

ISSN: 2583-8725

Lex Scripta Journal

Quarterly Online and Print Edition

Law & Policy

**“Join the League of
National & International Scholars”**



EDITORIAL TEAM

DR. AJAY BHUPENDRA JAISWAL

Professor & Former Head
Department of Law
V.S.S.D. College, Nawabganj,
(C.S.J.M. University, Kanpur)

DR. MEGHA OJHA

Associate Professor | Legal Consultant
| Author | KLEF College of Law

PROF. DR. DEEVANSHU SHRIVASTAVA

Founding Dean and Professor,
GL Bajaj Institute of Law,
Greater Noida

DR. GAURAV GUPTA

Assistant Professor,
Faculty of Law, Lucknow

MR. TUHIN MUKHARJEE

Leadership Strategist | Business Coach
| Author | Speaker

MR. PRAKARSH PANDEY

Author and
Advocate, Allahabad High Court

MR. AMARESH PATEL

Assistant Professor
at Law School,
Amity University, Patna



LEX SCRIPTA MAGAZINE OF LAW AND POLICY (VOL-4, ISSUE-1)

Copyright © 2025, LexScripta

ISSN-2583-8725

Vol - IV, Issue - I

Published by INTEGRITY EDUCATION INDIA

New Delhi

First Floor, 4598/12-B, 1st Floor,
Padam Chand Marg, Daryaganj,
New Delhi, Delhi 110002

Phone: +91 98 11 66 62 16 (M)

Phone: +91 70 11 60 56 18 (M)

Bengaluru

Jallahalli East

Bengaluru, Karnataka. India.

Phone: +91 98 11 66 62 16 (M)

Email: publisher.integrity@gmail.com

USA

New Jersey

14 Grandview Ave, Upper Saddle River,

NJ-07458, USA

Phone: +14805226504 (M)

London

37 Degree Media

64, Hodder Drive, Perivale, London UB68LL.

United Kingdom.

Phone: +44 7950 78 18 17 (M)

Website: integrityeducation.co.in

© Lex Scripta Magazine Of Law And Policy, 2025

Disclaimer

All Copyrights are reserved with the Authors. But, however, the Authors have granted to the Journal (Lex Scripta Magazine of Law and Policy), an irrevocable, non-exclusive, royalty-free and transferable license to publish, reproduce, store, transmit, display and distribute it in the Journal or books or in any form and all other media, retrieval systems and other formats now or hereafter known. No part of this publication may be reproduced, stored, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other non-commercial uses permitted by copyright law.

The Editorial Team of Lex Scripta Magazine of Law and Policy Issues holds the copyright to all articles contributed to this publication. The views expressed in this publication are purely personal opinions of the authors and do not necessarily reflect the views of the Editorial Team of Lex Scripta Magazine of Law and Policy.

[© Lex Scripta Magazine of Law and Policy. Any unauthorized use, circulation or reproduction shall attract suitable action under application law.]

For any Query / Feedback
Phone: +91 98 11 66 62 16 (Vineet Sharma)

Printed in India @ New Delhi

ISSN: 2583-8725

Lex Scripta Journal

Quarterly Online and Print Edition

Law & Policy

**"Join the League of National
and International Scholars"**



Lex Scripta Journal

ENHANCING CORPORATE SOCIAL RESPONSIBILITY: LEGAL FRAMEWORKS, ETHICAL CONSIDERATIONS, AND PRACTICAL IMPLICATIONS

Author
Vanshika Chaudhary



ENHANCING CORPORATE SOCIAL RESPONSIBILITY: LEGAL FRAMEWORKS, ETHICAL CONSIDERATIONS, AND PRACTICAL IMPLICATIONS

Vanshika Chaudhary
Advocate & Research Scholar
vanshikasahu2k@gmail.com
20/1 gayatri greens khenkhera, Meerut
Pin code- 250001

Abstract

We inhabit a dynamic existence in an increasingly complex planet. Global environmental, social, cultural, and economic challenges have now integrated into our daily lives. Enhancing earnings is no longer the exclusive metric of business performance; corporations must also fulfil their responsibilities as accountable corporate citizens, owing a duty to society. Corporate social responsibility, defined as "the ethical conduct of a company towards society," manifests through significant activities undertaken by for-profit enterprises. Businesses have recognized that cultivating lasting relationships with the broader society is as crucial as commercial expansion, leading to the substantial rise of corporate social responsibility (CSR) in the Indian corporate landscape. Corporate Social Responsibility transitioned from the discretionary decisions of individual firms to obligatory legislation at regional, national, and international tiers. Nevertheless, numerous organisations opt to beyond legal obligations and integrate the concept of "doing good" into their corporate frameworks.

The 2013 Companies Act, enacted by the Ministry of Corporate Affairs of the Government of India, was one of the largest global initiatives to mandate corporate social responsibility by obligating firms to engage in social welfare projects. India is the sole nation to regulate and mandate Corporate Social Responsibility for specific Act-registered firms. This CSR initiative will expedite sustainable development and foster public-private partnerships in India. Indian CSR regulations mandate transparency and accountability, obligating corporations to reveal their CSR policies, efforts, and expenditures in their annual reports. Failure to adhere to CSR mandates may incur penalties, indicating the government's aim to include social and environmental factors into corporate operations. If you do to comply with your corporate social responsibility duties, you may be subject to penalties, which highlights the gravity of these regulations. In addition, businesses are strongly encouraged to form relationships with non-governmental organisations (NGOs) and other stakeholders in order to successfully carry out corporate social responsibility projects. India's CSR framework aims to harmonize corporate growth with societal impact, cultivating an atmosphere where commercial success is congruent with social responsibility. This research paper examines the evolution, implementation, and effects of CSR practices in Indian enterprises, emphasizing legal frameworks, corporate strategies, and societal results. This paper examines legislative developments, specifically the Companies Act of 2013, and analyses case studies across several industries to illustrate the integration of CSR into corporate agendas and its impact on economic performance and social development.

Key words: Corporate social responsibility, Company, Legal Framework

Introduction

The concept of "Corporate Social Responsibility" (CSR) is now central to business worldwide. CSR has long been part of Indian business. Government and business have tried to incorporate ethical business practices into our corporate culture in the past and present. These activities haven't been well-organized, concentrated on one individual or institution, and may lack a defined purpose. The situation appears to be changing. The rise of global company activities, the climate change agenda, the Millennium Development Goals, and others have raised awareness and commitment to corporate social responsibility. The 2013 Companies Act mandates CSR spend for a specific category of corporate companies, reflecting the government's goals. This has increased corporate CSR programs, many of which have beyond legal requirements.¹

The foundation of the CSR pyramid is economic responsibility, which is the primary function of business in society. This job is to produce goods and services that consumers need and want while still making a respectable profit. Legal responsibility is the next level up since businesses must "comply with the laws and regulations imposed by federal, state, and municipal governments."

Long ago, in our society, the idea of Corporate Social Responsibility (CSR) arose. Companies in our nation have social duties, and this idea explains them. A legal statute was used to implement this idea methodically. The phrase "corporate social responsibility" (CSR) lacks a universally accepted definition. Later on, however, CSR became a legally binding requirement. The Companies Act, 2013 (Section 135) made the announcement. At the time, "corporate social responsibility" (CSR) was synonymous with "business ethics," "sustainable business," "corporate accountability," and "environmental responsibility."²

When allocating funds for corporate social responsibility, the law mandates that businesses prioritize serving the communities in and around their locations. Due to the concentration of the Company's business in the state of Bihar, it would prioritize carrying out CSR initiatives there. On the other hand, the Committee is free to suggest areas outside of those listed above to the Board for potential CSR initiatives if it thinks it's appropriate³.

Corporate social responsibility policy) Rules, 2014 has defined the term "corporate social responsibility (CSR)" as follows: "corporate social responsibility means and includes but is not limited to:

- projects or programs relating to activities specified in schedule VII to the Act; or
- projects or programs relating to activities undertaken by the board of directors of a company (board) in pursuance of recommendations of the CSR committee of the board as per declared CSR policy of the company subject to the condition that such policy will cover subjects enumerated in schedule VII of the Act".⁴

¹ DesJardins, Joe. "Corporate Environmental Responsibility." *Journal of Business Ethics*, vol. 17, no. 8, 1998, pp. 825–38. JSTOR, <http://www.jstor.org/stable/25073128>. Accessed 6 Apr. 2024.

² Lindgreen, Adam, et al. "Introduction: Corporate Social Responsibility Implementation." *Journal of Business Ethics*, vol. 85, 2009, pp. 251–56. JSTOR, <http://www.jstor.org/stable/40294839>. Accessed 6 Apr. 2024.

³ Herrmann, K. ristina K. "Corporate Social Responsibility and Sustainable Development: The European Union Initiative as a Case Study." *Indiana Journal of Global Legal Studies*, vol. 11, no. 2, 2004, pp. 205–32. JSTOR, <<https://doi.org/10.2979/gls.2004.11.2.205>>

⁴ "Trebeck, Katherine. "Corporate Responsibility and Social Sustainability: Is There Any Connection?" *Power, Culture, Economy: Indigenous Australians and Mining*, edited by Jon Altman and David Martin, vol. 30, ANU Press, 2009, pp. 127–48. JSTOR, <<http://www.jstor.org/stable/j.ctt24h9wx.14>>

The economy of the country is said to be good if there is balanced and equitable growth of all sectors of the economy like infrastructure, agriculture, rural development, industry, information technology, education, health, irrigation, real estates. In 1992, at “the United Nations Conference on Environment Development (UNCED) The Earth Summit, at Rio-de Janeiro 1992, the term sustainable Development finally came its own. It is now an integral party lexicon of international discourse and as a result the next conference held at Johannesburg in 2002 was called the World Summit of Sustainable Development (WSSD) and believe to be an integrated concept that can give real meaning to the sustainable development and it will create sustainable livelihood for all”. The World Business Council for sustainable Development (WBCSD), having a membership of 200 leading multinationals, which has been active and dedicated to sustainability issues. The council’s main focus is on energy and climate. The council has three main recommendations for business working on sustainable development i.e. Worker awareness-raising and common understanding, measuring the impact of sustainable development initiatives in a transparent way for further improvement and made its necessary to work with others⁵.

Research Objectives

- To examine the current legal frameworks regulating Corporate Social Responsibility (CSR) in India
- To assess the ethical implications of corporate social responsibility practices within organisations.
- To examine the obstacles encountered by firms in executing effective corporate social responsibility plans.
- To suggest measures for improving the efficacy of CSR and adherence to legal regulations.

Research Questions

- What are the current legal frameworks regulating Corporate Social Responsibility (CSR) in India?
- What are the ethical implications of corporate social responsibility practices?
- What are the principal challenges that organisations face in harmonising their CSR initiatives with corporate goals?
- What optimal strategies may firms implement to enhance their CSR frameworks and conform to legal and ethical standards?

Research Methodology

In accordance with the requirements of the objectives of the research paper, the research design that was utilised for the investigation was of the doctrinal type. The stated objectives were taken into consideration when developing this research design in order to achieve more precision and to conduct a comprehensive analysis of the research study. In the course of the research, a significant amount of the secondary data that is currently accessible was utilised. In addition to being used, observed, and recorded, the countless books, websites, and news reports have also been listed and recorded. Methods of doctrinal research technique were utilised in the process of carrying out the investigation.

⁵ Sharma, Seema. “Corporate Social Responsibility in India- The Emerging Discourse & Concerns.” *Indian Journal of Industrial Relations*, vol. 48, no. 4, 2013, pp. 582–96. JSTOR”, <<http://www.jstor.org/stable/23509816>>

International Instruments for CSR

When seen from a global perspective, the successful implementation of Corporate Social Responsibility (CSR) can be seen in a variety of different ways. It has been demonstrated through research that corporate social responsibility (CSR) can improve the cost efficiency of businesses, which suggests that incorporating social responsibility into business operations can result in improved financial performance. Furthermore, research have demonstrated that corporate social responsibility (CSR) policies have a favourable impact on investment efficiency, with evidence demonstrating how CSR practices can reduce tendencies towards excessive expenditure. The potential of corporate social responsibility (CSR) to extend beyond the interests of particular businesses and to promote societal improvement on a more widespread scale is another factor that contributes to the global relevance of CSR. In the end, from a global perspective, the effectiveness of corporate social responsibility (CSR) not only helps to the financial success of businesses, but it also connects enterprises with broader societal and environmental concerns, which in turn fosters sustainable development and the trust of stakeholders⁶.

Because of the interdependent link that exists between corporations and society, the concept of corporate social responsibility is a highly important topic in the ongoing discussion about responsibility. This is due to the fact that the theory of shared value is something that both businesses and society are required to adhere to. Choices must, without a doubt, be advantageous to both parties, given that a short-term advantage for one could potentially harm the long-term prosperity of both parties. Positive and affirmative corporate social responsibility ratings also contribute to an increase in the popularity of a corporation among a variety of stakeholders. Indeed, in today's world, businesses strive to accept responsibility for their actions and to foster a positive impact through their dynamic activities. At the same time, they strive to incorporate values that are essential for more sustainable and inclusive growth, which in turn influences transparency, accountability, and appropriate decision making when viewed from the appropriate perspective.

With regard to the international norms that can be found in the United Nations Conventions, Covenants, Pacts, and other treaty procedures, such as the World Trade Organisation, the International Labour Organisation, and the World Health Organisation, the international dimension is frequently discussed. Several initiatives to internationalize the regulation of corporate social responsibility are included in this framework. These initiatives are carried out through a variety of guidelines and mechanisms. The word "Corporate Social Responsibility" is a notion that is fairly expansive in terms of its conceptualization and has a flexible framework. The effort known as the United Nations Global Compact is moving in a dynamic manner in order to nurture and advance its goals and objectives for the mainstreaming of its many principles in business activity in a variety of fields, including human rights, labour, the environment, and anticorruption. Through their knowledge and decades of specialised experience in implementing the fundamental human rights of labourers through a variety of initiatives, the International Labour Organisation (ILO) has the potential to expand the discussion on how to best apply basic corporate social responsibility (CSR) requirements for

⁶ "LANGE, DONALD, and NATHAN T. WASHBURN. "UNDERSTANDING ATTRIBUTIONS OF CORPORATE SOCIAL IRRESPONSIBILITY." *The Academy of Management Review*, vol. 37, no. 2, 2012, pp. 300–26. JSTOR", <<http://www.jstor.org/stable/23218843>>

firms. There is a good chance that a legally binding instrument will have a greater impact than a voluntary instrument that does not enforce any legal obligations⁷.

International perspective: With regard to the international norms that can be found in the United Nations Conventions, Covenants, Pacts, and other treaty procedures, such as the World Trade Organisation, the International Labour Organisation, and the World Health Organisation, the international dimension is frequently discussed. Several initiatives to internationalize the regulation of corporate social responsibility are included in this framework. These initiatives are carried out through a variety of guidelines and mechanisms. The word "Corporate Social Responsibility" is a notion that is fairly expansive in terms of its conceptualization and has a flexible framework. The effort known as the United Nations Global Compact is moving in a dynamic manner in order to nurture and advance its goals and objectives for the mainstreaming of its many principles in business activity in a variety of fields, including human rights, labour, the environment, and anticorruption. Through their knowledge and decades of specialised experience in implementing the fundamental human rights of labourers through a variety of initiatives, the International Labour Organisation (ILO) has the potential to expand the discussion on how to best apply basic corporate social responsibility (CSR) requirements for firms. There is a good chance that a legally binding instrument will have a greater impact than a voluntary instrument that does not enforce any legal obligations⁸.

Legal Framework in India

Companies are obligated to allocate 2% of their average net income from the past three fiscal years to corporate social responsibility (CSR) projects according to the Companies Act 2013 (Act). Businesses are impacted by this provision if their net value was 500 crores or more, their turnover was 1000 crores or higher, or their net profit was 5 crores or higher in the preceding fiscal year. Companies in this category must appoint at least three people to serve on the Board's CSR Committee, with at least one director having to be an independent contractor. Two directors are required for a CSR committee, but no more than four may be appointed unless the company is excluded from the need to choose an independent director per section 149(4) of the Act⁹.

The CSR Committee should design and submit to the board a CSR policy that explains the company's plans regarding the issues mentioned in Schedule VII of the Act. The committee is also in charge of monitoring the policy's implementation. It is the responsibility of the committee to compile an annual report detailing the CSR actions of the company, which should then be distributed to shareholders by the board. The report ought to cover the company's CSR initiatives, the monies allocated to them, and the social effects of these programs. Education, poverty, hunger, gender inequality, environmental protection, and other issues specified in Schedule VII must be addressed by CSR activities according to the Act. Beyond the Companies Act, there are a plethora of other Indian laws and regulations that promote CSR. The Securities and Exchange Board of India (SEBI) mandates that all companies trading on the Indian stock market provide a Business Responsibility and Sustainability Report (BRSR) detailing their corporate social responsibility (CSR) efforts. In addition, the Ministry of Corporate Affairs (MCA) has issued a plethora of circulars and guidelines pertaining to CSR.

⁷ Das, Santanu Kumar, and Manas Pandey. "An Empirical Study on the Impact of the Corporate Social Responsibility of the Indian Corporate Sectors." *Journal of Economic Integration*, vol. 37, no. 4, 2022, pp. 790–808. JSTOR, <<https://www.jstor.org/stable/27176177>>

⁸ "Sustainable Development Solutions Network. "Sustainable Finance." *Financing the Joint Implementation of Agenda 2030 and the European Green Deal*, Sustainable Development Solutions Network, 2022, pp. 49–104. JSTOR", <<http://www.jstor.org/stable/resrep42674.6>>

⁹ The Companies Act 2013, section 149

Good corporate governance is the foundation upon which an organization's credibility and accountability rest. Due to increased social consciousness and rapid globalization, good corporate governance is more crucial than ever before. Businesses used to prioritize shareholder value above all else, but a new framework is forcing them to consider their broader social and environmental responsibilities. This shift in thinking is key to CSR, or corporate social responsibility. An ethical framework known as corporate social responsibility (CSR) pushes businesses to act in a way that benefits society as a whole rather than just their bottom line. It seeks to comprehend the idea that contemporary success is measured by the positive impact a business may have on society it serves and the environment it relies on, rather than solely focusing on financial metrics.

Companies are confronted with the complicated concerns of climate change, social inequality, resource depletion, etc., making the necessity of an all-encompassing CSR framework more apparent than ever before. It is crucial for nations like India, who have committed to achieving ambitious climate targets at global conferences and accords. Businesses in India may help shape the country's image as an ethical and forward-thinking global powerhouse by adopting sustainable practices and improving the lives of local residents. In the long run, this will aid the nation's efforts to become more environmentally sustainable. This essay's goal is to provide a more in-depth explanation of corporate social responsibility¹⁰.

Corporate and Banking Laws

Instead of citing a single regulation that encompasses the whole ESG regulatory framework, it is necessary to cite many statutes. Several legal statutes contain environmental provisions; these include “the Companies Act, 2013 (hereafter 'the 2013 Act'), SEBI Regulations, RBI Rules, etc. Directors have a duty to act fairly and honestly in pursuing the company's objectives, taking into consideration the interests of all stakeholders, including employees, shareholders, the community, and the environment, as stated in Section 166(2) of the Companies Act 2013¹¹, which lays out the principal responsibility of corporate managers”. The Supreme Court recently provided clarification in the matter of *M.K. Ranjitsinh v. Union of India*¹² that this provision “imposes an obligation on a company director to act in good faith, with consideration given to environmental protection as well as the best interests of the company, its employees, shareholders, and the community.” As discussed earlier, there is no specific sequence to the responsibilities to the corporation and other stakeholders. Consequently, Indian company directors are faced with a “obligatory” obligation to investigate climate danger and environmental preservation, rather than a choice; otherwise, they risk heavy fines.

Furthermore, as per Section 134(3)(m) of the Act, the Board's report must provide details about the company's initiatives to reduce energy use and embrace new technology¹³. Carbon neutrality is an objective that many companies have set for themselves for the near future. Companies like Vedanta Ltd., ITC Limited, HDFC Bank, Reliance Industries Ltd., and many more fall within this category. Indeed, a number of companies are adjusting their processes to meet the zero-emissions goals.

As per “Regulation 34 (2)(f) of the Listing Obligations and Disclosure Requirements Regulations, 2015 and its BRSR framework, Business Responsibility and Sustainability

¹⁰ Myers, Colin, and Jason J. Czarnezki. “SUSTAINABLE BUSINESS LAW? THE KEY ROLE OF CORPORATE GOVERNANCE AND FINANCE.” *Environmental Law*, vol. 51, no. 4, 2021, pp. 991–1040. JSTOR, <<https://www.jstor.org/stable/48647568>>

¹¹ The Companies Act 2013, section 166

¹² AIR ONLINE 2021 SC 209

¹³ The Companies Act 2013, section 134

Reporting, 2021, SEBI mandates that the top 1,000 listed companies by market capitalization include a business responsibility report in their annual report¹⁴. This report must outline the listed entity's ESG initiatives¹⁴. This includes, more narrowly, the plan to mitigate or adjust to significant ESG risks and opportunities, sustainability-related goals, disclosures¹⁵ (such as waste management practices and greenhouse gas emissions), etc.

According to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, Schedule VI, Part A, Para. 11(I)(C)(iv) mandates that companies must disclose their financial statements, along with information about any factors that could significantly affect those statements, such as rare or unusual occurrences, major shifts in the economy, well-known patterns or uncertainties, unexpected patterns, etc. Having these safeguards in place is crucial for businesses operating in the oil and gas, chemical, and other potentially delicate sectors¹⁶.

By joining the Network for Greening the Financial System in 2021, RBI will also assess the climate risk management initiatives of businesses governed by RBI. New regulations are constantly being proposed by RBI to facilitate entities' efforts to save the environment. In an effort to address climate change and other detrimental activities towards the environment, the Reserve Bank of India (RBI) enacted regulations in 2023 permitting banks to accept "green deposits" from their customers. The purpose of these rules is to help achieve sustainable goals and to stop "greenwashing."

Challenges and advancements Challenges

- **There is a lack of public awareness regarding CSR projects.** There is a lack of interest among the general population in either supporting or participating in efforts related to corporate social responsibility (CSR). This is due to a lack of awareness or ignorance regarding corporate social responsibility (CSR). The lack of connection that occurs at the grassroots level between the general public and firms that are engaged in corporate social responsibility is only one of the factors that is making the situation even direr.
- **The necessity of cultivating capabilities to be found locally-** In light of the fact that there is a significant dearth of skilled and efficient organisations that are capable of successfully supporting the ongoing corporate social responsibility activities, it is vital to build the capacity of local nonprofit organisations. The scope of CSR projects is limited as a result, and their capacity to be scaled up is negatively impacted as a result¹⁷.
- **Complaints about transparency-** A lack of transparency is one of the most significant challenges that organisations must contend with. This problem is made even more difficult by the insufficient efforts that small firms make to provide information regarding their programs, audit difficulties, impact assessments¹⁸, and fund utilisation. As a result, this has

¹⁴ Listing Obligations and Disclosure Requirements Regulations, 2015, Regulation 34 (2)

¹⁵ Kaif M, "Corporate Social Responsibility in India: Legal Framework & Recent Developments" (TaxGuru, February 28, 2023) <<https://taxguru.in/company-law/corporate-social-responsibility-india-legal-framework-developments.html>>

¹⁶ Cheffins, Brian R. "The Undermining of UK Corporate Governance (?)." Oxford Journal of Legal Studies, vol. 33, no. 3, 2013, pp. 503–33. JSTOR, <<http://www.jstor.org/stable/24562788>>

¹⁷ Co NN & Amp; "Framework Of Corporate Social Responsibility In India - Naik Naik" (Naik Naik, July 24, 2024) <<https://naiknaik.com/2024/07/24/framework-of-corporate-social-responsibility-in-india/>>

¹⁸ "Corporate Social Responsibility – Regulatory Framework" <<https://samistilegal.in/corporate-social-responsibility-regulatory-framework/#>>

a negative impact on the process by which corporations build trust, which is critical to the success of any corporate social responsibility project.

- **Lack of non-governmental organisations that are managed successfully-** In areas that are geographically isolated and rural, it can be challenging to locate non-governmental organisations that are effectively managed and capable of assessing and determining the genuine requirements of the community, as well as working in conjunction with businesses to successfully carry out programs related to corporate social responsibility.
- **Low levels of comprehension regarding CSR projects-** Generally speaking, governmental and non-governmental organisations generally have a restricted perspective on corporate social responsibility (CSR) initiatives, and they frequently characterise these initiatives as being driven by donors. Because of this, corporations have a difficult time deciding whether or not they should actively participate in activities of this nature throughout the medium and long term.
- **The lack of specific criteria for corporate social responsibility-** The corporate social responsibility (CSR) activities of businesses do not have any specific statutory obligations or policy directions that may provide them with a clear direction. The size of a company's corporate social responsibility (CSR) programs ought to be determined by the scale and nature of the company's operations. To put it another way, the corporate social responsibility program of a corporation expands as the company grows.

Recent Advancements in India's

Impact assessment: The CSR Rules permitted impact evaluations amounting to 5% of CSR spending, or ₹50 lakhs. The Companies (Corporate Social Responsibility Policy) Amendment Rules 2022 impose a limit of Rs. 50 lakhs or 2% of total CSR expenditures on the expenses associated with social impact evaluations, which are classified as CSR spending. The amendment allows substantial CSR initiatives to allocate increased funds for impact evaluations. In recent years, there has been increased emphasis on the need for firms to assess the outcomes of their corporate social responsibility programs¹⁹.

Accountability and Transparency: A revised structure for the annual report on CSR activities has been implemented in accordance with the Amendment Rules of 2022. The yearly report must include the CSR policy, contact information for the CSR committee members, an executive summary, and evaluations of the impact of CSR programs. Companies are required to publish the allocations for ongoing and new projects, surplus amounts available for set-off, and unspent CSR payments from the previous three fiscal years. The annual report shall provide a detailed account of capital assets generated or obtained through CSR expenditures, along with an explanation if the company fails to dedicate 2% of its average net income from the preceding three fiscal years to CSR initiatives. These revisions align with India's increasing focus on transparency and accountability in CSR reporting²⁰.

In 2020, the Ministry of Corporate Affairs issued a circular permitting corporations to incorporate COVID-19 alleviation initiatives within their corporate social responsibility (CSR) obligations. These actions encompassed the creation of hospitals, provision of healthcare facilities, and payments to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.

¹⁹ Suresh V, "A Legal Framework for Corporate Social Responsibility (CSR) to Promote the Cooperative Economy -a Duty Based Approach" [2024] SSRN Electronic Journal
<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4761532>

²⁰ Iplf, "Challenges of Corporate Social Responsibility in India" (IPLF, March 15, 2024)
<<https://www.ipandlegalfilings.com/corporate-social-responsibility-the-extent-advancements-and-challenges-in-india/>>

Conclusions and Suggestions

There are some individuals who continue to have doubts about the concept of corporate social responsibility, despite the fact that firms are making major efforts to assure their growth over the long term. Although there are those who believe that the concept of corporate social responsibility is a fraud, there are others who say that it is the foundation for some covert strategies. In point of fact, corporate social responsibility does not function as a strategy for generating a brand for a firm; but, it does assist employees in developing an internal identity. Increasing a company's goodwill can be accomplished by participating in activities that make a contribution to society in any way. Corporate social responsibility (CSR) cannot be an afterthought; rather, it must be ingrained in the principles of a company and how it treats its employees and customers. Because of this, the corporate social responsibility (CSR) industry is rapidly growing and becoming more competitive.

The report recommends the following for implementing CSR obligations in sustainable development:

Companies CSR initiatives lack direction due to unclear laws and policies. Companies must adjust their CSR programs to their size and attributes. To strengthen CSR programs, the government should reform regulations and hold corporations accountable. Common processes are given to turn policy declarations into quantitative goals. Most Indian corporations engage in their communities, which benefits from CSR programs. Most companies distribute CSR cash project-by-project, focusing on the same places, rather than building scalable solutions with local NGOs to utilise nationwide. CSR initiatives that fluctuate from project to project without a strategy don't match company goals with daily operations. CSR strategies should match commercial plans to maximize budgets.

Many companies treated corporate social responsibility (CSR) like a charity and gave money once rather than investing in CSR projects. The value and effectiveness of CSR activities were lowered because firms failed to include stakeholders when planning them. Corporate social responsibility should be a company policy priority. Doing the right thing in this sector benefits society and shareholders, which benefits company overall. Sustainable development and corporate social responsibility (CSR) are strategic goals that must be carefully integrated into every aspect of a company's operations. Sustainable business practices increase growth, customer satisfaction, and profitability. Even if the Rules and this new section do not clearly outline how to conduct this socially conscious program, the legislation should be clarified so enterprises can adopt healthy practices. Only a well-designed regulatory framework for money management and allocation can implement the 2% expenditure regulation. Section 135 should include a penalty and a way to evaluate CSR initiatives.

IT businesses should be explicit when sponsoring CSR efforts. It varied on requirements but was usually assured. Fund allocation should come first, then receiving companies should analyse them. An annual budget increase is needed due to rising demand and development potential in society. Corporate social responsibility plans need funding. Without it, the plan is just that.

Community benefits from corporate social responsibility (CSR) programs include improved consumer satisfaction, economic growth, employment possibilities, and quality of life. New enterprises should ask older ones how to implement CSR efforts. Established companies' CSR strategies may help newer ones. Companies must monitor global CSR trends. A competitive edge and successful CSR will ensue.

Tax incentives should be available to companies that donate 2% of net profit to CSR projects. Corporate social responsibility should be mandatory for all companies. Your company should produce an annual CSR report to show its long-term community development commitment. This study examines the company's CSR and sustainable development efforts to show

commitment. To improve CSR project design, implementation, and evaluation, the company should create a CSR section and hire experienced individuals with degrees in management and social science (e.g., sociology, rural development, social work, or development studies). Importantly, this team should view CSR efforts as opportunities to shine, not burdens.

EDITORIAL TEAM

PROF. (DR.) BANSHI DHAR SINGH

Professor,
Ex. Dean & Head,
Faculty of Law,
University of Lucknow

DR. KALPESHKUMAR L GUPTA

Founder ProBono India, Legal Start-ups,
Law Teachers India

DR. SUDHANSHU CHANDRA

Assistant Professor, Manuu Law
School, Maulana Azad National Urdu
University (Central University),
Hyderabad

PROF. (DR.) SANJAY SINGH

Director
of IIMT College of Law

INTERNATIONAL EDITORIAL TEAM

PROF. DR. MARC OLIVER OPRESNIK

President and CEO
Opresnik Management Consulting
and Opresnik Business School

*PROF. DR . COMRADE AMB.
CHUKWUNONSO C
HARLES OFODUM ESQ*

Chancellor, ALSA University.
Legal Director for Nigeria, World
Association for Humanitarian Doctors

ABOUT LEX SCRIPTA JOURNAL

Lex Scripta Magazine is a premier peer-reviewed online and print journal dedicated to advancing scholarly research in law, policy, and social sciences. With the vision of promoting academic excellence and fostering a culture of intellectual exchange, the magazine provides a distinguished platform for academicians, researchers, legal professionals, and students to publish their original work and contribute to contemporary legal discourse.

Each submission undergoes a rigorous double-blind review process conducted by a panel of eminent national and international professors, ensuring the highest standards of quality and academic integrity. Lex Scripta not only encourages original and innovative research but also strives to bridge the gap between theoretical insights and real-world applications in the legal domain.

Contributors and editorial members receive global recognition through certificates and publication opportunities, while readers gain access to insightful, authoritative, and thought-provoking content across diverse areas of law and policy.

Now managed by Integrity Education India, Lex Scripta Magazine is committed to expanding its academic footprint through enhanced digital presence, global collaborations, and university partnerships. Upholding its ISSN identity, Lex Scripta continues to evolve as one of India's most trusted and respected journals in the field of legal research and education.

KEY FEATURES

- | **Scholarly Insights** – Access in-depth, peer-reviewed research articles written by distinguished academicians and legal experts.
- | **Global Perspectives** – Explore diverse viewpoints on law, policy, and governance from national and international scholars.
- | **Authentic Content** – Read verified and academically sound articles that uphold the highest standards of research quality.
- | **Knowledge Enhancement** – Stay updated with emerging trends, case studies, and policy developments across multiple legal domains.
- | **Easy Accessibility** – Enjoy seamless access to online editions and exclusive hardcover issues for academic and professional use.



CONNECT WITH US **9811 666 216**
7011 605 618

