

The Gaps in Implementing CSR in India

By

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India is one of the only countries in the world to regulate Corporate Social Responsibility (CSR) under the Companies Act, 2013. The law provides a framework to address various developmental challenges. Specifically, 11 areas are listed as eligible developmental activities where a company can spend its CSR money. Companies with a net worth of INR 500 crore or more, or a turnover of INR 1,000 crore or more or a net profit of INR 5 crore or more are required to spend 2% of their average net profit from the last three years towards CSR activities listed in Schedule VII of the Act.

Several different gaps in the implementation of the CSR policy in the country emerge from a detailed analysis of the existing literature on impact assessment. For example, lack of availability of reliable CSR reporting data in one central place, lack of collaborative partnerships between the government, private and civil society sectors across the spending areas, a general lacking in the infrastructure and ecosystem such as skilled professionals, standardisation of evaluation and impact assessment of CSR projects and a lacking of investment in developing effective collaborative platforms, research systems and capacity-building institutions.

Encouragingly, the CSR expenditure during the year 2016-17 has increased by 41% as compared to 2014-15. There is also a growing trend in companies' interest to invest in unique flagship projects which can be also seen as a trigger for investment into innovative ways of tackling challenges of sustainable development. Schedule VII gives overall direction to corporations and the Sustainable Development Goals (SDGs) could become the measurable outcomes from the CSR projects.

Aligning SDGs to CSR areas of Schedule VII

SDGs were adopted on the September 25 in 2015 in Paris where 193 countries, including India, ratified and signed the convention to accomplish the 17 goals with its 169 targets by 2030. The goals take a pragmatic approach to achieve sustainable growth at all levels of the social, economic and environmental dimensions of the planet making it probably one of the most holistic development models evolved. The SDGs have also evolved to provide flexibility to nations and organizations alike to develop action plans to achieve the set targets thus providing a roadmap for the next 12 years.

India has set itself ambitious targets for implementation of the SDGs by aligning it with the national development agenda including setting up a monitoring dashboard in its Niti Aayog. India almost considered as a poster child of the SDG community, needs to make large investments and the achievement of these goals may not be possible with government initiatives alone. Rather it needs a high level of collaboration between the government, private sector and the civil society. The accelerating pace of collaboration between the social and private sectors could be positively leveraged by using the SDG targets and indicators as measurement tools for outcomes and impact of the CSR spending.

Ensuring Environmental Sustainability

The best case for tagging CSR areas in Schedule VII to SDG goals and its targets and indicators is area number 4: Ensuring Environmental Sustainability, which as noted earlier receives less than 10 % of CSR money spent by its corporations. Environmental sustainability as specified in Schedule VII corresponds to the largest number of SDG goals as compared to other CSR areas (SDGs 2, 6, 12, 13, 14, 15).

This therefore corresponds to the largest number of targets and associated indicators and hence provides the most comprehensive way to cross-referencing CSR in India to SDGs. Hence, adopting the design thinking mode and a participatory approach to sustainable development, ensuring environmental sustainability might perhaps be the best way to correlate inputs to outputs to outcomes and finally to impact measurement. The area of Indian CSR which presently receives the least attention and funds compared to the top 5 areas may thus prove to be an exemplar of aligning CSR in India to the global SDGs.

Finally, to coordinate the alignment of multiple SDG goals, targets and indicators to ensure environmental sustainability in India via its CSR spending, revitalising global and local partnerships for sustainable development which is SDG number 17 could be the best instrument.

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Regards,

The CSR Journal Team