustainable Development Goals (SDGs), which were endorsed by the UN in 2015, is a noteworthy feature. By 2030, these 17 interrelated goals serve as a roadmap for world peace, wealth, and progress. Indian businesses may make a significant contribution to international efforts to end poverty, advance inclusive education, provide access to clean energy, fight climate change, and promote innovation and infrastructure development by coordinating their corporate social responsibility (CSR) initiatives with particular Sustainable Development Goals (SDGs).

As this report examines, a number of Indian businesses have already started to align their CSR initiatives with the SDGs. Indian corporations are directly supporting Goals 3 (Good Health), 4 (Quality Education), 6 (Clean Water and Sanitation), and 8 (Decent Work and Economic Growth) through their contributions to public health, education, water conservation, and livelihood enhancement. This is demonstrated by case studies of companies such as Tata Group, ITC, Infosys, and Hindustan Unilever. In addition to proving compliance, these business initiatives serve as prime examples of sustainability and social responsibility leadership.

The results of the effect assessment of mandatory CSR spending are not entirely consistent. On the one hand, the amount of money allocated to environmental and social reasons has

ISSN PRINT 2319 1775 Online 2320 7876
 UGC CARE Listed (Group -I) Journal Volume 11, Issu 11 a, 2022

clearly increased; since 2014, total CSR spending has surpassed ₹100,000 crores. However, it has proven difficult to convert financial inputs into long-term social change due to poor implementation quality, geographic spending concentration, and a lack of reliable monitoring systems. Evaluation metrics that show good trends include the number of beneficiaries reached, infrastructure constructed, and programs implemented. However, it is still challenging to measure qualitative effects like empowerment, behavioural change, and systemic improvement. Finding gaps and improving future tactics require data-driven assessment and impartial third-party assessments.

Notwithstanding its successes, India's CSR system has its share of difficulties. Obstacles to implementation include imprecise legal definitions, a restrictive definition of what constitutes an eligible activity, a lack of internal resources, and an excessive reliance on NGOs. Furthermore, some larger organizations view corporate social responsibility (CSR) as a checkbox exercise rather than a tool for sustainable development, while smaller businesses frequently struggle with compliance owing to resource restrictions. However, the framework also offers a plethora of opportunities. Businesses can increase the efficacy and scalability of their CSR programs by utilizing technology, encouraging inter-corporate collaboration, and developing institutional capacities. By improving the regulatory environment, requiring reviews for major projects, implementing impact-focused incentives, and promoting regional development through CSR tax benefits, policymakers can also play a crucial role.

CSR needs to transcend compliance and enter the value creation space for both society and business if it is to evolve into a true tool of national development. Businesses must approach beneficiaries as stakeholders, integrate sustainability into their fundamental operations, and prioritize long-term effects over immediate visibility. It is imperative that policymakers cultivate an environment that promotes creativity, openness, and responsibility. To guarantee that the CSR mandate is carried out successfully, academia and civil society should serve as watchdogs, analysts, and partners. An inclusive, egalitarian, and sustainable India may be achieved through a robust public-private partnership focused on the SDGs.

India's CSR journey is both distinctive and motivational. Although Section 135's statutory mandate set the groundwork, its execution and development are where the true change will occur. CSR's linkage with the SDGs provides a potent means of connecting business interests with both domestic and international development goals. India has the chance to set an example for how corporate responsibility and public welfare can coexist by filling in the gaps

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and utilizing the advantages of the current framework. CSR will be crucial in creating a resilient and inclusive society as India moves closer to its goal of a $5 trillion economy and sustainable growth. Spending better—strategically, sustainably, and sincerely—is the challenge, not spending more.

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