

The Newer Paradigms to Link Corporate Social Responsibility (CSR) with Sustainable Development Goals (SDG's)

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Abstract—CSR has evolved over time and has been gaining more importance for businesses in the context of sustainability and sustainable development (Arevalo, J. A., & Aravind, D, 2011). The concept of CSR is not new to India; historically speaking, social responsibility of companies is a well-established phenomenon in India, and the country has one of the world's richest traditions of CSR (Datta and Thakur 2018). Various development led initiatives through CSR in developing countries post Companies Act 2013 have provided platform for social development and has created opportunities for business to create value proposition for businesses and stakeholders (Thakur, Narula and Zutshki). The 17 Sustainable Development Goals have been studied in detail in the paper to understand the linkage between CSR and SDG's. The methodology has followed both quantitative as well as qualitative study. There has been analysis of data from secondary sources and literature review of papers and articles. The study has studied the various SDG goals to understand how the goals are progressing. It has also studied both qualitatively and quantitatively CSR activities along with the expenditure pattern for CSR. The study concludes that there has been a newer paradigm for CSR and CSR has direct linkage with SDG's. It is also concluded that both CSR and SDG's are still in isolation and there has to be concerted efforts and study to strengthen the linkage between CSR and SDG's.

Keywords: CSR, SDG's, Education, Health, Environment.

1. INTRODUCTION

CSR has evolved over time and has been gaining more importance for businesses in the context of sustainability and sustainable development. CSR and Business were interpreted separately by the Corporates and the linkage between the two was missing. Business houses used to see CSR as one of many activities as part of social work. Gradually over time businesses realized that CSR and business cannot be conducted in isolation (Arevalo, J. A., & Aravind, D, 2011). The concept of Corporate Social Responsibility (CSR) has gained increased significance in recent years. The growing focus on CSR has changed the attitude of businesses all over the world, and India is not an exception. The concept of CSR is not new to India;

historically speaking, social responsibility of companies is a well-established phenomenon in India, and the country has one of the world's richest traditions of CSR (Thakur and Datta 2018). Various development led initiatives through CSR in developing countries post Companies Act 2013 have provided platform for social development and has created opportunities for business to create value proposition for businesses and stakeholders (Thakur, Narula and Zutshki)

Sustainable Development Goals (SDGs) were adopted on September 25, 2015 by 193 countries as a follow up to the Millennium Development Goals. The SDGs focus to end poverty, protect the planet and ensure prosperity for all, as part of a new sustainable development agenda. A total of 17 goals and 169 targets are set to be achieved by 2030 and the realization of the same calls for a collective effort from the government, the corporates and the civil society organizations.

Companies Act and CSR policy 2013 Indian corporations have a very rich history of funding social causes; however, the momentum for CSR has grown during last few years. More recently, guidelines have been issued to the corporate in order to draw their attention towards specific social development activities from various agencies including the government. Some of these guidelines are the Department of Public Enterprises (DPE) guidelines, National Voluntary Guidelines by Ministry of Corporate Affairs and also (SEBI (Security Exchange Board of India). The recent change in the Companies Act in India makes it mandatory for companies to devote 2% of their profits to CSR activities (Kumar, 2013)

The paper would cover basic understanding of SDG's and CSR post Companies Act 2013, analysis of SDG's and CSR, mapping of SDG's and CSR and providing new paradigms for CSR in context to SDG's.

2. OBJECTIVES

To study newer paradigms to link CSR with the SDG's.

3. METHODOLOGY

Methodology refers to the rationale and the philosophical assumptions that underlie a particular study whereas method is a specific technique for data collection under those philosophical assumptions (White, 2000).

Both quantitative and qualitative methods have been followed.

- a. Quantitative analysis has been attempted to assess the efficiency of the funds utilization since in India in post 2013 situation that remains a big challenge. Also an analysis has been done to comprehend and assess the direction of CSR pool.
- b. Qualitative method has been followed to analyze the SDG's, and to vindicate and test the results of the analysis and to explore opinions for expanding and improving the scope of CSR towards the ultimate goals of sustainable development.

4. DISCUSSION 1: SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another.

The 17 Sustainable Development Goals (SDGs) to transform our world:

GOAL 1: No Poverty

GOAL 2: Zero Hunger

GOAL 3: Good Health and Well-being

GOAL 4: Quality Education

GOAL 5: Gender Equality

GOAL 6: Clean Water and Sanitation

GOAL 7: Affordable and Clean Energy

GOAL 8: Decent Work and Economic Growth

GOAL 9: Industry, Innovation and Infrastructure

GOAL 10: Reduced Inequality

GOAL 11: Sustainable Cities and Communities

GOAL 12: Responsible Consumption and Production

GOAL 13: Climate Action

GOAL 14: Life below Water

GOAL 15: Life on Land

GOAL 16: Peace and Justice Strong Institutions

GOAL 17: Partnerships to achieve the Goal

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests (SDG 2015)

Discussion 2: CSR and Schedule VII of Companies Act 2013

After being passed by the Lok Sabha on 18th December 2012, by the Rajya Sabha on 8th August 2013 and receiving presidential assent on 30 Aug 2013, the Companies Bill now has become a law replacing the erstwhile Companies Act of 1956. While the older law had 658 sections, the new legislation has been trimmed down to 470 clauses. Several key changes have been introduced to increase transparency in investments, strengthening the rights of minority shareholders and promoting gender equality on company boards.

India's Companies Act 2013 (Companies Act) has introduced several new provisions which change the face of Indian corporate business" Companies Act 2013 (Companies Act) has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc. from the society. By performing the task of CSR activities, the companies are giving something back to the society.

Ministry of Corporate Affairs has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies 2014(*CSR Rules*) which has come into effect from 1 April 2014.

Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.

The Companies Act for CSR would approximately cover 10000 Companies to spend Rs 20000 crore on annual basis on activities provided in Schedule VII. The amount invested would create new opportunities for the social sector and would reduce poverty, illiteracy and improve quality of life.

Schedule VII of the Companies Act as

1. Eradicating extreme hunger and poverty;
2. Promotion of education;
3. Promoting gender equality and empowering women;
4. Ensuring environmental sustainability
5. Protection of national heritage, art and culture.
6. Measures for the benefit of armed forces veterans, war widows and their dependents;

7. Training to promote rural sports, nationally recognized sports, Olympic sports;
8. Rural development projects;
9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
10. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
11. Urban slum development
12. Contribution to Swachh Bharat Abhiyan

It can be interpreted that most of the CSR activities mentioned in Schedule V11 of the Companies Act 2013 have been derived from the Millennium Development Goals, Sustainable Development Goals, Global Compact Principle set by the United Nations.

Discussion 3: CSR and SDG's Mapping of CSR with SDG's Analysis

The expenditure pattern on CSR activities on Schedule VII activities indicate that the majority of the CSR funds are spent on education, sanitation, health, environment and rural development.

Education: Majority of the projects in the education sector focuses on school construction, education and awareness of students, teachers and community.

This is Goal 4 of the SDG's

- **Water and Sanitation:** Construction of toilets and Water: Projects on water and sanitation focuses on construction of toilets for households and schools along with awareness and training related to sanitation.

This is Goal 6 of the SDG's

- **Health:** Projects on health focuses on construction of hospitals, preventive health measures and health camps.

This is Goal 3 of the SDG's

- **Environment:** Projects on environment focuses on promotion of renewable solutions, agricultural initiatives along with awareness creation for stakeholders.

This is Goal 13 of the SDG's

- **Rural development including Clean Energy:** Projects on rural development focuses on developing rural areas, providing basic infrastructure and livelihood based initiatives.

This is Goal 7 of the SDG's

Ranking of Schedule VII activities with SDG's based on expenditure

Schedule V11 activity	Goals	Ranking
Education	Goal 4	1
Health	Goal 3	2
Water and Sanitation	Goal 6	3
Environment	Goal 13	4
Rural Development including Clean Energy	Goal 7	5

1 indicates: Highest 5 indicates: Lowest

The data has been analysed for 3 financial years from 2014-2017 through Capital Line data base. The health, sanitation and education sector accounts for the 63.74 per cent (INR 4155 Cr.) of the total spends on CSR against 50 per cent (INR 2592 Cr.) in the year 2014 -15, an increase by 14 per cent. CSR spent on rural development sector has considerably increased from INR 443 Cr. (8.84 per cent) in 2014-15 to INR 804 Cr. (12.34 per cent) in 2015-16. The CSR expenditure has been increasing year after year which is evident by the fact that in the financial year 2014-15 Rs 9500 crores was spent on CSR activities, whereas in the financial year 2015-16 the total spent on CSR reached to Rs 13800 crores whereas in 2016-17 the expenditure for the financial year 2016-17 stands at 14100 crores. What is being observed an increasing trend in investment for the social cause and widening of the development sector investment through CSR. (MCA 2017)

5. CONCLUSION

There is a special focus and direction to create an environment for social development through Corporate Social Responsibility (CSR). The Government of India has clearly outlined the agenda for CSR. The Companies Act 2013 has a separate clause on CSR and now CSR in India is governed by legislation. The Section 135 governs the CSR legislation which has clearly spelt out CSR in totality. The Section 135 provides the basis of CSR, qualifying criteria for corporates to spend CSR budget, institutional mechanism, fixing responsibility for corporates, set of activities, implementation approach, monitoring mechanism, impact mechanism, details of fund allocation spend and reason for not spending the allocated budget.

All the activities identified in Schedule V11 have been covered in CSR activities but majority of CSR funds have been allocated to areas of education, sanitation, health, environment and rural development. These five thematic areas comprise more than 70% of the CSR funds allocation.

The fact the CSR activities addresses SDG goals have been established in our study and the newer paradigm is being seen for CSR having linkage with the SDGs. Though the development initiatives through CSR led initiatives are progressing well, still to attain higher impact there has be more policy as well as implementation based interventions to achieve all round holistic development.

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