Role of Corporates in SDG

Why in news?

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India, being one of the fastest growing developing economies in the world and with a large population, would significantly impact the successful achievement of these SDGs globally.

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What is SDG?

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- Sustainable Development Goals (SDGs) are universal goals set by the United Nations in 2015 to be achieved by all member states by 2030 for ending poverty and inequality, and ensuring prosperity for all.
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- SDGs are 17 goals with 169 targets, providing a framework to create policies, plans and programmes for individual countries to achieve sustainable development with a broader focus ranging from poverty, health, education and gender equality, clean water and sanitation, to affordable clean energy.
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- The need to implement SDG for developing nations is much more than it is in most developed nations, as a very high percentage of the population in developing nations is living in poverty and experiences inequality.
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What are the impact of Corporates in SDG?

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- Each SDG provides an opportunity for corporates to deliver products or render services, thus improving the citizen’s quality of life.
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- Corporates addressing these SDGs would not only improve their customer’s

quality of life, but also build trust with them and society at large.
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- Implementing SDGs as part of corporate strategy would help companies achieve all three Ps of the triple bottom-line — People, Planet and Profits.
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- People, planet and profits are interrelated and interdependent on each other.
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- As per provisions of the Companies Act 2013, public and private limited companies in India with a net worth of approx. 500 crore or a turnover of approx. 1000 crore or annual net profit of approx. 5 crore need to spend at least two per cent of their average net profit for three immediately preceding financial years on corporate social responsibility (CSR) activities.
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- Most corporates end up investing these funds in activities not directly related to their core business model.
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- However, SDGs offer a way for corporates to address societal needs through sound business models without an obligation to spend profits on initiatives which do not form part of their corporate strategy.
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What are measures taken by the government?

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- Given their wide-ranging impact on society, SDGs are considered to be the responsibility of the government.
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- SDGs open up over 60 market segments presenting approx. 775 lakh crore in business opportunities globally across various economic systems.
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- The government has come up with many policies and programmes around SDG, such as Digital India, Pradhan Mantri Gramin Awaas Yojana (PMGAY) and Skill India.
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- Corporates would need to assume leadership to help the government to address this critical initiative.
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- Corporates can bring innovative solutions, risk capital and execution capabilities to the SDG while delivering on their profitability targets.
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- The government can utilise various policy tools to stimulate investments in SDGs.

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What will be the way forward?

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- One of the key challenges for corporates to adopt SDGs is availability of financing solutions for such initiatives.
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- According to one estimate, there is a funding gap of approx. 161 lakh crore in developing countries alone.
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- The government needs to engage citizens on SDGs, so that they can influence communities around them to drive change.
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- My Gov, the government's citizen engagement platform, can be extended to SDGs.
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- A healthy public-private-citizen partnership with shared vision and goals is the only way to successfully implement SDGs and can make the world a better place to live in.
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- Globally, organisations are moving towards triple bottom-line accounting, which evaluates corporate performance beyond traditional financial reporting to also embed environment and social aspects.
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Source: Business Standard

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