Role Of Corporate Social Responsibility (Csr) In Environmental Protection in India

Sakshi Choudhar
Maharashtra National Law University Nagpur

***Abstract*—Section 135 of the Companies Act, 2013 mandates Corporate Social Responsibility (CSR) for qualifying Indian companies, requiring them to allocate 2% of their average net profits towards socially beneficial causes outlined under Schedule VII. Among these, environmental sustainability is one of the twelve permitted heads of expenditure. This article critically examines the current implementation of CSR in India, focusing specifically on the relative neglect of environmental initiatives, despite their legal validity and urgent necessity. The study explores the philosophical shift from India's traditional notion of charity for spiritual merit (punya) to a more structured and accountable model of corporate responsibility rooted in environmental justice and sustainable development. Drawing from international frameworks like the Rio Declaration and the Triple Bottom Line (People, Planet, Profit), this research highlights the disproportionate CSR spending on education, infrastructure, and cultural activities which tend to serve corporate marketing goals over environmental restoration, which lacks immediate commercial return. The paper aims to underscore the need to reorient CSR frameworks to prioritize ecological balance, recommend policy reforms, and benchmark against global practices to ensure CSR genuinely contributes to sustainable development.**

***Index Terms*—CSR, India, Corporate Social Responsibility, Company, Environment**

I. INTRODUCTION

Section 135 of the Companies Act 2013 requires Indian firms to practice corporate social responsibility. All corporations that meet the standards must donate 2% of their annual net profit to charity causes, which are strictly regulated and have stringent penalties for noncompliance. The legislation also classifies the usage of such money under Schedule 7 of the Companies Act 2013, which includes 12 criteria. The fourth criterion, ensuring environmental sustainability, allows enterprises to spend the funds by developing a well-thought-out CSR project plan and implementing it in accordance with board approval. They must also develop a CSR report and publish it on both their own website and the MCA's CSR portal.

Now this initiative has two different understandings one that states that in Indian history it has been evident about the philanthropic activities by people for the "Punyas" that is to give charity to those who do not have resources or who are not privileged like us. This understanding is mostly rejected because the most discussed idea of repayment has been considered here. The idea on which CSR is found is that the companies have major footing in society where they use the common resources even if they pay some amount to it, yet they utilize those common resources and make product out of it which is sold to us, and the company earns profit and becomes rich in such process they also hamper the environment a lot. For e.g., a nuclear power plant it takes land from pool of common resources and build an infrastructure and make electricity out of it for example and then they again sell that electricity to us and earn profits out of it but during this process they have hampered our environment at non-retrievable state by clearance of forest land or the ecology of that region and then air pollution and water pollution and various other aspects. Here in this question the principle of sustainable development came into picture by the virtue of Rio Declaration. Thereafter, development compensation for the environment may never be equal but was followed.

Also, the Environmental Sustainability reports by different countries like UK where the environmental sustainability strategy and execution is mandatory even after the completing Environmental Impact Assessment (EIA) which is a mandate by the companies that must be done before establishment of an industry. The Triple Bottom Line principle followed in the jurisprudence of CSR state that all the 3 pillars of CSR are based on 3Ps that are Profit, Planet

and People. Currently, just a small portion of the company's income is allocated to CSR. Instead, they focus on sectors such as education, infrastructure, and culture, where they are heavily marketed to generate goodwill, which eventually leads to revenues for the corporation. As a result, the relationship between the two Ps profit and people takes precedence over the final P, the planet, illustrating the failure of the CSR purpose.

II. AIMS AND OBJECTIVE

The aim of this project is to highlight and suggest the importance of the environment in CSR activities by the companies.

Research Objective:

- To understand the purpose of legislation and its connection with environmental sustainability.
- To compare environmental and other activities that are invested in CSR projects.
- To identify the reasons for not prioritizing environment in CSR activities by companies.
- To criticize the Clean Ganga Funds and PMCARE Funds inclusion in the CSR activities.
- To suggest a few changes that can be brought in regarding environmental activities in CSR aspect by companies.
- To compare the environmental sustainability initiatives in different countries.

III. RESEARCH METHODOLOGY

The research methodology is analytical for this project is primary data is used from the CSR website including annual reports by the companies and the cumulative data records made for all the CSR activities conducted. The Secondary resources used are news articles, reports, and published material available in CSR journals. This project has well-appreciated all the necessary appreciation to the authors whose data is used also the analytical data is genuine from the government website which has been cited according throughout the project.

IV. HYPOTHESIS

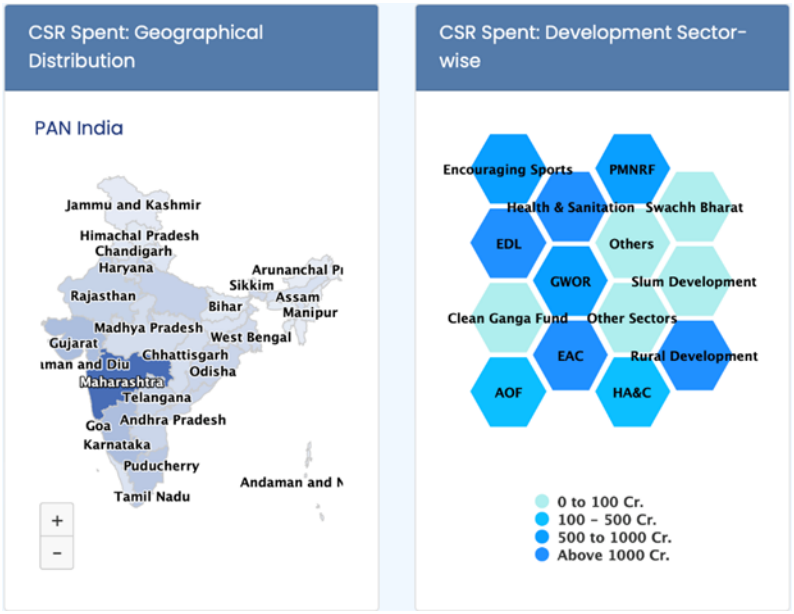
There is huge amount of money used in CSR projects where though there are 12 criteria to utilize the same, but the companies do not prioritize environment however it is the most affected factor but also neglected or not so prioritized when there is compensating factor available. This project does not reject that there are no CSR activities for environmental sustainability but if compared to other factors like infrastructure, schools, roads, education, or culture it is very minimal in amount. This is because this CSR activity which was initiated as good intention has again become the arena for marketing; in present times CSR activities is nothing but a publicity stunt by companies for their Goodwill where the damages made to the ecology gets diverted and ignored. Even contributing CSR amount for Clean Ganga Funds by Central Government is nothing but a runaway by the companies to get over by the CSR compliance where there is no intention but just a mandatory compliance that is required to be made.

V. CONNECTION OF CSR AND ENVIRONMENTAL SUSTAINABILITY

According to India's promise at the COP26 climate meeting in Glasgow last year, planting trees or restoring forests is now one of the most important approaches to achieve net-zero goals by 2070. Without a doubt, businesses of all sizes contribute significantly to the carbon footprint while striving for maximum profits. With the Companies Act (2013), India became the first country in the world to require CSR, requiring all enterprises that above a particular financial threshold to devote 2% of their average net profit to CSR activities.

As required by the Securities and Exchange Board of India (SEBI), the recent transition from Business Responsibility Reporting (BRR) to Business Responsibility and Sustainability Reporting (BRSR) is a positive step that will provide companies with the opportunity and platform they need to carry out their broader social and environmental responsibilities. Principle 6 of the RBC (Responsible Business Conduct guidelines), which are based on industry-leading international standards, urges firms to take actions to protect and restore the environment. Nowadays, shareholders and customers drive firms' sustainability objectives, which include environmental concerns. It is especially relevant for a country like India, which is dealing with concerns such as poverty and environmental degradation, as well as the intricate interplay between the two.

According to its assessment on the Bonn Challenge, businesses have not made particularly promising contributions to India's rehabilitation efforts. Private firms were responsible for only 193,290.3 hectares (2%) of the 9,810,944.2 hectares of land rehabilitated during six years. However, due to data collection constraints, this information may not be an accurate portrayal. According to a recent statement from the worldwide non-profit organization CDP, Indian firms have been accused of hiding information about their involvement in deforestation, water scarcity, and climate disaster. [1]



However, in addition to their statutory compliance, corporations have demonstrated an excellent role in environmental preservation for forest restoration, such as tree planting. Mahindra's Project Hariyali, ITC Ltd.'s Sustainable Agroforestry Model, NTPC Ltd.'s Afforestation Projects, and Allergan's Lake Restoration, an AbbVie company, are just a few of the many corporate projects involving restoration activities such as tree planting.

VI. COMPARISON OF ENVIRONMENTAL CSR WITH OTHER ACTIVITIES

The environment and related concerns did not receive the necessary level of priority when compared to other similarly tough social issues that the corporations had previously addressed, such as poverty, health, sanitation, education, and so on. A cursory look at CSR spending over the last seven years in India's Ministry of Corporate Affairs' Corporate Social Responsibility Data Portal reveals that education receives the majority of CSR funding, accounting for 38% on average. Health and sanitation ranked second with 22%, rural development third with 10%, and the environment sector fourth with 8%. Renewable energy initiatives, awareness campaigns, and green projects are the preferred areas for spending, even in the environmental sector. Tree planting, as well as the repair and restoration of natural resources including water bodies, forests, and grasslands, receive little money. However, the agroforestry sector continues to receive a small amount of funding, which supports both carbon sequestration and livelihood goals. Since 2014, there has been a persistent bias against poverty, education, and sanitation, necessitating a proactive reevaluation and some corrective action. Forests, with their incredible ability to sequester carbon, offer an opportunity to help achieve net-zero goals. This, however, requires participation from all parties concerned. The United Nations Decade on Ecosystem Restoration aims to halt and reverse ecosystem loss across all oceans and continents. Restoration must be prioritized in diverse environmental activities by governmental, non-

[1] MCA Government Report, FY2022-23, CSR Expenditure.

governmental, and private organizations, including companies, to repair 350 MHA of degraded land globally and 26 MHA in India by 2030. Another concern is dwindling funding for forest agencies in many states, which firms can partially counteract with CSR spending.

VII. REASONS FOR IGNORANCE TO ENVIRONMENTAL ACTIVITIES IN CSR

Planting trees, unlike other social activities, has a longer gestation time and completion phase, which is one of the numerous challenges that firms face while undertaking restoration initiatives. This makes it more difficult to put this ambition into action, as does a shortage of NGOs and other qualified implementing groups, as well as enabling policy interventions that would allow for hassle-free area selection, especially in damaged woods.Because of their technical nature, forest restoration programs necessitate suitable training and interventions to build capacity. To ensure the provision of high-quality planting materials and the necessary technical help for future forest restoration programs, state forest agencies must also play an active role as partners. To be successful and effective, our strategy must effectively meet community interests by giving the skills and resources they require, regardless of whether the sites we target are on private or institutional properties, inside or outside of forests.

In addition to these problems, there have been instances where firms' lack of commitment, convenient interpretation of activities, geographical prejudices, and camouflage have undercut the sustainability goals' primary goal.

According to the 2020 WWF study, Tree Planting by corporations, there is little to no evidence that corporations in European countries give tree planting or the value of trees in general adequate thought, and the emphasis is unmistakably on the number of trees planted. This necessitates a shift in corporate attitude to facilitate a gradual transition away from tree planting and toward multipurpose forest restoration.

The empirical findings reveal that corporate environmental CSR initiatives affect the introduction of green technology that help firms improve their social performance. Furthermore, the findings demonstrate that Ghanaian firms' social performance is influenced by their corporate image. Furthermore, the study's findings suggest that corporate environmental CSR promotes corporate social performance by promoting green innovation and corporate image. The paper recommends applying green innovation to improve business social performance, corporate image, and CSR initiatives.

Businesses' commitment to stakeholders, society, and the environment is evident in their business practices and strategies, which influence their social and environmental position. Because of the harmful nature of their processes and products, stakeholders are exerting significant pressure on manufacturing companies to undertake sustainable environmental practices. As a result, businesses are aggressively promoting and implementing environmentally friendly strategies.

As a result, green innovation-focused CSR programs are considered as a strategy to achieving sustainable development while minimizing environmental impact. In terms of innovation, CSR increases a company's credibility with external stakeholders, allowing it to gain resources for corporate innovation and improve its reputation. However, little study has been conducted on how environmental CSR influences social performance in developing countries, much alone how green innovation and company image play a role. In contrast to developed economies, firms have yet to show a willingness to lessen their actions' environmental impact. Thus, the purpose of this study is to investigate the relationship between environmental CSR and CSR performance in businesses. Management is supposed to apply ESCR strategies to increase income and improve their contact with society, hence increasing their overall reputation.

VIII. CLEAN GANGA INITIATIVE & PM CARE: A RUNAWAY

Businesses have positioned corporate social responsibility, or CSR, to promote environmental and social well-being. However, severe concerns have been raised about the environmental integrity of such decisions, particularly due to a recent regulatory reform that allows firms to donate CSR funds to PM CARES and the Clean Ganga Program. Corporate social responsibility was originally intended to address social and environmental issues at the local level. Companies may evade direct environmental duties by directing CSR payments to broader government

programs such as the Clean Ganga Program. This could jeopardize the overall purpose of CSR by causing a lack of accountability in resolving local environmental concerns.

Despite its significance, the Clean Ganga Program is a government initiative with distinct funding. Businesses may give CSR funds to this effort without clear accountability or transparency measures in place. This error may result in inefficient utilization of funds for community involvement or local environmental rehabilitation. There are ethical problems about CSR when funds are granted to the PM CARES Fund. The fund's lack of transparency and uncertain framework for analyzing its impact have sparked criticism. Companies have a moral obligation to ensure that their gifts are used efficiently and in accordance with their stated social responsibility goals.

Funds given to government initiatives may have been used for more meaningful, locally based projects that benefit the environment and people. Instead of investing in innovative, grassroots solutions to environmental issues, firms may focus on financial compliance. Major government programs that rely on CSR funds risk becoming dependent on them, jeopardizing the long-term viability of environmental projects. The risk of relapsing to unsustainable behavior increases without strong local participation and investment in long-term solutions. Prioritizing huge programs such as the Clean Ganga Program may divert focus away from serious regional environmental issues. Businesses may overlook critical areas where CSR can have a more immediate and quantitative impact, such as waste management, pollution control, and community education on sustainability.

It is critical to properly monitor the distribution of CSR funds to PM CARES and the Clean Ganga Program. Despite the clear need of these projects, ethical accountability and local environmental responsibilities must not be abandoned for them. To ensure that CSR meets its objectives and makes a major contribution to the communities and ecosystems that businesses affect, a more balanced strategy that stresses transparency, local involvement, and a commitment to environmental sustainability is required.

IX. COMPARISION WITH OTHER COUNTRIES

Policies relating to environmental restoration under CSR vary widely across countries, reflecting different legislative systems, cultural norms, and economic interests. This comparison will focus on India and several other countries, examining their strategies, legislative frameworks, and effectiveness in promoting environmental restoration. The Companies Act of 2013 requires enterprises that meet certain financial standards to devote 2% of their average net income over the previous three years to corporate social responsibility projects. Companies can invest in projects like waste management, clean water programs, and afforestation since environmental restoration is a recognized priority. CSR funds are frequently directed to federal programs such as the Clean Ganga Program, potentially reducing direct investment in regional environmental projects. Although CSR spending is not mandated by law, several voluntary frameworks (like the Global Reporting Initiative) encourage corporations to adopt sustainable practices. Restoring the environment is typically incorporated into bigger corporate sustainability strategies. Local governments and organizations frequently direct commercial investments in environmental restoration through tax breaks for green initiatives. The EU promotes CSR through legislation and standards that urge enterprises to embrace sustainable activities like environmental restoration. The European Green Deal's stringent environmental sustainability goals are putting pressure on businesses to incorporate ecological restoration into their operations. Indian firms usually prioritize environmental and community-focused initiatives. This includes efforts for preserving biodiversity, conserving water, and promoting clean air. However, rather than investing strategically in sustainability, many organizations prioritize compliance-driven CSR, resulting in a disconnected approach to environmental restoration. Businesses are investing more money in innovative methods and technology such as waste reduction, habitat restoration, and renewable energy, all of which help to restore the environment over time. With companies like Tesla and Patagonia setting the bar for incorporating sustainability into their core business strategies, the emphasis is often on quantitative results. Restoration of the environment is typically tied to broader sustainability goals. Businesses support

carbon offset programs, ecological initiatives, and circular economy projects.
Collaboration with stakeholders and local people is extremely important for ensuring the efficacy and sustainability of restoration efforts. Because many CSR projects involve local stakeholders, community engagement is critical. However, the success of these programs is usually jeopardized by a lack of trustworthy ways for measuring effects. Short-term projects frequently fail to provide the consistency required for long-term environmental benefits. Businesses routinely work with local communities and non-governmental organizations to organize and implement rehabilitation initiatives. This collaboration has improved the sustainability and effectiveness of initiatives.
Transparency and reporting are becoming more crucial, and companies are demonstrating their impact through environmental disclosures and sustainability reports. With so many stakeholders participating in project creation and implementation, community involvement is a critical component of CSR in the EU. To ensure that projects are both successful and responsive to community needs, the EU's legal framework encourages enterprises to take a long-term approach to environmental restoration. The major issue is the narrow definition of CSR, which causes corporations to prioritize compliance over genuine environmental commitment. The effectiveness of CSR projects may be affected by residents' lack of information and understanding of sustainable practices. Because CSR is voluntary, some businesses may emphasize profits over environmental concerns, resulting in inconsistent company policies.
In some businesses engage in "greenwashing" promoting themselves as environmentally beneficial without taking significant action there is a significant gap between corporate intentions and actual impact. Although the regulatory framework supports environmental restoration, implementation may be hampered by bureaucratic barriers and competing conceptions of sustainability.
It can be challenging to ensure that investments provide concrete, quantitative results, especially in complex ecosystems. Although India has made significant strides in incorporating CSR into business operations, the emphasis on government activities and compliance may reduce the impact of environmental restoration efforts. Countries such as the United States and the European Union, on the other hand, usually incorporate sustainability more consciously into their corporate frameworks, emphasizing long-term collaborations, transparency, and measurable results. If India wishes to expand its CSR impact on environmental restoration, it must adopt more strategic, community-driven, and sustainable ways.

X. SUGGESTIONS

As the key driver of development, Indian firms are responsible for maintaining a balance between environmental protection and development. Businesses must make use of these necessary measures to become change agents for sustainable development by looking beyond CSR norms and focusing on environmental goals while avoiding geographic biases, camouflage, and greenwashing. The suggestions will be firstly to have incentive pattern for the companies doing CSR for environmental impact by restoration and reforestation should be given incentives and benefits for helping environment restoration. Secondly, the companies are not aware about the CSR procedures and have no such knowledge as they are financial institutions established to make money and business so to utilize it in social and environmental concern should be used by assigning it to a firm specially working or having business or NGOs working for such cause. Thirdly, the category of companies which have large impact on environment should have mandatory environmental CSR of at least few percentages from that amount of 2%. Fourthly, these amounts should be utilized for the nearby surroundings only were paying for some NGOs or giving away money to PMCARE or Clean Ganga Initiatives as they are the most affected individuals. As part of their CSR expenditure pattern, Indian firms must move their focus from the social to the environmental sectors, with a special emphasis on carbon-sequestering channels such as reforestation and restorative approaches. An integrated approach including all stakeholders is essential to enable networking among implementing agencies, particularly NGOs, as well as capacity building and training with suitable incentives.
States must also develop plans to attract business participation and examine present policy frameworks and procedures while keeping restoration goals in mind. This revitalized and refocused corporate

strategy has the potential to assist India in meeting its net-zero targets and striking a true balance between economic and environmental sustainability.

XI. CONCLUSION

In today's business environment, corporate social responsibility, or CSR, is becoming increasingly important. Economic, environmental, and social issues have a global impact on CSR projects. CSR, which emerges as proactive business activities addressing social and environmental challenges, represents an organization's responsibility to its stakeholders, society, and sustainable development. Because of rising economic, environmental, and social concerns, environmental sustainability is seen as the foundation of corporate social responsibility. Discussions in business studies around the world are now focused on building a respectable company image, green innovation capabilities, and corporate social responsibility. Environmental CSR fosters community acceptance and creates a positive image.

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