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CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT GOALS IN INDIA: A CRITICAL ANALYSIS OF CORPORATE PHILANTHROPY FROM A LEGAL AND ETHICAL PERSPECTIVE

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Abstract

Corporate Social Responsibility (CSR) in India represents a distinctive legal experiment in which corporate engagement in social development has been transformed from a largely voluntary ethical practice into a statutory obligation under the Companies Act, 2013. Simultaneously, the adoption of the United Nations Sustainable Development Goals (SDGs) has reshaped global development discourse by emphasizing sustainability, inclusiveness, and longterm structural transformation. This paper critically examines the relationship between CSR and the SDGs in India, with specific focus on corporate philanthropy as the dominant mode of CSR implementation. Using a doctrinal and normative research methodology, the study analyses statutory provisions, policy frameworks, empirical CSR spending trends, and selected corporate practices. It argues that although mandatory CSR has increased corporate participation in social development, its philanthropy-centric and compliancedriven orientation limits its effectiveness in advancing sustainable development. The paper contends that CSR must move beyond charity-based models toward integrated, ethically grounded, and impact-oriented approaches aligned with the SDGs.

Keywords: Corporate Social Responsibility, Sustainable Development Goals, Corporate Philanthropy, Companies Act 2013[1], Corporate Ethics, Sustainable
Development, India

Research Methodology

This study adopts a doctrinal–analytical and normative research methodology, which is appropriate for advanced legal research at the PhD and JRF level. The doctrinal component involves a systematic analysis of statutory provisions under the Companies Act, 2013, the Companies (CSR Policy) Rules, relevant government notifications, and international instruments such as the United Nations Sustainable Development Goals. Judicial decisions of Indian courts are examined to understand the evolving legal principles of corporate accountability, environmental responsibility, and sustainable development.

The normative component of the research evaluates corporate philanthropy and CSR practices using ethical theories of justice, stakeholder responsibility, and sustainable development. The

[1] Companies Act, 2013 (Act No. 18 of 2013), Government of India.

study seeks to answer whether India's statutory CSR framework contributes meaningfully to sustainable development or whether it institutionalizes charity as a substitute for structural reform. The research relies exclusively on secondary sources, including statutes, judicial decisions, policy documents, CSR disclosures, sustainability reports, and academic literature. The absence of primary empirical fieldwork constitutes a limitation; however, the methodology remains suitable for assessing the legal and ethical dimensions of CSR.

1. Introduction

The role of corporations in contemporary society has expanded significantly beyond traditional notions of profit maximization. Corporations today exercise considerable influence over social welfare, environmental sustainability, and economic distribution. In developing economies such as India, this influence is particularly pronounced due to the scale of corporate operations and the limitations of state capacity in addressing complex development challenges.

Corporate Social Responsibility (CSR) has emerged as the principal framework through which corporate engagement with social and environmental concerns is articulated. Globally, CSR evolved as a voluntary concept rooted in ethical business conduct and stakeholder responsibility. India, however, adopted a distinctive legal approach by introducing mandatory CSR obligations through Section 135[2] of the Companies Act, 2013. This legislative intervention marked a departure from voluntary CSR models and positioned India as the first country to mandate CSR expenditure by law.

Parallel to this domestic legal development, the United Nations adopted the Sustainable Development Goals (SDGs) in 2015 as a universal framework for achieving inclusive, equitable, and sustainable development by 2030. The SDGs explicitly recognize the private sector as a key stakeholder in development processes. In India, CSR is increasingly portrayed as a mechanism through which corporations can contribute to the achievement of SDGs. However, a closer examination of CSR practices reveals a continued dominance of corporate philanthropy, raising critical questions about the depth and sustainability of corporate engagement with development goals.

2. Conceptual Framework: CSR, Sustainable Development, and Corporate Philanthropy

2.1 Corporate Social Responsibility

Corporate Social Responsibility refers to the obligation of business enterprises to conduct their activities ethically while contributing to economic development and improving the quality of life of employees, local communities, and society at large. Theoretical approaches to CSR include

[2] Companies Act, No. 18 of 2013, § 135 (India)

shareholder theory, which prioritizes profit maximization within legal limits; stakeholder theory, which emphasizes responsibilities toward multiple stakeholders; and the triple bottom line framework, which integrates economic, social, and environmental objectives. India's CSR framework reflects stakeholder-oriented thinking in principle, but its implementation remains largely philanthropic in nature.

2.2 Sustainable Development and the SDGs

Sustainable development seeks to reconcile economic growth with social inclusion and environmental protection. The SDGs operationalize this concept through seventeen interlinked goals addressing poverty, inequality, health, education, climate change, and institutional governance. Unlike earlier development paradigms, the SDGs emphasize long-term outcomes, systemic change, and shared responsibility among governments, corporations, and civil society.

2.3 Corporate Philanthropy

Corporate philanthropy involves charitable contributions by corporations in the form of donations, grants, or welfare-oriented projects. In India, philanthropy has deep cultural roots influenced by religious traditions and Gandhian trusteeship. While philanthropy provides immediate social benefits, it differs fundamentally from sustainable development, as it focuses on short-term relief rather than addressing structural causes of deprivation.

3. Legal Framework Governing CSR in India

Section 135 of the Companies Act, 2013 mandates CSR obligations for companies meeting specified financial thresholds relating to net worth, turnover, or net profit. Such companies are required to constitute a CSR Committee, formulate a CSR Policy, and spend at least two per cent of their average net profits on CSR activities. Schedule VII of the Act provides an indicative list of permissible CSR activities, including education, healthcare, poverty eradication, environmental sustainability, and rural development.

Subsequent amendments to the CSR Rules introduced reporting requirements, treatment of unspent CSR funds, penalties for non-compliance, and impact assessment obligations for large projects. While these measures enhance procedural accountability, they reinforce a compliance-oriented approach that prioritizes expenditure over substantive developmental outcomes.

4. CSR and the Sustainable Development Goals: The Interface

Indian law does not mandate explicit alignment between CSR activities and the SDGs. Nevertheless, government advisories encourage companies to map CSR projects against SDG targets. In practice, such alignment is largely symbolic. CSR reports often associate individual projects with SDGs without evaluating long-term impact or contribution to systemic change. This superficial mapping limits the effectiveness of CSR as a tool for achieving sustainable development.

5. Empirical Trends in CSR Spending in India

Empirical data on CSR spending in India indicates a steady increase in expenditure since the introduction of mandatory CSR. Corporate disclosures reveal a strong concentration of CSR funds in education, healthcare, sanitation, and rural development. While these sectors address pressing social needs, relatively limited attention is paid to climate action, inequality reduction, sustainable consumption, and institutional capacity-building. This pattern reflects the philanthropic orientation of CSR, where visible and easily quantifiable outputs are prioritized over long-term sustainability outcomes.

6. Corporate Case Studies: CSR Practice and SDG Engagement in India 6.1 Tata Group:

Trusteeship and Institutionalized Philanthropy

The Tata Group represents the most frequently cited example of ethical corporate conduct and philanthropy in India. Its CSR activities are largely implemented through long-established public charitable trusts such as the Sir Dorabji Tata Trust and the Sir Ratan Tata Trust. These trusts fund initiatives in education, healthcare, rural livelihoods, tribal welfare, and scientific research. The Tata model reflects the Gandhian philosophy of trusteeship, where wealth is viewed as being held in trust for society.

From an SDG perspective, Tata's CSR initiatives align with goals relating to education, health, poverty reduction, and community development. However, despite the ethical depth and institutional continuity of Tata's philanthropy, a critical limitation remains: much of its CSR activity operates independently of its core business operations. Environmental externalities, supply-chain responsibilities, and labor practices are addressed primarily through regulatory compliance rather than being integrated within the CSR framework. This separation illustrates the broader Indian CSR challenge - philanthropy is strong, but sustainability integration is limited.

6.2 Reliance Industries Limited: Scale, Visibility, and Parallel Welfare

Reliance Industries Limited (RIL) undertakes large-scale CSR initiatives primarily in healthcare, disaster relief, education, and rural development. Through the Reliance Foundation, the company has implemented extensive philanthropic programs with wide geographic reach. These initiatives demonstrate the capacity of large corporations to mobilize significant resources for social welfare.

However, Reliance's CSR model largely functions as a parallel welfare mechanism rather than an integrated sustainability strategy. While projects may be mapped to SDGs such as health and education, there is limited evidence of systematic integration between CSR activities and the company's environmental footprint, energy use, or supply-chain governance. This separation raises ethical concerns about whether philanthropy compensates for or obscures broader sustainability challenges associated with large-scale industrial operations.

6.3 Infosys Limited: Strategic Orientation with Project-Based Limits

Infosys Limited's CSR initiatives focus predominantly on education, digital literacy, and healthcare, implemented through the Infosys Foundation. Compared to many corporations, Infosys exhibits a relatively structured and strategic approach to CSR planning and reporting. Its emphasis on education and capacitybuilding aligns closely with SDGs relating to quality education and reduced inequalities.

Nevertheless, Infosys's CSR remains largely project-based and externally oriented. While the company demonstrates compliance and strategic intent, CSR is not fully embedded within corporate governance, executive accountability, or business risk assessment. As a result, the long-term sustainability impact of its CSR initiatives remains constrained.

6.4 ITC Limited: Partial Integration with Core Business

ITC Limited is often cited as a comparatively successful example of integrating CSR initiatives with business operations, particularly through its agricultural and livelihood programs. Initiatives such as farmer empowerment and sustainable sourcing demonstrate closer alignment with SDGs relating to poverty reduction and sustainable agriculture.

Despite this relative integration, ITC's CSR remains compartmentalized within dedicated CSR structures rather than being fully internalized across all business functions. This illustrates that even comparatively advanced CSR models in India fall short of holistic sustainability integration.

7. Judicial Perspectives on Sustainable Development and Corporate Accountability

Although CSR obligations under the Companies Act have not been extensively litigated, Indian courts have played a crucial role in developing the normative foundations of sustainable development and corporate accountability. In Vellore Citizens' Welfare Forum v. Union of India (1996)[3], the Supreme Court explicitly recognized sustainable development as an essential component of environmental governance and incorporated principles such as the precautionary principle and polluter pays principle into Indian law.

In the M.C. Mehta v. Union of India[4] line of cases, the Supreme Court consistently emphasized that industries engaged in hazardous or polluting activities bear absolute responsibility for environmental harm. These judgments underline the ethical expectation that corporations internalize social and environmental costs rather than externalizing them through philanthropy.

Similarly, in Sterlite Industries (India) Ltd. v. Union of India (2013)[5], the Court examined corporate environmental responsibility and regulatory compliance in the context of industrial operations. While the decision addressed statutory compliance, it also highlighted the tension between economic development and environmental protection. Collectively, these judgments

[3] Vellore Ci zens' Welfare Forum v. Union of India, (1996) 5 S.C.C. 647 (India).
[4] M.C. Mehta v. Union of India, (1987) 1 S.C.C. 395 (India).

[5] Sterlite Indus. (India) Ltd. v. Union of India, (2013) 4 S.C.C. 575 (India)

reinforce the idea that sustainable development is a legal and constitutional expectation, not merely a voluntary ethical choice.

CSR, when viewed through this judicial lens, should complement—not substitute—corporate responsibility for preventing harm. Philanthropic CSR cannot ethically justify environmentally or socially harmful business practices.

8. Ethical Analysis: Corporate Philanthropy versus Sustainable Justice

From an ethical standpoint, corporate philanthropy occupies an ambiguous position. While it reflects benevolence and social concern, it does not address questions of justice, accountability, or power asymmetry. Ethical theories grounded in distributive justice and stakeholder responsibility demand that corporations prevent harm, ensure fair labor practices, and protect environmental resources before engaging in charitable acts.

Mandatory CSR further complicates the ethical landscape by transforming moral responsibility into legal compliance. When CSR becomes a statutory expenditure requirement, corporations may prioritize spending efficiency over ethical depth. This instrumentalization of CSR risks reducing sustainable development to a checklist exercise.

The practice of using philanthropy to counterbalance negative externalities— often described as greenwashing or social washing—undermines the ethical legitimacy of CSR. Genuine alignment with the SDGs requires corporations to embed sustainability considerations into core decision-making processes rather than externalizing responsibility through isolated projects.

9. Structural Challenges in India's CSR–SDG Framework

Several structural challenges limit the effectiveness of CSR in advancing sustainable development in India. First, the expenditure-based nature of CSR emphasizes financial outlays rather than developmental outcomes. Second, impact assessment mechanisms remain weak and are often limited to procedural compliance. Third, stakeholder participation—particularly that of local communities—is insufficiently institutionalized. Fourth, CSR remains poorly integrated with environmental, social, and governance (ESG) frameworks and core business strategy.

These limitations collectively reinforce a philanthropy-centric CSR culture that prioritizes visibility over sustainability.

10. Recommendations for Legal and Policy Reform

To enhance the contribution of CSR to sustainable development, several reforms are necessary. First, CSR evaluation must shift from expenditure-based metrics to outcome- and impact-based assessment aligned with SDG targets. Second, CSR should be integrated with ESG obligations and corporate governance frameworks. Third, greater transparency and community participation should be mandated to enhance accountability. Finally, policy guidance should encourage corporations to align CSR with core business operations rather than treating it as a peripheral obligation.

11. Conclusion

India's statutory CSR framework represents a pioneering attempt to mobilize corporate resources for social development. However, the dominance of corporate philanthropy and a compliance-oriented mindset significantly constrain its capacity to advance the Sustainable Development Goals. While philanthropic initiatives provide immediate and visible social benefits, they often fail to address structural inequalities, environmental degradation, and long-term sustainability challenges.

For CSR to function as a genuine instrument of sustainable development, Indian corporations must move beyond charity-driven models toward integrated, ethically grounded, and impact-oriented practices. Sustainable development requires not only corporate generosity but corporate accountability. The success of CSR should therefore be assessed not by the amount spent, but by the extent to which corporate conduct contributes to a just, equitable, and sustainable society.

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