

The Evolution of CSR Financing in India: The Role of Zero Coupon Zero Principal Bonds in Sustainable Social Development – A Conceptual Framework

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Abstract—Corporate Social Responsibility (CSR) in India has evolved from a voluntary philanthropic activity to a statutory obligation under the Companies Act, 2013. Despite the substantial growth in CSR spending, the current financing mechanism is still more of an expenditure-based approach, and is still beset by issues of transparency, accountability, governance, and social impact assessment. The aim of this study is to analyze the advent of Zero Coupon Zero Principal (ZCZP) Bonds as an innovative CSR financing instrument in the context of the Social Stock Exchange. The study is conceptual in nature which uses secondary data from academic literature, government reports, regulatory documents and industry publications. The results show that ZCZP Bonds offer a mechanism for social financing with long term horizons, built on the principles of regulated financing and disclosure, to improve governance quality, stakeholder confidence, transparency and accountability. Theoretically, the proposed conceptual framework is validated by the sustainability management model of Baumgartner (2010), who see ZCZP bonds as an integrated sustainability management measure connecting the economic, social and governance aspects to corporate legitimacy and sustainable social development. There are, however, factors that could hinder their wide-spread use, such as lack of awareness, preparedness on the institutional side, and difficulties of measuring social outcomes.

Index Terms—Corporate Social Responsibility, Social Stock Exchange, Zero Coupon Zero Principal Bonds, Social Finance, Sustainable Development, Corporate Governance.

I. INTRODUCTION

The concept of business responsibility toward the society is not new, but has its origin in human civilization. The idea of social responsibility originates in the ancient Indian concept of 'Dharma' which was based on the social welfare, moral and upright behaviour, justice and responsibility of each and every individual and institution towards its society. Even prior to the formalization of CSR as it is understood today, the concept of responsible wealth creation and utilization of resources for the benefit of the society has been present in ancient Indian texts such as Arthashastra and Bhagavad Gita (Chakrabarty, 1987). In the context of modern business, these values have become entrenched in the formal structures of CSR that require the integration of social and environmental factors into the economic aims of business.

CSR has become an effective instrument which embraces sustainability, stakeholder engagement and value creation in all facets. The idea was first expressed by (Bowen, 1953), who claimed that profit is not the sole function of business. In the past decade, CSR has been increasingly associated with Sustainable Development and Environmental Protection and Inclusive Growth a connection further strengthened by the United Nations Sustainable Development Goals (SDGs) that focus on the role of the private sector in addressing global issues such as poverty, inequality, climate action, education, health, and other areas of interest. (United Nations, 2015). This study is based on two theoretical frameworks,

namely, Stakeholder Theory and Reputation Theory. Value creation, based on Stakeholder Theory, occurs when a company meets the needs and demands of all stakeholder groups, such as investors, employees, communities, regulators and beneficiaries (Freeman, 1984). Reputation Theory, however, suggests that a company's long-term sustainability and organizational performance can be improved through its reputation capital, the legitimacy acquired through transparency, accountability, and responsibility, and stakeholder confidence (Fombrun, 1996). Both theories constitute a sound foundation to establish the value-creating potential of innovative CSR financing mechanisms for corporations and society.

India is among the unique countries in the world as it became the first nation to mandate CSR expenditure (Section 135 of the Companies Act, 2013). This has resulted in a tremendous increase in the amount of money companies invest in social initiatives, but at the same time there are major concerns about the effectiveness, transparency, accountability, and measurement of corporate social programs. History shows that CSR is still perceived as a compliance issue or philanthropy by organisations, instead of strategic initiative for sustainable development (Gautam & Singh, 2010). Additionally, the traditional CSR funding models have been limited due to weak funding mechanisms, lack of transparency, lack of stakeholder engagement, and the lack of measuring social impact. To mitigate these issues, India has come up with innovative social finance instruments such as the Social Stock Exchange (SSE) and its sub-class, the Zero Coupon Zero Principal (ZCZP) Bonds, a new fundraising tool for non-profit organizations. While ZCZP Bonds do not provide financial returns, they offer the possibility of raising funds for social development projects in a transparent, accountable and impactful way and could prove to be a transformative tool to support the governance and effectiveness of CSR fundraising.

Corporate social responsibility has therefore become a key tool for businesses to actively support the economic, social and cultural progress of society. The CSR is defined by (Popa & Salanță, 2015) as the continuous process of organizations' contribution to the economic development of the community and the improvement of the quality of life of its members. The formal institutionalization of CSR in India started in 2009 with the release of the CSR Voluntary

Guidelines, emphasizing on welfare of stakeholders, ethics in business and social development of the society (Bihari & Shajahan, 2023). This was later reinforced by the CSR provisions of the Companies Act, 2013 which mandated that at least 2 per cent of the average net profits of eligible companies are dedicated to CSR activities and that CSR has to be transparent in its governance and committee structure, the first-time social contribution was mandated as a corporate law obligation in India. Existing research has mainly focused on expenditure-based measures, which involve the amount of money invested in social works and its impact on corporate performance (Mukherjee & Bird, 2016). Such methods have brought more organisations in to social development, but often redefine CSR as an annual expenditure process and not a funding tool for change in systems. This highlights the need to look at innovative tools like ZCZP Bonds which may help transform CSR from an expenditure-based exercise to a more sustainable and outcome oriented social development approach.

The study is conceptual and concentrates on the Indian context, focusing on the emerging social finance innovation, and CSR financing mechanisms. This study has four salient points: its contribution to the growing body of literature on CSR financing, social finance and sustainable development. The study draws on principles of ancient India and their values, modern CSR initiatives, stakeholder expectations, and innovative financing options to provide a holistic view of how firms can make more effective contributions to the progress of society.

II. OBJECTIVES OF THE STUDY

1. To analyze current trend of traditional CSR
2. To develop a conceptual framework linking emerging CSR financing trends with sustainable social development outcomes.

III. REVIEW OF LITERATURE

Corporate social responsibility (CSR) has matured from a philanthropic attitude into an overarching strategy involving economic, social, and environmental aspects. The first to highlight the need for business decisions to reflect the values of society were (Bowen, 1953), and (Davis, 1973), who claimed that corporations have responsibilities that go beyond

the economic. Freeman (1984) extended the concept of CSR by adding the interests of employees, customers, communities, governments and the environment. CSR in India has been shaped by the concepts of trusteeship and philanthropy, promoting industrial houses to invest in the country's development (Chakrabarty, 1987). After that, the concept of CSR shifted from philanthropy to a strategic business activity, concentrating on sustainability and stakeholder relationships, fueled by the principles of liberalization and globalization. The principles of liberalization and globalization further shifted CSR from philanthropy to a strategic business activity, with a focus on sustainability and stakeholder engagement. Indian businesses were beginning to go beyond philanthropy and adopt models that emphasized development, as noted by (Arora and Puranik, 2004), and the United Nations (2015) recognized partnerships and creative financing methods as essential components for sustainable development goals.

With the increasing focus on sustainable development, innovative financial instruments have become increasingly visible that can help to finance social projects. Of these, Zero Coupon Zero Principal (ZCZP) bonds are a new method for social financing that allows philanthropic capital to be mobilized without having to pay anything back. (Porter and Kramer, 2006) advocated the greater need for social and economic goals to be connected in order to generate shared value, while (Salamon, 2014) focused on the significance of innovative financing mechanisms in tackling developmental problems. This is an indication of a shift in CSR spending from the traditional CSR spend to sustainable and outcome-focused finance models.

Governance has been identified as an important driver of the effectiveness of social investment mechanisms. (Carroll, 1991) suggested that responsible business conduct is manifested in three areas – economic, legal, ethical and philanthropic. (Sethi, 1975) and (Wartick and Cochran, 1985) highlighted the importance of corporate responsiveness and strategic management in enhancing governance mechanisms. (Wood, 1991) also claimed that the governance structure affects the social performance of organizations. Within the sphere of sustainability, both (Kingston and Wagner, 2004) and (Moon and Vogel, 2008) identified commitment of the leaders as key to reaching organisational goals,

and the role of institutional frameworks in supporting responsible business practices. As such, governance arrangements are needed to ensure that ZCZP bonds can contribute meaningfully to the development goals. Transparency is becoming a key principle of effective CSR and social financing. (Gray et al., 1987) considered social reporting as a channel for reporting on social and environmental consequences of corporate activities. (Perks, 1993) emphasized that organizations need to reveal the costs and benefits to stakeholders in their social life. (Roberts, 1992) suggested that accountability enhances stakeholder relationships and organizational credibility, while (Zadek, 2004) pointed out its importance in driving responsible corporate practices. Accountability mechanisms are essential when it comes to social finance's ability to support efficient resource use and developmental outcomes.

The importance of transparency in fostering trust and organizational legitimacy has been growing. According to (Kaptein, 2003) ethical transparency and integrity can facilitate responsible organizational behavior and (Eccles and Krzus, 2010) argued that integrated reporting is important to improve information disclosure. (KPMG, 2011) stated that the reporting process is transparent and that contributes to stakeholders' confidence as well as to the performance of the organization. Likewise, (Hahn and Kühnen, 2013) stated that sustainability disclosure can help to increase credibility and value creation in the long term. Thus, transparency on the use of funds and their impact measurement should improve the effectiveness of ZCZP bonds.

Another key way of understanding CSR and social finance is through the lens of corporate legitimacy. Legitimacy is defined by the perception that actions of the organization are aligned with norms and values of the society (Suchman, 1995). (Deephouse, 1996) claimed that legitimacy gains an organization's reputation and competitive advantage, and (Scott, 2001) stated that institutional acceptance is a factor that can keep an organization alive in the long run. (Palazzo and Scherer, 2006) also proposed that the stronger the involvement with societal expectations, the more legitimate the corporations. Thus, the use of innovative financing tools, including ZCZP bonds, can help to strengthen corporate legitimacy by articulating a commitment to inclusive and sustainable development.

Efficient fundraising has become a key priority for organizations looking for long-term funding for social development. (Porter and Kramer, 2006) suggested that the concept of shared value can be realized by incorporating social and economic goals into business activities. (Nicholls, 2010) pointed out that social finance has become more relevant in the mobilization of resources to serve the public good and (Bugg-Levine and Emerson, 2011) asserted that impact investing has changed the nature of social investment. Innovative financing instruments are also crucial to efficient capital allocation and to scaling up social initiatives, as described by (Brest and Born, 2013). Therefore, ZCZP bonds are a promising way to improve the efficiency of fundraising and continuity of the developmental programmes.

The ultimate goal of CSR and social financing mechanisms is to help foster sustainable social development. (Elkington, 1997) added the concept of the Triple Bottom Line, which highlights that each of the economic, environmental and social performance is interlaced. (Sen, 1999) defined development as “the expansion of human capabilities and opportunities” and (Sachs, 2015) highlighted the need for ‘all-around’ approaches for achieving sustainable development. Poverty reduction, quality education, health and environmental sustainability have also been identified as priorities by the United Nations (2015) in the Sustainable Development Goals. This implies that ZCZP bonds can be utilized to direct investment to social good projects and help create long run development outcomes.

IV. RESEARCH GAP

Most of the literature available on CSR has primarily examined the traditional practices of CSR and has tended to define CSR as an activity driven by costs or as a donation or philanthropy, but few have explored the concept of innovative financing. CSR approaches that are based on the traditional concept of CSR are frequently defined by their fragmented implementation, restricted accountability, and reliance on an annual corporate CSR budget. The recently launched Zero Coupon Zero Principal (ZCZP) bonds is a new way of sustainable social financing in India. But, the newly introduced ZCZP bonds have not been studied thoroughly, as they are only implemented in India. Furthermore, there has been limited research to

date on how ZCZP bonds can improve governance, transparency and accountability, corporate legitimacy, and fundraising effectiveness, to deliver sustainable social development results. Hence a conceptual framework is needed to understand how ZCZP bonds can transform the CSR financing in India.

V. RESEARCH METHODOLOGY

This study follows conceptual and exploratory research design using secondary data collected from various sources such as books, peer-reviewed journals, conference proceedings, Ministry of Corporate Affairs (MCA) reports, SEBI regulations and circular, Social Stock Exchange guidelines, reports of government and Industry report. Literature search was carried out using databases like Scopus, Web of Science, Science Direct and Google Scholar. The study is based on the theoretical frameworks of Stakeholder Theory and Reputation Theory, and it proposes a theoretical structure that integrates six dimensions: governance, accountability, transparency, corporate legitimacy, fundraising efficiency and sustainable social development outcomes to describe the role of Zero Coupon Zero Principal (ZCZP) bonds as a catalyst for CSR financing in India.

VI. FINDINGS

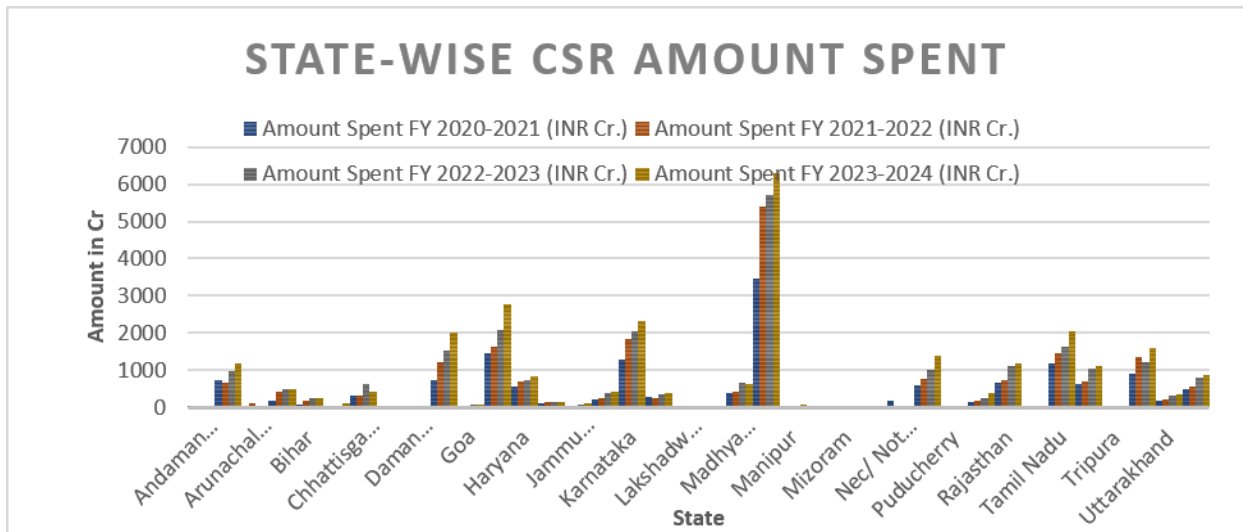
H1: To analyze current trend of traditional CSR
 Indian CSR financing has shifted from Voluntary and Philanthropic to a more structured and regulated model focused on promoting social welfare and inclusive growth. Over the years, there have been a large number of CSR initiatives undertaken by the corporate sector, and large contributions have been made towards education, health, environment, rural development and welfare (Arora & Puranik, 2004; Jamali & Mirshak, 2007). Different policy measures and regulatory measures have improved institutional CSR and boosted the contribution of companies to national development (Moon & Vogel, 2008). Minimal attention is paid to creating long-term sustainable business and to impact creation in traditional CSR financing, even though it has made significant advances in recent years towards becoming expenditure-oriented and compliance-driven. Previous research has identified a variety of problems with CSR funding, including weak transparency and

accountability structures, few and limited stakeholder involvement, and poor impact measurement, and weak implementation of CSR (Visser, 2008; Crane et al., 2008). The next figure depicts the importance of large

enterprises in promoting social development and is indicative of the increasing institutionalization of CSR in India.



Source: India CSR outlook report 2025

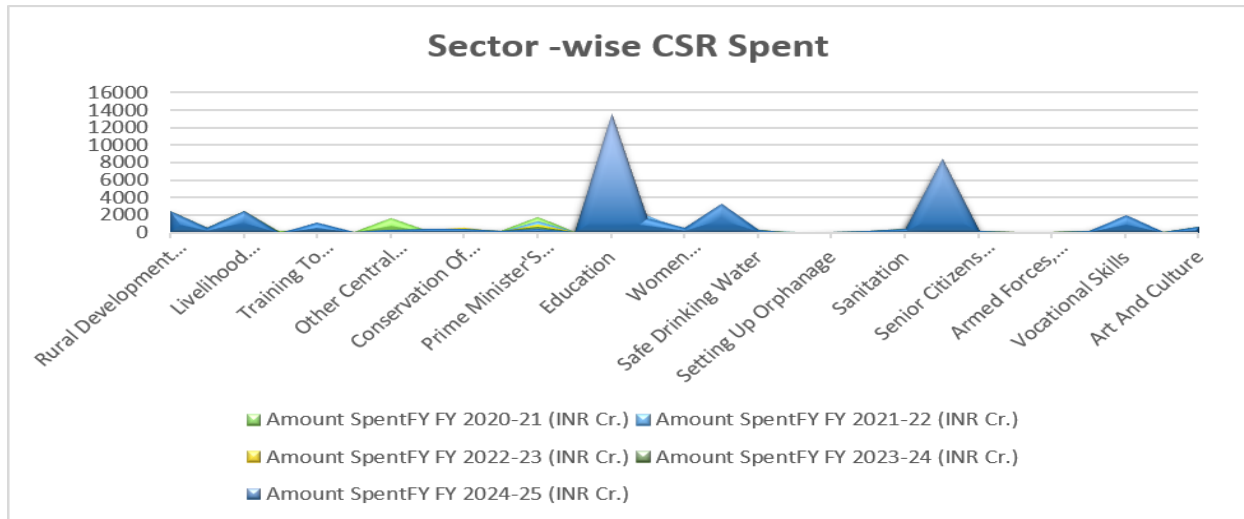


Source: Ministry of Corporate Affairs

The data of CSR expenditures from the Ministry of Corporate Affairs shows significant variation among the states in terms of CSR spending during the study period. Maharashtra has received the maximum amount of CSR funding of ₹4,145.95 crore, which is a significant portion of CSR spending. It was followed by Karnataka with ₹1,970.95 crore, Goa with ₹1,770.95 crore, Tamil Nadu with ₹1,670.95 crore,

and Uttarakhand with ₹1,570.95 crore. On the other hand, several north-eastern states and UTs were allotted comparatively lesser than the others, reflecting an inequitable geographical distribution of CSR resources. These statistics indicate that CSR investments are very localized in a selected few state that have significant economic development. The available information, however, only includes

expenditure data and not information on the actual outcomes of development or social impact that this is producing.



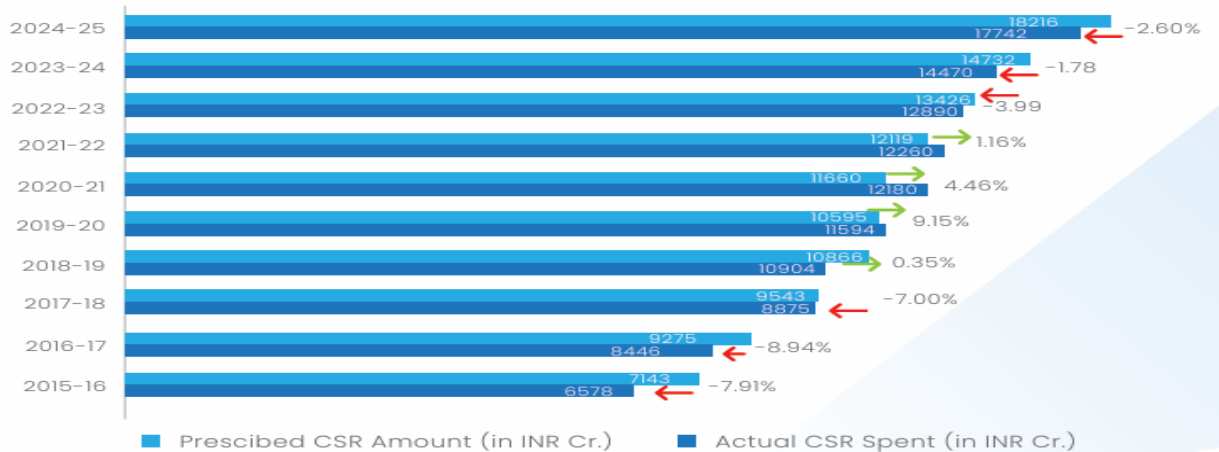
Source: Ministry of Corporate Affairs

According to the CSR expenditure sector-wise data provided by Ministry of Corporate Affairs, education was the top sector to receive the highest allocation of CSR, totaling ₹8,500 crore or 56.5% of the total CSR spending in FY 2024-25. Senior citizen welfare came out as the second most preferred sector with spending more than ₹ 4000 crore. Significant CSR investments of approximately ₹2,000-2,500 crore were also made in women empowerment and livelihood enhancement activities. Other areas like vocational skills, sanitation,

rural development and training programmes got moderate allocations, while expenditure on safe drinking water, armed forces welfare and art and culture was less than ₹500 crore each. The figures show that knowledge about current CSR trends is very much focused on education and social welfare. The available data however only provides information on expenditure and not on the developmental outcomes or impacts that are achieved.

The Evolution of CSR Spending over 10 Years

Year-wise Analysis of Prescribed and Actual CSR Spending: Trends from FY 2014-15 to FY 2023-24



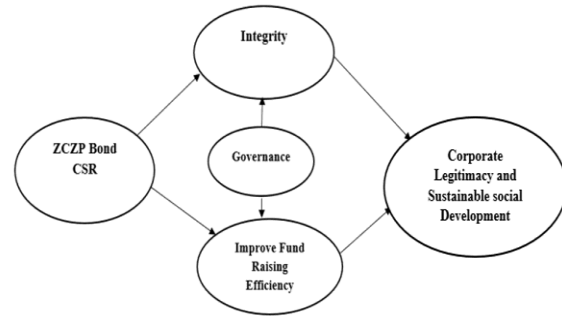
Source: India CSR outlook report 2025

The year-wise analysis of the prescribed CSR obligations and CSR expenditure in India from FY 2015-16 to FY 2024-25 shows a consistent rise in both the obligations and the spending on CSR in India. In general, the amount of actual CSR spent has been in line with the prescribed amount, indicating high compliance with CSR regulations. The actual spending was less than the prescribed spending levels from FY 2015-16 to FY 2017-18, meaning that there were negative gaps. From FY 2018-19 to FY 2021-22, however, the companies had a higher compliance in meeting their CSR requirements as compared to the previous years, showing higher CSR commitment. Later, actual expenditure dipped slightly from the prescribed in FY 2022-23 and continued to do so during the subsequent years, but the gap was not large. In FY 24-25, the prescribed CSR expenditure was ₹18,216 crore and the actual CSR expenditure was ₹17,742 crore, indicating an increase in CSR investments. The sectors that have been targeted for CSR investments have been mostly linked to education, welfare of the elderly, women empowerment and livelihoods, indicating that social welfare sectors are preferred. There are also clear regional differences, with the economically developed States obtaining allocations of CSR funds in comparison that are significant, and several less-developed States obtaining allocations in comparison that are comparatively low. Overall, traditional CSR financing has made a significant contribution to social development and has shown good corporate involvement, but it has been mostly an expenditure-driven phenomenon where there is little evidence of efforts to measure the impacts of social development and the outcomes of the CSR investments. The results highlight the importance of better, more transparent, more accountable and more outcome-oriented financing systems for sustainable and inclusive social development.

H2: To develop a conceptual framework linking emerging CSR financing trends with sustainable social development outcomes.

The results show that the traditional CSR financing mechanism in India has some areas of shortcomings in transparency, accountability and governance. Despite the substantial rise in CSR spending since the enactment of the Companies Act, 2013, the MCA reports show that a significant number of companies

report spending CSR under very general categories like "Others" and provide little information on the implementation of projects and any social impact that may be realised (MCA, 2022; MCA, 2023). The absence of detailed disclosure often makes it challenging to gauge CSR funds' effective use and to determine whether they are meeting their social goals (KPMG, 2022).



Zero Coupon Zero Principal (ZCZP) Bonds are a new concept in CSR finance in India where social enterprises can issue bonds on the Social Stock Exchange with no promise of return of capital or financial returns to investors (SEBI, 2022). The ZCZP bond is a mechanism for “structural and regulated long term financing of social development projects,” as opposed to the financing of CSR, which is primarily based on annual contributions from companies and their philanthropic giving. This financing instrument solves a number of the issues in the traditional CSR system, such as the absence of transparency, non-uniform funding structure and inadequate social impact monitoring (MCA, 2023). Thus, ZCZP bonds can foster a financing system that is more sustainable and effective, and better aligns companies and their resources with national development agendas and SDGs.

VII. INTEGRITY

Integrity is the ethical behaviour, transparency, honesty and accountability of institutions in the utilization and administration of social funds. The study results show that the scope of disclosure in CSR is limited within the traditional definition in India, with several companies disclosing expenses in the "Others" category without giving detailed information about the CSR project implementation and outcomes (MCA, 2022; KPMG, 2022). These practices can lead to a loss of trust among stakeholders and hinder the

ability to measure the impact of CSR investments. The ZCZP bond framework can contribute to improving the integrity of funds by introducing quarterly disclosures, impact reporting and increased transparency on the use of funds. Increased integrity increases trust among stakeholders, minimizes information asymmetry and means that funds would be allocated to real social development activities, making the CSR finance more effective and credible.

VIII. IMPROVED FUNDRAISING EFFICIENCY

Enhanced fundraising efficiency is the capability of social enterprises and development agencies to raise funds in a more efficient and sustainable manner. In the traditional CSR model, social programs are typically funded in a year-on-year basis with company funding that can vary based on a company's business conditions and priorities, and as a result, social projects are not always able to be implemented on an annual basis (Porter & Kramer, 2011). A ZCZP bond goes around this by providing an organized platform for social enterprise to tap into a larger investor population and funding options. Efficient fundraising helps organizations get long-term financial resources, decrease reliance on limited number of corporate giving sources, and start larger developmental projects. As a result, better fundraising efficiency comes with better social intervention sustainability and scalability.

IX. GOVERNANCE

Governance is the set of regulatory system, monitoring system, disclosure and accountability mechanisms that are in place to guide CSR financing activities. One of the key limitations of conventional CSR financing is the lack of robust monitoring and evaluation systems despite the requirement for companies to report on CSR, as set out in the Companies Act, 2013 (OECD, 2023; MCA, 2023). Poor governance has played its part in poor disclosure and transparency, a limited sense of accountability, and challenges in measuring the actual social benefit of CSR spending. The SEBI's

Social Stock Exchange framework by introducing ZCZP bonds will make it better to control governance as it has laid the disclosure rules, reporting frequency and regulatory oversight (SEBI, 2022). Good governance arrangements that increase transparency, accountability and investor confidence, which in turn improves the overall effectiveness of the CSR financing system.

X. THE CHANGING NATURE OF CORPORATE LEGITIMACY AND SUSTAINABILITY OF SOCIAL DEVELOPMENT.

Corporate legitimacy has been defined as the degree to which an organization is seen as socially responsible and in step with the expectations of society, and sustainable social development has been defined as long-term improvements in social welfare, education, healthcare, environmental protection and community development (Suchman, 1995). The findings show that, with the right governance framework and strong integrity and finance management, the ZCZPs are likely to deliver tangible social results and are more likely to gain trust from stakeholders. By using the social funds transparently and responsibly, the development programmes create proper reputation and confidence for the company and stable funding also results the continuity of the programmes. The proposed framework hence shows the potential of innovative CSR financing mechanisms like ZCZP bonds to bring long-term social value and to play a significant role in the sustainable social development of India.

XI. THEORETICAL PATTERNED FOR THE CONCEPTUAL FRAMEWORK

The table presents the theoretical bases for the conceptual framework proposed by mapping the constructs of the study onto the instruments of sustainability management proposed by Baumgartner (2010) and evaluated in terms of conceptual similarity.

Table 1: Theoretical Mapping of Emerging CSR Financing Constructs with Baumgartner's Sustainability Management Instruments

Sustainability Management Instrument (Baumgartner, 2010)	Study Variable	Role of Emerging CSR ZCZP Bonds	Theoretical Fit
Economic Instruments	ZCZP Bonds and Fundraising Efficiency	Provides long-term, market-based financing and diversified funding sources for social projects.	Strong

Social Management Instruments	Integrity	Enhances transparency, impact reporting, and stakeholder trust through periodic disclosures.	Strong
Governance Instruments	Governance	Strengthens accountability through SEBI regulations, monitoring, and disclosure requirements.	Strong
Strategic Sustainability Orientation	Corporate Legitimacy and Sustainable Social Development	Promotes a shift from compliance-driven CSR to strategic and outcome-oriented social financing.	Moderate

Source: Author’s own work by using of Sustainability Management Instrument (Baumgartner, 2010 model)

ZCZP bonds and fundraising efficiency are constructs that have a good theoretical fit with economic instruments, as they both focus on mobilizing and allocating financial resources to accomplish sustainability goals. ZCZP bonds provide a market based, long-term, and structured financing mechanism that will facilitate on-going financing of social programs, which more closely aligns with Baumgartner's idea of embedding sustainability into the financial decision-making process. Likewise, there is a great fit in terms of social management instruments, as both are concerned with transparency, stakeholder engagement, social reporting and accountability. Social sustainability goals are backed up by the direct contribution of the periodic disclosures and impact reporting integrated in the ZCZP framework which enable to enhance the confidence and trust of stakeholders. Governance also demonstrates good theoretical fit, as both the governance construct and Baumgartner's governance instruments have characteristics that are shared, such as monitoring systems, disclosure obligations, accountability systems, and regulatory oversight. The merit of these was incorporated into the SEBI regulatory framework of ZCZP bonds, enhancing transparency and investor confidence. The relationship between strategic sustainability orientation and constructs of corporate legitimacy and sustainable social development, however, is felt to be moderate as they are considered as outcomes of sustainability management practices and not direct instruments of management. The gradual performance of the CSR activities through the prism of improved integrity, fundraising effectiveness and good governance will lead to the emergence of corporate legitimacy and sustainable social development, which will imply a shift from compliance-driven CSR activities to a more strategic approach to sustainability that will have a tangible impact on the organization's social outcomes.

XII. CHALLENGES IN THE ADOPTION OF ZCZP BONDS

Although there are advantages to ZCZP bonds, there are some practical considerations to the implementation. Although the market for these instruments is in its early stages, there is low liquidity and not enough opportunities for trading or transferring the bonds, which could limit investor interest and market growth (SEBI, 2022). Moreover, the disclosure requirements, registration procedure, quarterly reporting and social impact assessment mechanisms for the issuance of ZCZP bonds impose a high administrative burden, especially for smaller social enterprises that lack financial and administrative resources (SEBI, 2022; OECD, 2023). However, many non-profit organizations and social enterprises do not have the adequate financial management systems, technological infrastructure and professional expertise to effectively issue and manage these instruments (Nicholls, 2010). These limitations are likely to limit the role of social enterprises and also prevent the broad acceptance of ZCZP bonds as a viable channel to fund social development that is sustainable in India.

XIII. CONCLUSION

India's shift from a purely compliance-driven spend of CSR funding towards more transparent, accountable and impactful financing mechanisms is a paradigm shift. Although CSR involvement in corporate actions for social good is growing, there are a range of challenges with disclosure, low level of monitoring and the lack of measurement of CSR for social outcomes to be addressed. In an innovative way, the Zero Coupon Zero Principal (ZCZP) bond has been created in order to address this deficiency and provide a framework and infrastructure for mobilization of resources for social development projects. The presented conceptual framework suggests that the

most important element in the effectiveness of this financial instrument will be the organizational integrity, efficient raising of funds and the good governance practices. Greater transparency and accountability can contribute to building confidence and trust among stakeholders, efficient use of resources; diversified and sustainable funding sources can contribute to the likelihood of social development projects being sustained and scaled-up. The proposed relationships between the constructs are further confirmed by the theoretical mapping of the framework with Baumgartner's (2010) sustainability management model. The close linkages of the ZCZP bonds with economic instruments, integrity of the bonds with social management instruments, and governance with governance instruments show that ZCZP bonds are not only a financing instrument but also a sustainability management instrument in one. A moderate correlation between strategic sustainability orientation and the results of corporate legitimacy and sustainable social development indicates that these results are a gradual process based on the cumulative impact of good governance and transparency and sustainable financing practices. But for ZCZP bonds to be successful, they need to address issues like limited investor awareness, low market liquidity, compliance restrictions and limited financial and technological capabilities of social enterprises. In order to maximize the impact of this financing tool, it will be crucial to bolster governance mechanisms, enhance impact measurement practices and raise awareness among stakeholders. The growing significance of ZCZPs is a major paradigm shift in CSR funding and is also a path to move towards a more responsible, accountable and outcome-driven social development in India.

XIV. LIMITATION AND SCOPE FOR FUTURE RESEARCH

The study is conceptual and is derived entirely from secondary sources of information like academic literature, government reports and regulatory documents. The results are based on the information that is currently available and used, and will not include the views of corporations, investors or social enterprises. Furthermore, Zero Coupon Zero Principal (ZCZP) bonds are a relatively new financing tool in India and there is little empirical evidence to gauge

their practical implementation and long-term social impacts in India. The proposed framework could be validated through empirical data and statistical analysis for future studies. Comparative studies of traditional CSR financing and ZCZP bonds and studies on stakeholder perceptions and long-term social impacts can further enhance the knowledge of innovative CSR financing mechanisms in India.

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