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CSR AND SUSTAINABLE DEVELOPMENT GOALS IN INDIA: BRIDGING THE GAP BETWEEN CORPORATE ACCOUNTABILITY AND TAX INCENTIVES

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ABSTRACT

This study explores the link between the topics of Corporate Social Responsibility (CSR), Sustainable Development Goals (SDGs), corporate accountability and tax incentives in India. It uses a descriptive and analytical research design with the usage of secondary data and a percentage analysis to analyse the expenditure pattern of CSR, contribution to SDGs, corporate transparency and factors affecting CSR participation. The results show that education and skill development (25%) and healthcare and sanitation (22%) are the top two areas where CSR investment is most likely to be spent. Likewise, the SDG contribution areas of quality education (22%) and good health and well-being (18%) are the top two. Based on the analysis, it is concluded that regular CSR expenditure disclosure (24%) and independent monitoring and evaluation (20%) are important elements to increase the accountability of the corporations. Financial and tax aspects and regulations and laws (28% and 20%) are significant factors that affect the participation of companies in CSR. The study highlights the importance of equitable investment and integration of CSR, more transparency, better monitoring systems and tax policies to enhance corporate support for sustainable development. It has concluded that integration of corporate accountability and CSR regulations with a financial policy boost the effectiveness of CSR initiatives in fulfilling India's sustainable development goals.

Keywords: *Corporate Social Responsibility (CSR); Sustainable Development Goals (SDGs); Corporate Accountability; Tax Incentives; CSR Expenditure; Sustainable Development.*

1. INTRODUCTION

Corporate Social Responsibility (CSR) has become a key tool for achieving sustainable development, with companies recognizing that they play a role in promoting social good, environmental protection, and economic development. CSR as per section 135 of Companies Act, 2013, has encouraged and enhanced the companies participation in CSR activities like education, healthcare, poverty alleviation, women empowerment and environmental protection etc. activities in India. These programs also contribute to the goals of the United Nations Sustainable Development Goals (SDGs), which seek to build an inclusive, equitable, and sustainable society.

Whereas CSR is becoming very important, questions on corporate responsibility, transparency, proper utilization of funds and tax concessions continue to play an integral role in the process of implementing CSR. Although it is a requirement that corporations adhere to the mandatory CSR practices, it is also necessary that the amount allocated to CSR is subjected to tax. It is therefore necessary to conduct research on the relationship between CSR, taxes and social investments.

The present study is an attempt to explore the role played by CSR initiatives in the context of attaining SDGs in Indian scenario and to consider the aspects of corporate accountability and tax incentives on CSR participation. It also underscores the importance of having efficient regulatory frameworks, open reporting processes and policy support to deepen the connection between CSR and sustainable development.

2. LITERATURE REVIEW

Poddar et al. (2025) investigated the level of integration of the Corporate Social Responsibility (CSR) with Sustainable Development Goals (SDGs) in India in various phases of the pandemic. The study pointed to changing priorities in CSI in the wake of the pandemic and the critical need to coordinate CSR with the country's and the world's development goals. The authors also reviewed the contribution of corporates initiatives in tackling social and economic issues and enhancing sustainable development.

Gupta (2025) examined the linkage of CSR with SDGs in India's context of the vision of developed India by 2047. This study focused on the role of corporations in the process of inclusive economic development,

welfare of the society, protection of the environment, and development of institutions. In addition to that, the necessity of adopting a long-term approach to CSR activities was stressed.

Kumar (2024) focused on integrating CSR into the policy regime of Rajasthan as a strategy for achieving SDG 16, particularly addressing climate change. The research indicated the importance of coordination between policies and institutional accountability and corporate responsibility in dealing with the challenges of governance and environment. Another key issue raised by the research was the necessity of integrating CSR programs with regional development policies.

Kaur (2020) analyzed the progress made with Sustainable Development Goals in India and spoke about the difficulties for implementing the global development agenda. The study emphasized the need for a coordinated approach of both government and corporate institutions and other stakeholders to combat poverty, inequality, education, health care and environmental sustainability. It also highlighted the importance of implementing effective policies and working together to make rapid strides towards sustainable development.

Upreti and Khanna Malhotra (2024) examined the impact of CSR initiatives on the challenge of bridging the urban-rural education gap in India in the context of SDG 4 (Quality Education). The study identified some gaps in educational opportunities, and explored the roles that corporate interventions can play in educational infrastructure, availability and learning. The authors highlighted the significance of the CSR based educational programmes towards inclusive education and diminishing inequalities between regions.

3. RESEARCH METHODOLOGY

The research methodology is used to explore the relationship between CSR, SDG, Corporate Accountability, and Tax Incentives in India in a systematic form. It is the development of research design, data sources, analytical methods and extent used to realize the aims of research.

3.1 Research Design

The present study followed descriptive and analytical research design to analyze the relationship between CSR, SDGs, corporate accountability and tax incentives in India. The study concentrated on identifying the distribution of CSR expenditure, CSR contribution to SDGs, accountability mechanisms, and the influencing factors on the participation of companies in CSR.

3.2 Nature and Sources of Data

The sources of secondary data were relevant government publications, official reports, research articles, policy documents and institutional databases. The important sources were ministry of corporate affairs (MCA), government publications relating to CSR, United Nations Sustainable Development Goals (UN SDG) reports and relevant provisions of the Income-tax Act, 1961 regarding taxation. The sources were used as the conceptual and documentary framework to analyse CSR practices and its linkages with sustainable development in India.

3.3 Sampling and Selection of Study Variables

The study analyzed four key dimensions: Sector-wise CSR expenditure; CSR involvement in some of the SDGs; Corporate accountability and transparency; and Factors influencing corporate CSR participation. Indicators were chosen to examine these dimensions and to gain insight of the interconnections between CSI, regulatory requirements and sustainable development priorities.

3.4 Data Analysis Techniques

Data collected were arranged, sorted and analysed using descriptive statistical method. The distribution of CSR expenditure across different development sectors and the contribution of the CSR initiatives towards selected SDGs were analysed using percentage analysis. Data were presented in tables and graphs in a systematic and understandable way.

The percentage was determined by the following formula:

$$Percentage = \frac{Individual\ Value}{Total\ Value} \times 100$$

3.5 Scope of the Study

The study was restricted to the Indian corporate industry and narrowed down to the focus of CSR expenditure, sustainable development concerns, corporate transparency and tax considerations. It was aimed at understanding the relevance of the provisions of Sections 135 of the Companies Act, 2013- and 1961-Income Tax Act in understanding the regulatory and financial dimensions of the CSR programs.

4. RESULTS

This research focused on the relationship between CSR, SDGs, corporate accountability and tax incentive in India. This research looked at CSR expenditure, contribution to SDGs, transparency and the effect of tax policies on CSR and SDGs.

4.1 Sector-Wise Distribution of CSR Expenditure

CSR expenses allocation by sector indicates the amount of money being spent by corporations on various social, economic, and environmental developmental activities within India. Important sectors that are considered when talking about CSR include education, health, environmental sustainability, rural development, women empowerment, poverty eradication, and community infrastructure. These sectors are vital for corporate involvement and are closely associated with the objectives of inclusive growth and sustainable development.

Table 1: Percentage Distribution of CSR Expenditure Across Different Development Sectors

Development Sector	**Percentage (%)**
Education and Skill Development	25.00
Healthcare and Sanitation	22.00
Environmental Sustainability	15.00
Rural Development	13.00
Women Empowerment	10.00
Poverty Eradication and Livelihood	8.00
Infrastructure and Community Development	7.00
Total	**100.00**

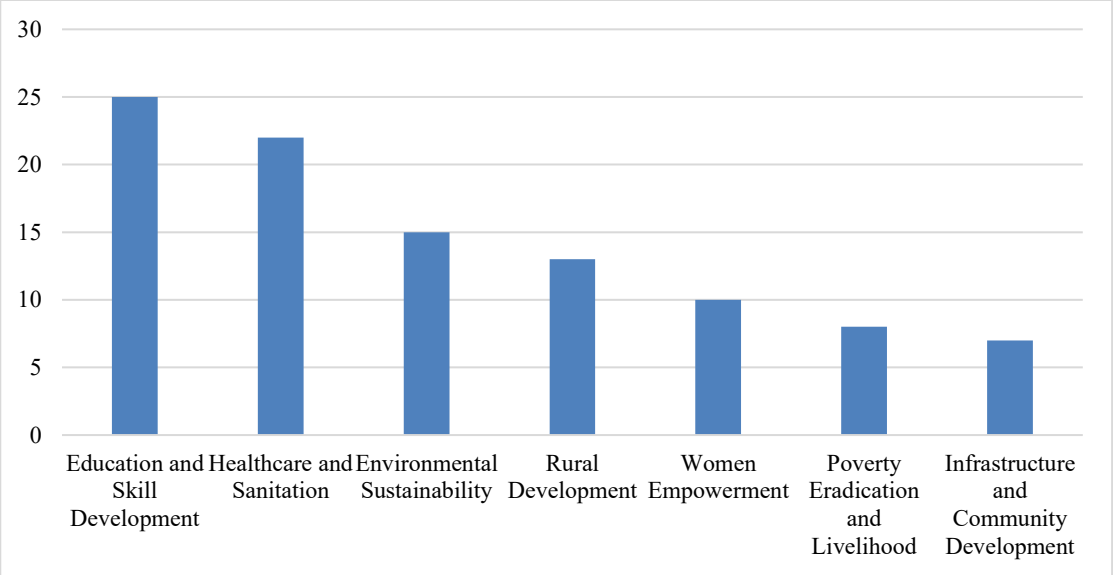


Figure 1: Graphical Representation of Percentage Distribution of CSR Expenditure Across Different Development Sectors

The result indicates that the highest percentage of money from CSR budget is allocated for education and training (25%), followed by health care and sanitation (22%). Environmental sustainability is 15% and rural development is 13%. Women empowerment is 10% and poverty alleviation and livelihoods is 8%. The lowest budget allocation was in case of infrastructure and community development, which is 7%. The conclusion that was drawn from the above result was that maximum investments made by the companies in their CSR activities was in education and health care.

4.2 CSR Contribution Towards Sustainable Development Goals

The projection of CSR contributions to selected Sustainable Development Goals (SDGs) reveals the contribution of corporate initiatives to some of the key social, economic and environmental issues. It addresses specific development sectors such as eradicating poverty, improving health, providing quality education, achieving gender equality, clean water, employment, reducing inequalities, climate action and environmental protection. The goals showcase the role of corporate social responsibility in the inclusive and sustainable development in India.

Table 2: Percentage Distribution of CSR Contributions Towards Selected SDGs

Sustainable Development Goals	Percentage (%)

SDG 1 – No Poverty	12.00
SDG 3 – Good Health and Well-being	18.00
SDG 4 – Quality Education	22.00
SDG 5 – Gender Equality	10.00
SDG 6 – Clean Water and Sanitation	9.00
SDG 8 – Decent Work and Economic Growth	11.00
SDG 10 – Reduced Inequalities	6.00
SDG 13 – Climate Action	7.00
SDG 15 – Life on Land	5.00
Total	**100.00**

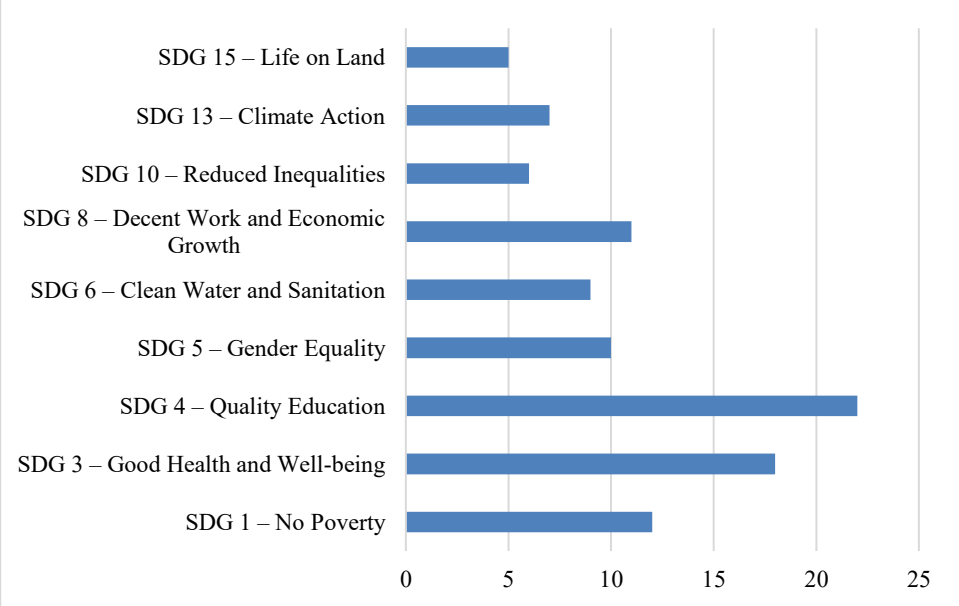


Figure 2: Graphical Representation of Percentage Distribution of CSR Contributions Towards Selected SDGs

The findings showed that SDG 4 (Quality Education) had the maximum CSR contribution of 22%, followed by SDG 3 (Good Health and Well-being) with 18% contribution. SDG 1 (No Poverty) had a

12% share and SDG 8 (Decent Work and Economic Growth) had a 11% share. SDG 5 (Gender Equality) was followed by SDG 6 (Clean Water and Sanitation) with 10%. SDG 13 (Climate Action), SDG 10 (Reduced Inequalities) and SDG 15 (Life on Land) were responsible for 7%, 6% and 5%, respectively. The results indicate that there exists more interest in CSR towards education and health care. On the other hand, less CSR towards environmental protection and inequality reduction creates room for more balanced CSR expenditures.

4.3 Corporate Accountability and Transparency in CSR Implementation

Corporate accountability and transparency are very important factors in attaining the success of the implementation of the CSR programs. They ensure the proper use of corporate resources for carrying out the CSR activities and that the CSR programs have a positive social and environmental impact. Several important factors of corporate accountability, including regular monitoring and reporting of CSR expenditure, independent monitoring and evaluation, stakeholder consultation, impact assessment, publication of CSR reports and grievances redressal system are considered. These factors can be used as indicators to measure the transparency and sustainability of corporations.

Table 3: Percentage Distribution of Corporate Accountability Indicators

Accountability Indicators	**Percentage (%)**
Regular CSR Expenditure Disclosure	24.00
Independent Monitoring and Evaluation	20.00
Stakeholder Participation	18.00
CSR Impact Assessment	16.00
Public Accessibility of CSR Reports	12.00
Grievance Redressal Mechanisms	10.00
Total	**100.00**

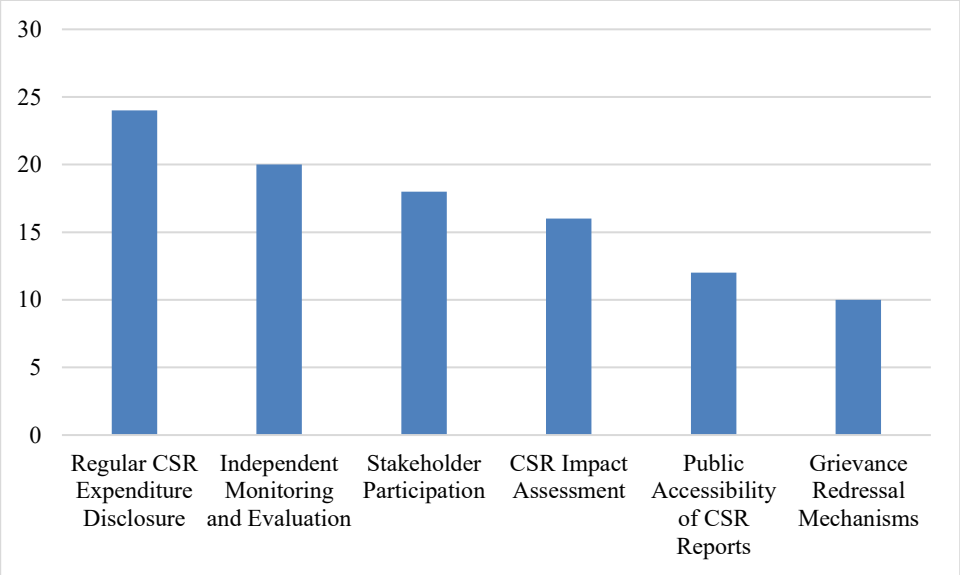


Figure 3: Graphical Representation of Percentage Distribution of Corporate Accountability Indicators

The findings indicated that the highest percentage is regular CSR spending disclosure at 24%, followed by independent monitoring and evaluation at 20%. The other CSR activities included stakeholder involvement at 18%, while 16% were CSR impact assessment. The remaining 10% was the accessibility of CSR reports to the public while grievance redressal mechanisms stood at 12%. The findings highlighted the importance of financial disclosures and independent monitoring as two crucial aspects of improving corporate accountability. On the other hand, relatively less focus on public accessibility and grievance redressal was a clear indication of the necessity of increasing transparency in the implementation of CSR.

4.4 Influence of Tax Incentives on Corporate CSR Participation

The motivational as well as financial aspects play an important role in influencing the decision-making process with respect to engagement in CSR activities and social investments. A number of issues influencing the involvement of corporations in CSR activities are considered including tax considerations, legislative and regulatory requirements, corporate reputation, stakeholder expectations, sustainability objectives, and ethical considerations. The issues mentioned above can help explain the influence of financial, statutory, and social aspects on the decisions of companies with respect to sustainable development.

Table 4: Percentage Distribution of Factors Influencing Corporate CSR Participation

Factors Influencing CSR Participation	Percentage (%)
Tax Benefits and Financial Considerations	28.00
Regulatory and Legal Obligations	20.00
Corporate Reputation and Brand Image	15.00
Stakeholder Expectations	12.00
Long-Term Sustainability Objectives	13.00
Ethical and Social Commitments	12.00
Total	**100.00**

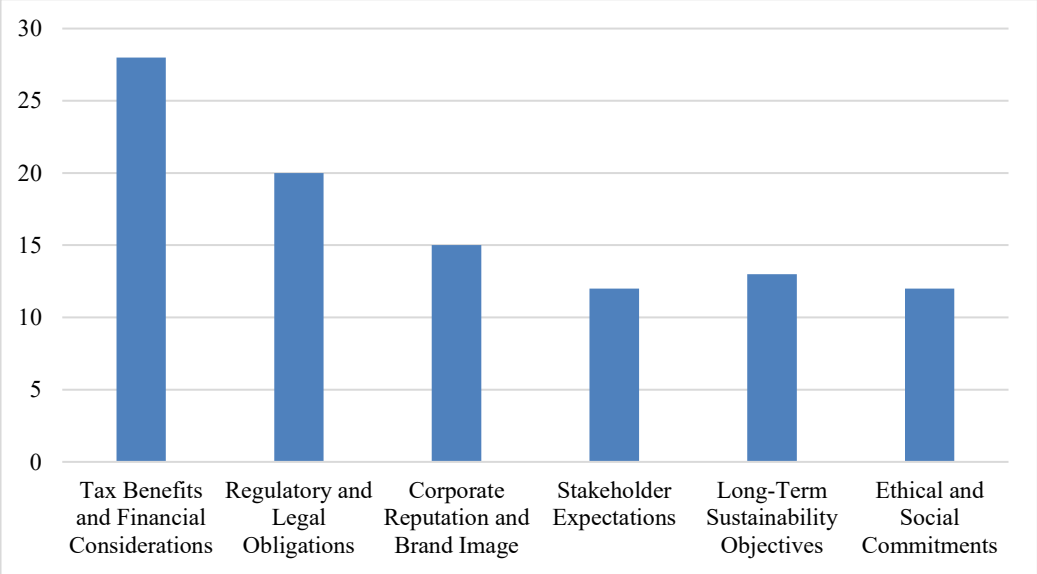


Figure 4: Graphical Representation of Percentage Distribution of Factors Influencing Corporate CSR Participation

The results indicated that the financial factor and tax benefit factor were the most influential factors, with 28% and 20%, respectively. The influence of corporate reputation and brand image factor was 15%, and that of sustainability factor was 13%. The impact of the stakeholder expectation factor and the ethical and social responsibility factor was 12% each. The results of the study indicated the importance of the role of the financial factor and the regulatory factor in the decision to adopt the CSR initiative. The importance

of the corporate reputation factor, sustainability factor, and the ethical and social commitment, however, indicated that the decision to adopt the CSR initiative went beyond financial incentives.

4.5 Discussion

The results from the study showed that CSR in India focused on education (25%) and healthcare (22%), with low CSR involvement in environmental sustainability and other SDGs. This meant that there was a need to have a balance in CSR investment for inclusiveness and sustainability in the development process. It is also evident from the results that the firms should be accountable in CSR activities, such as regular spending (24%) and independent monitoring (20%).

Further, tax-related considerations (28%) and regulatory considerations (20%) have been identified as major driving forces behind CSR practices adopted by firms. However, there are also noteworthy roles to play by corporate reputation, ethical considerations, and sustainable development objectives. The conclusion of the research is that CSR practices in India could be made more effective with the help of improved accountability processes, balanced investment in SDGs, and favorable tax policy.

5. CONCLUSION

The study reveals that corporate social responsibility can help achieve sustainable development in India through activities associated with education, healthcare, environment, and social welfare. From the results obtained, the main areas that receive funds from CSR activities include education (25%) and healthcare (22%), while the top areas that receive maximum funding on SDGs include quality education (22%) and good health and well-being (18%). The analysis also indicates that corporate accountability is key with regular expenditure disclosure (24%) and independent monitoring (20%). In addition, tax benefits and financial considerations (28%) and regulatory requirements (20%) become relevant factors that drive the participation of companies in corporate social responsibility. The study highlights the importance of transparency, robust monitoring, even allocation of a certain number of SDGs and supportive tax policies for the development of CSR among companies. In conclusion, incorporating the concept of corporate accountability into the broader framework of sustainable development goals and responsible financial practices has the potential to boost the impact of CSR efforts and support India's long-term sustainable development, social, economic, and environmental growth.

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