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## ***ABOUT US***

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provided dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

**DECODING CORPORATE SOCIAL RESPONSIBILITY (CSR)**  
**IN INDIA: LEGAL FOUNDATIONS, PRACTICAL**  
**CHALLENGES, AND STRATEGIC IMPERATIVES UNDER**  
**THE COMPANIES ACT, 2013.**

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**ABSTRACT:**

This comprehensive scholarly investigation explores the multifaceted landscape of Corporate Social Responsibility (CSR) within India, intricately framed by the legislative mandates of the Companies Act, 2013. It traces the evolutionary trajectory of CSR from its historical roots in philanthropic traditions to its current stature as a legally binding component of corporate governance, emphasizing the paradigm shift towards strategic integration for sustainable development. The study critically examines the complex regulatory environment, highlighting guideline ambiguities, impact measurement challenges and strategic misalignments that hinder effective implementation. Through a detailed analysis of judicial rulings and examples of corporate initiatives, the paper underscores the growing recognition of CSR as a vital lever for societal advancement, environmental sustainability, and enhanced stakeholder engagement. Emphasizing the importance of genuine commitment over mere compliance, the research advocates a holistic approach where CSR transcends statutory obligations to become a core element of corporate ethos that fosters inclusive growth, ethical responsibility, and global competitiveness. In conclusion, the paper positions CSR as an indispensable instrument for aligning corporate strategies with societal needs, thereby catalyzing profound socio-economic transformation in India.

**INTRODUCTION:-**

Corporate Social Responsibility (CSR) is an independent strategic framework through which a corporation assumes ethical accountability not only to its internal stakeholders but also to the broader society. It is a prominent approach adopted by most businesses, including Starbucks, Apple, and Levi Strauss, among others. Engaging in Corporate Social Responsibility (CSR) entails a company conducting its operations in a manner that positively contributes to societal well-being and environmental sustainability, rather than causing harm, all while strategically

enhancing its brand reputation.

Over the past decade, the significance of Corporate Social Responsibility (CSR) has grown substantially, evolving into a crucial undertaking for businesses both domestically and globally. It has expanded to encompass both social and economic dimensions, reflecting a broader scope of interest. As a result, companies are now compelled to enhance transparency in their financial reporting and operational practices, driven by societal stakeholders' demands. Therefore, companies have begun to integrate (CSR) initiatives into their annual reports.

Corporate Social Responsibility (CSR) has been widely incorporated to address the disparities emerging from economic liberalization and globalization, serving as a channel for the protection of human rights and labor standards and environmental regulations. It recognizes that a corporation is not merely a profit-driven entity but is intrinsically linked to impacting the economy, society, and the environment in which it functions.

Early forms of Corporate Social Responsibility (CSR) emerged in the 19th century with philanthropic efforts by business owners to improve the lifestyle of their employees and communities. The proliferation of Corporate Social Responsibility (CSR) stems from various factors, notably heightened public consciousness regarding social and environmental concerns, consumer and investor demand for ethical business conduct, and the acknowledged advantages of Corporate Social Responsibility (CSR) for corporate entities. These driving forces have prompted businesses to embed (CSR) into their fundamental strategies and operations, cultivating a culture of accountability and responsibility. Corporate Social Responsibility (CSR) has garnered substantial prominence in the global business arena, particularly in India, where corporations are increasingly recognizing the imperative of reciprocating to society through meaningful contributions.

## **EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY**

### **(CSR) IN INDIA:-**

Corporate Social Responsibility (CSR) in India has evolved from traditional philanthropic practices to a structured legal framework. Historically, CSR was informal and rooted in religious and cultural traditions, with business leaders supporting social causes voluntarily.

The liberalization period (1980–2013) marked a shift, when CSR became more aligned with

corporate governance and stakeholder expectations. The government took initial steps towards formalization by introducing the Voluntary CSR Guidelines in 2009, revised in 2011, promoting inclusive and sustainable growth. In 2012, SEBI prescribed that the top 100 listed companies submit Business Responsibility Reports.

The most pivotal advancement transpired with the promulgation of the Companies Act, 2013. India's Leadership in Corporate Social Responsibility (CSR) stands among the selected few nations globally that have enacted a statutory mandate requiring business entities to adhere to Corporate Social Responsibility (CSR) norms. This legislative framework is a testament to the country's unwavering commitment to fostering economic, social, and environmental sustainability through corporate conduct.

The essence of CSR in India lies in encouraging enterprises to assess and address the multifaceted impact of their operations on a wide array of stakeholders including employees, consumers, local communities, and the environment. It highlights a shift from profit-centric models to a more holistic approach that integrates ethical responsibility and sustainable development into the corporate ethos. As articulated by the United Nations Industrial Development Organization (UNIDO), CSR is anchored in the Triple Bottom Line framework (People, Planet, Profit) which serves as a strategic lever for driving inclusive socio-economic progress and enhancing a nation's global competitiveness in the modern age.

### **CSR CONCEPTUALIZATION UNDER RULE 2(c) OF THE COMPANIES (CSR POLICY) RULES, 2014:-**

The Companies Act, 2013 does not explicitly define the term Corporate Social Responsibility (CSR). However, Rule 2(c) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 provides a broad interpretation.

According to the Rule:

"Corporate Social Responsibility" implies and encompasses but is not restricted to the following:

1. Initiatives, projects, or programs aligned with the activities expressly enumerated under Schedule VII of the Act; or
2. Undertakings or interventions initiated by the company's Board of Directors, acting

upon the recommendations of the CSR Committee, as delineated in the company's formally adopted CSR Policy, provided such a policy is commensurate with and strictly conforms to the thematic domains prescribed under Schedule VII of the Act.

## **STATUTORY ENFORCEMENT OF CSR IN INDIA UNDER SECTION 135 OF COMPANIES ACT, 2013:-**

In India, the Ministry of Corporate Affairs (MCA) mandated Corporate Social Responsibility (CSR) for specific companies under the Companies Act, 2013 which commenced on April 1, 2014. Corporate Social Responsibility (CSR) became a statutory obligation for specific corporations that fulfilled particular fiscal benchmarks. Section 135 of the Companies Act mandates the Board of Directors to establish a Corporate Social Responsibility (CSR) Committee and outlines its responsibilities, including the obligation for specified companies to allocate a defined portion of their profits to CSR activities, in accordance with their articulated CSR policy.

### **APPLICABILITY OF CSR IN INDIA:-**

Corporate Social Responsibility (CSR) mandates are applicable to enterprises that satisfy any of the ensuing benchmarks in the immediately preceding fiscal year:

- NET WORTH: MORE THAN INR 500 CRORE
- TURNOVER: MORE THAN INR 1000 CRORE
- NET PROFIT: MORE THAN INR 5 CRORE

### **DETERMINING NET PROFIT FOR CSR APPLICABILITY:-**

The term 'average net profit' shall be computed in accordance with the methodology prescribed under Section 198 of the Companies Act, 2013. In accordance with Clause (f) of Rule 2 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the term "Net Profit" denotes the net earnings of a company as delineated in its financial statements, meticulously crafted in strict adherence to the pertinent stipulations of the Act.

However, the following components are explicitly excluded from such computation:

- Profits derived from any overseas branch or branches of the company, irrespective of whether such branches are operated as separate legal entities or otherwise; and
- Dividends are received from other Indian Companies that are in compliance with

the CSR provisions under Section 135 of the act.

This delineation ensures that only domestically derived, CSR-relevant earnings are considered in determining the average net profit for CSR obligations.

While ascertaining net profit for the purposes of Corporate Social Responsibility (CSR) compliance, companies are mandated to recalibrate the Profit Before Tax computed in accordance with Schedule III of the Companies Act, 2013 in conformity with the directives enunciated under Section 198.

### **APPLICABILITY OF CSR PROVISION TO FOREIGN COMPANIES:-**

In accordance with the Companies Act, 2013, a foreign company, as defined under Clause (42) of Section 2, that maintains a branch office or project office within the territorial jurisdiction of India and satisfies the thresholds stipulated under Sub-section (1) of Section 135, is obligated to comply with the provisions of Section 135 along with the relevant CSR Rules.

For the purpose of determining applicability, the net worth, turnover, or net profit of such a foreign entity shall be computed based on the financial statements specifically, the balance sheet and profit and loss account prepared in accordance with Clause (a) of Sub-section (1) of Section 381, read with Section 198 of the Act.

In essence, the calculation of the prescribed financial thresholds for a foreign company shall be exclusively derived from its Indian business operations, and not from its global or consolidated financial performance.

### **CONSTITUTION AND COMPOSITION OF CSR COMMITTEE:-**

As per the Companies Act, 2013, Subsection 1 of Section 135 states that every company with a net worth of ₹500 crore or more, or a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more during the immediately preceding financial year shall be obligated to constitute a Corporate Social Responsibility (CSR) Committee of the Board.

This Committee shall comprise three or more directors, with at least one director being an independent director. Further, As mandated under Section 134(3), the Board is required to disclose the composition of the said committee in its report to be presented at the company's general meeting.

However, certain categories of companies are exempt from the statutory obligation to appoint an Independent Director and from constituting a CSR Committee in a conventional manner, as per the provisions of the Companies Act, 2013. These exemptions include:

- A private company or an unlisted public company falling within the ambit of Sub-section (1) of Section 135, which is not mandated to appoint an independent director under Sub-section (4) of Section 149 of the Act; and
- In instances where a private company has only two directors on its Board, the CSR Committee shall be constituted by those two directors themselves, thereby fulfilling the compliance requirement.

In the case of a foreign company to which these rules are applicable, the constitution of the CSR Committee shall consist of at least two individuals, one of whom must be a person as defined under Clause (d) of Sub-section (1) of Section 380 of the Act, while the second member shall be nominated by the foreign company.

As per Section 380(1)(d), the aforementioned person refers to an individual resident in India, who is duly authorized to accept service of process, notices, and other statutory documents on behalf of the foreign company.

As per Section 135(9), where the prescribed CSR expenditure for a company does not exceed ₹50 lakh in a financial year, the constitution of a CSR Committee shall not be mandatory. In such instances, the Board of Directors shall directly discharge the functions otherwise delegated to the CSR Committee.

Notwithstanding the above, any company that maintains an Unspent CSR Account in relation to an ongoing project is required to constitute a CSR Committee and adhere to the CSR compliance obligations, even if the CSR spending obligation does not exceed ₹50 lakh.

All such determinations and financial thresholds are to be construed in accordance with Section 198 of the Companies Act, 2013.

#### **Functions of the committee:-**

As per Subsection 3 of Section 135, the Corporate Social Responsibility (CSR) Committee is

entrusted with the critical task which includes:-

- Formulating and recommending the CSR Policy of the company to the board, outlining the initiatives to be undertaken by the company in alignment with the activities enumerated under Schedule VII of the Act.
- Proposing the financial outlay to be allocated by the company towards the initiatives outlined in Schedule VII of the Act.
- Periodic review and monitor the implementation of the company's Corporate Social Responsibility (CSR) policy to ensure alignment with the prescribed statutory framework and objectives.

Acting upon these strategic recommendations, the Board of Directors are tasked with the responsibility of planning, sanctioning, executing, and overseeing the company's CSR initiatives. It is incumbent upon the Board to disclose the adopted CSR Policy in its statutory Board Report and to ensure that the allocated funds are deployed exclusively for the sanctioned purposes, in strict conformity with the approved framework. This financial diligence must be duly certified by the Chief Financial Officer or the designated officer overseeing financial management.

Moreover, Corporate Social Responsibility (CSR) in India operates within a robust, disclosure-driven governance framework that emphasizes transparency, accountability, and strategic alignment with societal needs.

### **EXPENDITURE AND TREATMENT OF EXCESS CSR EXPENDITURE:-**

Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, articulates that CSR expenditure shall encompass the entirety of costs incurred in connection with projects, programs, or activities executed in consonance with the company's CSR Policy, as duly ratified by the Board of Directors. This provision also subsumes capital outlays or contributions directed toward such undertakings. Yet, any expenditure that is not aligned with or unrelated to the activities enumerated under Schedule VII of the Companies Act, 2013, shall not qualify as permissible CSR spending.

Furthermore, expenditures incurred by a company in compliance with the statutory obligations under any other legislation or regulation such as those arising under labor laws, land acquisition

laws, or similar frameworks should not be recognized as CSR expenditure pursuant to the Act.

That said, expenditures classified as administrative overheads, incurred with the intent of augmenting CSR capabilities, may be encompassed within the overall CSR outlay, provided such costs do not surpass 5% of the company's aggregate CSR expenditure in a given financial year.

Data on CSR expenditures from 2018 to 2023 reveals substantial allocations to various government-designated funds. Notably, contributions to the Clean Ganga Fund amounted to ₹8.11 crore in 2018–19, escalating significantly to ₹55.41 crore in 2021–22. The Prime Minister's National Relief Fund consistently attracted the highest disbursements, reaching a peak of ₹1,698.38 crore in 2020–21.

Regarding the treatment of surplus CSR expenditure, in circumstances where a company allocates an amount surpassing the statutory mandate prescribed under Section 135 of the Companies Act, such excess outlay may be carried forward and offset against the requisite 2% CSR expenditure for up to the three immediately succeeding financial years, contingent upon strict compliance with the provisions enshrined in Rule 7(3) of the Companies (CSR Policy) Rules, 2014. It is paramount to emphasize that the quantum of excess permissible for such a set-off shall expressly exclude any surplus generated from CSR undertakings. Moreover, it is incumbent upon the Board of Directors to adopt a formal resolution sanctioning the set-off. This regulatory provision came into force on 22nd January 2021 and operates with prospective effect. Accordingly, any excess CSR spending incurred prior to FY 2020–21 shall not be eligible to carry forward under this framework.

### **MODES OF CSR IMPLEMENTATION UNDER RULE 4 OF THE CSR POLICY RULES, 2014:-**

In accordance with Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, companies that are obligated to undertake CSR activities may do so through one of the following three modes of implementation:

- Direct implementation by the company itself;
- Implementation through eligible implementing agencies; and
- Collaborative implementation in partnership with one or more companies.

Pursuant to Rule 4(1), the entities deemed as eligible implementing agencies for the execution of Corporate Social Responsibility (CSR) initiatives encompass:

A company established under Section 8 of the Companies Act, 2013, or a duly registered public trust or society, which fulfills either of the following criteria:

- Exemption under sub-clauses (iv), (v), (vi), or (via) of clause (23C) of Section 10 of the Income Tax Act, 1961; or
- Registration under Section 12A coupled with approval under Section 80G of the Income Tax Act, 1961.

These entities may be established by the company itself, either independently or jointly with another company.

- A Section 8 company, registered trust, or duly registered society instituted by the Central Government or any State Government.
- Any entity constituted under an Act of Parliament or State Legislature.
- Furthermore, any Section 8 company, registered trust, or society (conforming to the aforementioned income tax exemptions or registrations) possessing a demonstrable track record of no less than three years in the successful implementation of analogous CSR initiatives shall likewise be deemed eligible as a recognized implementing agency.

Moreover, with effect from April 1, 2021, every implementing agency intending to undertake CSR activities is required to register itself with the Central Government by filing Form CSR-1 electronically with the Registrar of Companies. This registration ensures accountability and regulatory oversight in the execution of CSR obligations.

### **LIST OF PERMITTED AND NON PERMITTED CSR ACTIVITIES AS PER SCHEDULE VII OF THE COMPANIES ACT, 2013:-**

In accordance with the Companies Act, 2013, the Board of Directors is mandated to ascertain that the initiatives executed under the Corporate Social Responsibility (CSR) Policy are congruent with the domains enumerated in Schedule VII. The ensuing table delineates the sanctioned CSR undertakings:

As stipulated by Schedule VII of the Companies Act, 2013, the principal activities encompass:

1. Poverty Alleviation and Public Health:
  - Eradicating poverty, hunger, and malnutrition.
  - Promoting healthcare, encompassing sanitation and preventive measures.

- Contributing to the Swachh Bharat Kosh and ensuring access to safe drinking water.
2. Education and Employment Enhancement:
- Improving education, including special education and vocational skills training, particularly for children, women, the elderly, and individuals with disabilities.
  - Supporting livelihood enhancement projects.
3. Social Equity and Empowerment:
- Advancing gender parity and instituting domiciles and shelters for women and orphans.
  - Facilitating the empowerment of women and provisioning amenities for the elderly and marginalized communities.
4. Environmental Conservation and Sustainability:
- Executing endeavors aimed at fostering environmental sustainability, maintaining ecological equilibrium, and safeguarding natural resources.
  - Supporting projects such as the rejuvenation of the river Ganga and agroforestry.
5. Cultural Preservation:
- Protecting national heritage, art, and culture, including restoring historical buildings and promoting traditional arts.
6. Support for the Armed Forces:
- Extending welfare initiatives for ex-servicemen, war widows, and their dependents.
7. Sports Development:
- Promoting and training in rural, nationally recognized, Paralympic, and Olympic sports.
8. Contributions to Government Funds:
- Making contributions to funds like the Prime Minister's National Relief Fund, PM CARES Fund, and other initiatives aimed at socioeconomic development.

9. Research and Development Support:

- Contributing to R&D projects in science, technology, engineering, and medicine funded by government bodies or public institutions.

10. Support for Educational Institutions:

- Providing contributions to public-funded universities, IITs, and national research bodies such as DRDO, ICAR, and CSIR.

11. Rural and Slum Development:

- Undertaking initiatives focused on rural area development and the development of government-declared slum areas.

12. Disaster Management:

- Engaging in activities related to disaster relief, rehabilitation, and reconstruction.

**Activities Excluded from the Ambit of CSR:-**

The following undertakings shall not qualify as Corporate Social Responsibility (CSR) activities under Section 135 of the Companies Act, 2013:

- **Ordinary Course of Business:** Initiatives executed by a company in the ordinary pursuit of its commercial operations shall be excluded from the definition of CSR activities.
- **Employee-Centric Initiatives:** Projects or programs designed exclusively for the benefit of the company's employees and their families shall not be recognized as legitimate CSR endeavors under the Act.
- **Political Contributions:** Any monetary contributions—whether direct or indirect—towards political parties, as governed by Section 182 of the Act, shall not be considered CSR expenditure.
- **Non-Schedule VII Activities:** Expenditures incurred on activities not aligned with the prescribed categories listed in Schedule VII shall fall outside the scope of permissible CSR spending.
- **Administrative Overheads Cap:** Companies are permitted to enhance the CSR capabilities of their internal personnel; however, such expenditure, inclusive of administrative overheads, shall not exceed 5% of the total CSR expenditure in a given

financial year.

- **Treatment of Surplus:** The company's CSR policy must explicitly state that any surplus generated from CSR initiatives shall not accrue as business profit, but must be reinvested into CSR activities in accordance with the CSR Rules.
- **Annual CSR Report Disclosure:** The Board's Report must include a comprehensive annual report on CSR, detailing particulars as specified in the annexure to the Companies (CSR Policy) Rules, 2014.
- **CSR Policy Disclosure on Corporate Website:** The CSR policy, as approved by the Board based on recommendations from the CSR Committee, must be published on the company's official website, if such a website exists.
- **Exemption from CSR Compliance:** A company that ceases to meet the applicability threshold of Section 135(1) for three consecutive financial years shall be exempt from CSR obligations under Section 135 and the corresponding Rules, until such time as it once again falls within the prescribed criteria.

### **CSR DISCLOSURES:-**

In accordance with statutory requirements, corporations are mandated to furnish comprehensive disclosures of their CSR undertakings through the Annual Report on CSR, a critical component of the Board's formal disclosures. This includes an articulate presentation of the CSR policy, the constitution of the CSR Committee, and an explanation of how these initiatives are interwoven with the company's overarching business objectives. CSR disclosures are statutorily mandated and publicly accessible via the MCA21 registry.

### **PENALTIES FOR CSR NON-COMPLIANCE UNDER COMPANIES ACT, 2013:-**

Failure to comply with the statutory provisions concerning the transfer of unspent CSR funds constitutes a civil infraction and shall attract the following penalties:

- **For the Company:** A penalty amounting to twice the unspent sum required to be transferred to a fund specified in Schedule VII of the Companies Act or to the Unspent CSR Account, as applicable, or ₹1 crore, whichever is lower.
- **For Every Defaulting Officer:** A penalty of one-tenth of the unspent CSR amount required to be transferred, or ₹2 lakh, whichever is lower.

In the event of non-compliance with any other CSR-related provisions under the relevant section

or associated rules, the company shall be subject to penal action under either Section 134(8) or the general penalty clause under Section 450 of the Companies Act.

- Section 134(8) stipulates that the company shall be liable to a penalty of ₹3 lakh, while every officer in default shall incur a penalty of ₹50,000.
- Section 450 provides that the company, every officer in default, or any other responsible person shall be subject to a penalty of ₹10,000. In the case of a continuing contravention, an additional penalty of
- ₹1,000 per day shall be levied for each day the default persists post the initial breach, subject to a maximum of ₹2 lakh for the company and ₹50,000 for each officer in default.

The notion of Corporate Social Responsibility (CSR), institutionalized through the Companies Act, 2013, imposes a heightened fiduciary duty on companies operating in India to establish a transparent and structured CSR framework. This legislative mandate heralds a transformative shift in corporate ethos, compelling enterprises to formulate definitive CSR policies and allocate resources towards initiatives that promote social equity, welfare, and sustainable development.

Between 2019 and 2024, multiple companies—including Advance Steel Tubes, Toyota Tsusho Systems India, and Wipro Pari—were subjected to penalties for non-compliance with CSR obligations.

### **JUDICIAL INTERPRETATION AND CASE LAW ON CSR:-**

Judicial pronouncements have significantly contributed to the evolving interpretation of Corporate Social Responsibility (CSR) in India, particularly in the context of the Companies Act, 2013. Courts have consistently underscored that CSR is not merely an optional or philanthropic exercise, but a mandatory corporate obligation embedded in the broader legal and ethical framework of governance.

In *Tata Power Company Ltd. v. Maharashtra Electricity Regulatory Commission* (2008), though decided prior to the enactment of the Companies Act, 2013, the judiciary articulated the foundational principle that corporate entities must assume social responsibilities beyond profit maximization. While the case did not arise under Section 135, it reflected a judicial attitude that later supported the statutory codification of CSR.

Post-enactment of the 2013 Act, in *Vivek Ranjan Sriram v. Insurance Regulatory and Development Authority of India* (2019), the court addressed the issue of CSR compliance within a highly regulated sector. It emphasized that CSR obligations under Section 135 are uniformly applicable across all qualifying companies, regardless of sector-specific regulations. This ruling reinforced that CSR duties are fundamental, not contingent, and must be discharged independently of other regulatory frameworks.

In *Binani Industries Ltd. v. Bank of Baroda & Ors.* (2018) (as part of insolvency proceedings under the Insolvency and Bankruptcy Code), the National Company Law Appellate Tribunal (NCLAT) considered whether CSR commitments survive insolvency. The tribunal's observations affirmed that corporate social obligations are not extinguished by financial distress, thereby emphasizing the enduring nature of CSR duties and their linkage to corporate identity rather than mere financial status.

Collectively, these judicial interpretations have reinforced the mandatory nature of CSR under Indian law and highlighted its integration with corporate governance principles. By interpreting CSR duties through the lens of accountability, ethics, and legal compliance, the judiciary has shaped a robust jurisprudential foundation that complements the legislative intent of the Companies Act, 2013.

## **CORPORATE CASE STUDIES: TRANSLATING CSR LAW INTO**

### **ACTION IN INDIA:-**

#### **EXAMPLES OF COMPANIES CONTRIBUTING TO CSR IN THE FINANCIAL YEAR 2020-2021**

##### **Tata Motors Limited (TML) – CSR Initiatives**

Tata Motors Limited (TML), the flagship enterprise of the Tata Group, stands among India's foremost automobile manufacturers, delivering a comprehensive portfolio of advanced, intelligent, and electric mobility solutions. With a diverse portfolio encompassing commercial, passenger, and luxury vehicles, TML continues to be a significant player in both domestic and global markets.

Despite the absence of a statutory requirement to incur Corporate Social Responsibility (CSR) expenditure in the financial year 2020–21, Tata Motors voluntarily allocated ₹23.7 crore towards CSR initiatives.

Guided by its core CSR philosophy—‘More from Less for More People’—Tata Motors aims to maximize the impact and reach of its CSR programmes by efficiently utilizing financial and human resources, fostering partnerships with like-minded stakeholders, and delivering greater outcomes that benefit a wider population.

In FY 2020–21, Tata Motors effectively executed its CSR initiatives across all 28 states of India. As part of its Covid-19 relief efforts, the company supported over 1.5 lakh individuals, including migrants, daily wage workers, and others affected by the pandemic, especially those stranded or displaced in temporary shelters and transit camps.

Additionally, the company provided critical aid to truck drivers, recognizing them as the unsung frontline workers who ensured uninterrupted supply chains during the nationwide lockdown. Relief efforts included distribution of food, face masks, sanitizers, and informational safety kits to promote health, hygiene, and Covid-appropriate behaviour among these essential workers.

### **Siemens Limited – CSR Initiatives**

Siemens Limited, a subsidiary of the German multinational conglomerate, operates across sectors such as energy, industry, and healthcare. As a technology-driven enterprise, Siemens is committed to tackling some of the world’s most pressing challenges by harnessing the synergy between digitalization and sustainability.

Aligned with the United Nations Sustainable Development Goals (UN SDGs) and the company’s core capabilities, Siemens India has identified three strategic focus areas for its Corporate Social Responsibility: Education, Social Development, and Environment. In the financial year 2020–21, Siemens invested ₹27.45 crore in CSR initiatives, exceeding the mandated requirement of ₹27.2 crore.

Through its Corporate Citizenship programmes, Siemens applies its strengths in electrification and automation to support projects that provide clean drinking water, irrigation solutions, and improved healthcare access. One of its flagship initiatives, Project Asha, was launched in 2012 to address the severe developmental gaps in rural India. Starting with a remote village in Mokhada, the project has expanded to 72 villages across Mokhada, Palghar District, and Aurangabad in Maharashtra, positively impacting the lives of over 500,000 individuals.

## **EXAMPLES OF COMPANIES CONTRIBUTING TO CSR IN THE FINANCIAL YEAR**

### **2022-2023**

#### **State Bank of India – CSR initiatives**

Since 1973, long before the Indian government formally mandated Corporate Social Responsibility (CSR), the State Bank of India (SBI) has demonstrated a strong and consistent commitment to CSR initiatives. The bank's CSR philosophy is centered on creating a meaningful and measurable impact on the lives of economically, physically and socially disadvantaged communities across the country. In the financial year 2021–22, SBI allocated ₹204.10 crore towards various CSR projects. Embodying its vision of "Service Beyond Banking," SBI is dedicated to enhancing the socioeconomic well-being of marginalised and underprivileged groups. These efforts are aimed at uplifting the most vulnerable sections of society. The SBI Foundation, the bank's CSR arm, has been instrumental in driving inclusive development by initiating several impactful projects that contribute to India's progress. The Bank's CSR initiatives encompass a broad range of focus areas, including healthcare, education, livelihood enhancement, skill development, environmental sustainability, preservation of national heritage, and the empowerment of women, youth, and senior citizens.

#### **Larsen & Toubro Ltd– CSR Initiatives**

Larsen & Toubro Ltd. (L&T), founded in 1938 by Henning Holck-Larsen and Soren Kristian Toubro, offers a diverse range of services, with a strong emphasis on the construction sector, where it plays an important role in advancing the nation's infrastructure development.

In the financial year 2021–22, L&T spent ₹135.68 crore on Corporate Social Responsibility (CSR) activities, surpassing the statutory requirement of ₹129.54 crore. Well before CSR became a legal obligation under the Companies Act, 2013, L&T had already been engaged in offering healthcare and education services to the underprivileged communities surrounding its campuses. Today, the company's CSR initiatives are strategically structured and aligned with both national and global development goals, with a primary focus on water and sanitation, healthcare, education, and skill development. In addition to its core focus areas, L&T actively invests in conserving natural resources, mitigating climate change, and advancing the adoption of renewable energy.

During the Covid-19 crisis, L&T demonstrated its responsiveness by assembling and distributing 38 PSA oxygen generation plants to the most regions severely impacted by the

pandemic. According to the company, its CSR programmes in FY 2021–22, positively impacted around 1.1 million people across the country.

## **EXAMPLES OF COMPANIES CONTRIBUTING TO CSR IN THE FINANCIAL YEAR**

### **(2023–2024):-**

In the financial year 2023–2024, a total of 24,392 companies in India contributed towards Corporate Social Responsibility (CSR) through 51,966 projects, with a cumulative expenditure of approximately ₹29,987 crore across 14 developmental sectors. Leading companies engaged in CSR activities during this period include Reliance Industries Limited, Apollo Tyres Limited, the Adani Group, Tata Consumer Products Limited, Asian Paints Limited, and Procter & Gamble.

### **Reliance Industries Limited (RIL) – CSR Initiatives**

According to the CSR Journal, Reliance Industries Limited (RIL) allocated ₹1,592 crore for CSR activities in FY 2023–24. The company made significant strides in water conservation, increasing water harvesting capacity by approximately 28.5 million cubic meters. It also initiated programmes to enhance agricultural practices, positively impacting over 39,000 hectares of farmland. Additionally, through digital literacy initiatives, RIL empowered nearly 84,000 women during the last financial year alone.

### **Apollo Tyres Limited – CSR initiatives**

As reported by the CSR Journal, Apollo Tyres Limited invested ₹15.7 crore in CSR during 2024, directly impacting over 1.23 million individuals across India. The company actively supports the Government of India's mission to eradicate Tuberculosis by 2025 through a dedicated healthcare program targeting the trucking community. This initiative is implemented in collaboration with the Union and Central TB Division, USAID, and the Ministry of Health and Family Welfare. Apollo Tyres also spearheads Project Navya, a CSR initiative aimed at empowering rural women by connecting them to microfinancing opportunities and providing skill development training to help them begin their entrepreneurial journeys through Self-Help Groups (SHGs).

### **Adani Group – CSR initiatives**

As reported by the CSR Journal, the Adani Group allocated over ₹650 crore towards CSR activities in the financial year 2023–24. The group has pledged a massive investment of \$100

billion over the coming decade in the green energy sector, aligning with India's commitment. According to the CSR Journal, the Adani Group invested over ₹650 crore in CSR initiatives aimed at supporting its goal of achieving net-zero emissions by 2070. This long-term commitment includes the development of 10 gigawatts (GW) of hydroelectric projects, extending even to international locations.

These examples illustrate that compliance with Section 135 of the Companies Act, 2013, is not merely a formality for India's leading corporations. Many go beyond the statutory minimum, engaging deeply with social challenges in areas aligned with Schedule VII. However, disparities remain across industries, particularly among mid-sized enterprises, highlighting the need for more consistent implementation and impact monitoring.

### **CHALLENGES IN IMPLEMENTING CSR ACTIVITIES IN INDIA:-**

Despite a robust legal foundation and a strong cultural ethos supporting social responsibility, India's CSR landscape grapples with significant implementation challenges. These hurdles from regulatory ambiguities to strategic misalignment hinder the transformative potential of CSR initiatives. Overcoming these barriers is imperative to ensure CSR's alignment with both corporate objectives and societal development goals.

#### 1. Ambiguity in CSR Guidelines:

A key impediment to effective CSR implementation is the lack of precise and standardized guidelines. The existing regulatory framework often leaves room for varied interpretation, resulting in inconsistent execution across organizations. This regulatory vagueness compromises the uniformity and impact of CSR practices.

#### 2. Inadequate Understanding of Community Needs:

Many corporations face difficulties in accurately assessing the needs of the communities they aim to support. Limited engagement with grassroots stakeholders leads to CSR initiatives that may be misdirected, unsustainable, or disconnected from the actual socio-economic realities on the ground.

#### 3. Misalignment Between Corporate Core Competencies and CSR Projects:

There is often a disconnect between a company's domain expertise and the nature of CSR projects it undertakes. This strategic misalignment can result in suboptimal resource utilization and diminished social impact, undermining the potential for leveraging internal capabilities for external good.

4. Challenges in Measuring Impact:

Quantifying the tangible outcomes of CSR interventions remains a significant challenge. A majority of firms lack robust tools, methodologies, or expertise for conducting comprehensive impact assessments. This absence of evaluative mechanisms limits learning, accountability, and the strategic evolution of CSR efforts.

5. CSR as a Regulatory Compliance Rather Than Strategic Imperative:

In many instances, CSR is perceived merely as a statutory obligation rather than a meaningful investment. This compliance-driven approach reduces CSR to a mere bureaucratic obligation, hindering innovation and undermining sustained commitment.

6. Lack of Integration with Core Business Strategy:

CSR often functions as a peripheral initiative rather than being embedded within the organizational mission. Without strategic integration, CSR efforts risk becoming fragmented and unsustainable, with limited resonance for business or community stakeholders.

## **STRATEGIC RECOMMENDATIONS TO OVERCOME CSR**

### **IMPLEMENTATION CHALLENGES:-**

To enhance the effectiveness and sustainability of CSR in India, a multidimensional and strategic approach is essential. The following recommendations aim to address systemic barriers and elevate CSR as a transformative force:

1. Formulate Clear and Comprehensive CSR Guidelines:

The government should issue more detailed and operationally actionable guidelines. These should cover project planning, execution protocols, partnership models, and evaluation metrics to standardize and streamline CSR efforts across sectors.

2. Strengthen Community Engagement and Participatory Planning:

Enterprises must actively involve local communities through participatory needs assessments, inclusive planning, and continuous feedback loops. This ensures that CSR initiatives are contextually relevant, culturally appropriate, and demand-driven.

3. Align CSR Projects with Core Corporate Expertise:

Organizations should craft CSR initiatives that leverage their core strengths and capabilities. Strategic alignment not only optimizes resources but also amplifies impact by leveraging specialized knowledge and infrastructure.

4. Develop Robust Impact Assessment Frameworks:

Companies need to invest in sophisticated impact measurement tools and third-party evaluations to ensure data-driven insights into CSR performance. These assessments can drive course correction, improve transparency, and demonstrate accountability to stakeholders.

5. Reposition CSR as a Strategic Investment:

Transforming the corporate view of CSR from a regulatory obligation to a strategic asset can generate substantial long-term value. Benefits such as brand reputation, consumer trust, employee morale, and stakeholder loyalty should be emphasized in the corporate narrative.

6. Foster Cross-Sector Collaborations:

Collaborative partnerships between businesses, government agencies, civil society organizations, and academic institutions can lead to innovative and scalable CSR models. Such coalitions pool expertise, networks, and resources, thereby magnifying social impact.

7. Build Internal Organizational Capacity:

Corporations should institutionalize CSR by establishing dedicated teams or departments, recruiting trained professionals, and providing continuous learning opportunities. Capacity-building ensures professionalized CSR planning and execution.

8. Encourage Innovation and Flexibility in CSR Initiatives:

Companies should be encouraged to explore novel approaches and adopt flexible implementation models. Innovation in CSR design can better address complex social challenges and facilitate adaptive, scalable solutions.

**CONCLUSION:-**

The enactment of the Companies Act, 2013 represents a significant milestone in institutionalizing Corporate Social Responsibility (CSR) within India's corporate framework, establishing it as a mandatory legal obligation rather than a discretionary philanthropic endeavor. This legislative framework has systematically delineated the scope, eligibility criteria, and compliance expectations, thereby fostering accountability and transparency among corporations. The jurisprudential developments, exemplified by landmark judicial rulings such as Vivek Ranjan Sriram v. IRDAI and Binani Industries Ltd. v. Bank of Baroda reinforces the mandatoriness of CSR and highlights its integral role in corporate governance, extending even during insolvency proceedings.

Despite the robust legal architecture, India's CSR initiatives face significant challenges in effective implementation. These include regulatory ambiguities, strategic misalignments, inadequate understanding of community needs, and deficiencies in impact assessment methodologies. Such hurdles often curtail the transformative potential of CSR, relegating it to a compliance obligation rather than a strategic driver of sustainable development. Furthermore, the disparity in the execution of practices across organizations underscores the necessity for more consistent, nuanced, and context-specific approaches that align corporate core competencies with socio-economic priorities.

The case studies, such as Tata Motors' voluntary CSR contributions, exemplify the positive strides made by leading corporations, illustrating their commitment to leveraging resources for societal benefit. However, achieving widespread impact depends on addressing current challenges by providing clear guidelines, fostering greater stakeholder engagement, and implementing robust impact measurement mechanisms. In conclusion, while the legal framework of the Companies Act 2013 has considerably advanced the CSR ethos in India, its true efficacy hinges on bridging implementation gaps and fostering a culture that perceives CSR as a strategic, value-driven imperative rather than mere regulatory compliance. Strengthening these facets will be instrumental in realizing CSR's full potential to contribute meaningfully to India's social, environmental, and economic development.

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