Reimagining Corporate Social Responsibility for Sustainable Growth in the GST 2.0 Era

Mr. Dhanajay Singh, Senior Manager, HealthPotli, Raipur, Chhattisgarh

ABSTRACT:
Corporate Social Responsibility (CSR) has become a fundamental pillar of modern corporate governance, linking business operations with broader societal and environmental objectives. In India, CSR gained statutory recognition through the Companies Act, 2013, mandating eligible companies to allocate a portion of their profits toward social development initiatives. Parallel to this, the implementation of the Goods and Services Tax (GST) revolutionized the country's indirect taxation system by introducing transparency, uniformity, and digital compliance. As the framework evolves into GST 2.0, businesses are increasingly expected to function with enhanced accountability and technological integration.

Within this changing landscape, CSR assumes greater significance in fostering inclusive and sustainable economic development. This study explores the role of CSR in the context of GST 2.0 and evaluates its contribution to social welfare, environmental sustainability, and economic progress. The research relies on secondary data sourced from corporate disclosures, policy documents, and academic literature.

The findings reveal that CSR initiatives not only strengthen corporate credibility and stakeholder confidence but also contribute meaningfully to sustainable development goals. Moreover, GST 2.0 enhances transparency in financial reporting, thereby improving the monitoring and effectiveness of CSR activities. The study concludes that CSR should be strategically integrated with corporate financial planning to align business growth with societal well-being in a GST-driven economy.

KEYWORDS:
Corporate Social Responsibility, Sustainable Development, GST 2.0, Corporate Governance, Inclusive Growth

INTRODUCTION :

Corporate Social Responsibility (CSR) has undergone a significant transformation from being a voluntary philanthropic activity to a strategic element of business operations. Modern corporations are increasingly expected to balance profit-making objectives with social and environmental responsibilities. In India, this transition was formalized through Section 135 of the Companies Act, 2013, which requires qualifying companies to allocate at least 2% of their average net profits toward socially beneficial initiatives.

At the same time, India’s economic framework has evolved through the introduction of GST, which replaced a fragmented indirect tax system with a unified structure. The transition toward GST 2.0 has further strengthened transparency, accountability, and digital compliance in financial operations.

Although CSR and GST operate under different regulatory frameworks, they intersect in the domain of financial management and reporting. CSR spending requires careful allocation, monitoring, and disclosure, all of which are facilitated by a transparent taxation system. The integration of digital compliance under GST 2.0 enables more accurate reporting and enhances accountability in CSR practices.

CSR plays a crucial role in advancing sustainable economic development by addressing key social issues such as education, healthcare, environmental conservation, and skill development. Despite its growing importance, limited research has examined CSR within the framework of modern tax systems like GST 2.0.

This study aims to bridge this gap by analyzing how CSR contributes to sustainable development in a digitally integrated tax environment and how it can be used as a strategic tool for aligning business objectives with societal needs.

LITERATURE REVIEW:

Corporate Social Responsibility has been extensively studied as a mechanism for promoting social welfare and sustainable development. Early theoretical perspectives emphasized the ethical obligation of businesses to contribute to society, while modern approaches view CSR as an integral part of corporate strategy.

Milton Friedman (1970) argued that businesses should primarily focus on profit maximization, whereas Carroll (1991) introduced a broader framework that includes economic, legal, ethical, and philanthropic responsibilities. Contemporary research supports the idea that CSR enhances corporate reputation, stakeholder trust, and long-term financial performance.

In India, CSR has gained prominence following its legal mandate, with companies actively investing in social initiatives such as education, healthcare, and environmental sustainability. Studies show that these initiatives contribute significantly to inclusive growth and achievement of sustainable development goals.

However, there is limited research exploring the relationship between CSR and modern taxation systems such as GST 2.0. Most studies focus either on CSR's social impact or its influence on corporate profitability, leaving a gap in understanding its role within a digitally transparent financial ecosystem.

OBJECTIVES OF THE STUDY:

1. To examine the evolution and concept of CSR in India
2. To analyze the contribution of CSR to sustainable economic development
3. To evaluate CSR practices of selected companies in the context of GST 2.0
4. To assess the role of CSR in enhancing transparency, accountability, and inclusive growth.

RESEARCH METHODOLOGY:

Research Design: The study adopts a descriptive and analytical approach to understand CSR practices and their impact.

Data Source

- The research is based on secondary data collected from:
- Corporate annual reports
- Government publications
- Academic journals
- International databases such as UN and World Bank

Sample Selection

- Selected companies include major Indian corporations such as:
- Reliance Industries
- Infosys
- Tata Consultancy Services

Analysis Techniques

- Qualitative analysis
- Trend analysis
- Comparative evaluation

Scope and Limitations

- Focus limited to large Indian companies
- Based only on secondary data
- Does not include direct field surveys

FINDINGS

The key findings of the study are:

- Strategic Role of CSR: CSR is no longer viewed merely as a compliance requirement but as a strategic investment that enhances corporate sustainability and stakeholder engagement.
- Contribution to Development: CSR initiatives contribute to improved social infrastructure, human capital development, and economic inclusivity.
- Impact of GST 2.0: GST 2.0 enhances transparency and accountability in CSR reporting through digital compliance systems.
- Corporate Reputation: Effective CSR practices strengthen stakeholder trust and improve corporate image.
- Interpretation: The findings support the alternative hypothesis, confirming that CSR positively influences sustainable economic development, with GST 2.0 acting as a facilitating mechanism.

DISCUSSION/RESULTS:

CSR Spending Trends: Reliance Industries allocates significant funds toward rural development, healthcare, and education; Infosys emphasizes digital education and sustainability initiatives; TCS focuses on skill development and environmental programs

CSR spending has shown a consistent upward trend, reflecting both legal compliance and strategic intent.

Key CSR Areas: Education and skill development; Healthcare and environmental sustainability and Rural development and community welfare

These initiatives demonstrate that CSR is increasingly aligned with long-term socio-economic development..

CONCLUSION:

CSR has evolved into a vital component of corporate strategy, contributing significantly to sustainable development. In the GST 2.0 era, enhanced transparency and digital compliance have improved the monitoring and effectiveness of CSR activities.

Companies are increasingly aligning CSR initiatives with business objectives, thereby promoting inclusive growth and environmental sustainability. The integration of CSR with financial planning ensures long-term value creation for both businesses and society. This study highlights that CSR, when strategically implemented within a transparent tax framework, can serve as a powerful driver of sustainable economic development.

CONFLICT OF INTEREST:

This paper is based on a conceptual review of published literature and does not involve direct funding or collaboration with commercial biotechnology entities. The author declares no financial or personal conflicts of interest related to the subject matter discussed.

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