
CORPORATE SOCIAL RESPONSIBILITY IN INDIA: AN EXAMINATION OF IMPLEMENTATION STRATEGIES AND REAL - WORLD IMPLICATIONS IN THE CONTEXT OF CORPORATE FINANCE

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ABSTRACT

Corporate Social Responsibility (CSR) has become an essential aspect of corporate finance in India. This study examines the implementation strategies and real-world implications of CSR within the Indian corporate sector. The paper focuses on analysing the current status of CSR in India, comparing it to the CSR regulations present in the US and UK, and exploring the guidelines pertaining to CSR policy implementation. This research endeavours to shed light on the legislative framework surrounding CSR laws and regulations, specifically addressing the Companies Act of 2013, where CSR laws were introduced in India. The comparison of implementation strategies with the US and UK laws provides insights to identify the gaps and deficiencies in the Indian laws and regulations. Further, the research article explores the implications of non-compliance with CSR guidelines, particularly in terms of imposing penalties for non-compliance. The research further discusses the judicial responses in India relating to CSR implementation, specifically analysing landmark cases and their impact on CSR practices. The study employs only doctrinal legal research, wherein legal texts and judicial decisions serve as primary sources for data collection and analysis. The findings of this research are anticipated to obtain valuable insights into the implementation of CSR in India and suggest necessary amendments and improvements to ensure its effective implementation.

Keywords: Corporate Social Responsibility, India, Implementation Strategies, Corporate Finance, SEBI Guidelines, Judicial Responses, Comparison Analysis.

INTRODUCTION

Corporate Social Responsibility (hereafter referred to as CSR) has become an integral part of the corporate world, aiming to create a balance between economic growth and social well-being. The concept of CSR demands businesses to be socially accountable and not just profit-oriented. The Indian corporate sector has witnessed significant progress in implementing CSR obligations. However, ground reality indicates that the loopholes in legislation and implementation strategies have resulted in non-compliance and deteriorating CSR practices in India. This *per se* fosters the need to examine the challenges associated with implementing CSR laws and regulations on Indian Corporations, and the implications of their noncompliance in the context of corporate finance.

The landmark amendment in the Companies Act, 2013, introduced CSR as a mandatory obligation on companies that meet the prescribed criteria.¹ The law mandates that companies spend at least 2% of their average net profits made during the three immediately preceding financial years on CSR activities. Also, companies are required to disclose the details of their CSR activities in their Annual Reports.² Although the law aims to motivate companies to undertake CSR activities in a more structured manner, Indian companies have failed to meet the standards prescribed by the law.

Despite the introduction of the CSR legislations, non-compliance, and CSR malpractices have continued to be a burning issue in India. Companies often consider CSR as a *mere* philanthropic activity, leading to ineffective CSR implementation in India.³ Many companies continue to spend only a fraction of the mandated budget, and the data reported by companies are often non-transparent and non-compliant.⁴ Companies have also been found to use CSR funds for activities that do not fit within the scope of the prescribed list of CSR areas, such as advertising.⁵ These practices raise questions and concerns about the intentions behind CSR spending, overlooking the goals and objectives of CSR.

Further, the lack of accountability and transparency in CSR spending has resulted in numerous

¹ Section 135, The Companies Act, 2013.

² Companies (Corporate Social Responsibility Policy) Rules, 2014.

³ A. Chandrashekar and V. Reddy, 'Corporate Social Responsibility Practices In India-A Study' (Pacific Business Review, Volume 4, Issue 7 (January 2012):58-64.

⁴ Debnath Chatterjee, 'India Corporate Social Responsibility: An Analysis' (Pacific Business Review, Vol 3, Issue 7, January 2011 :43-49)

⁵ *Ibid.*

reported instances of CSR fund embezzlement.⁶ An increase in fraud, corruption, and lack of transparency in the implementation of CSR activities has caused damage to companies' corporate image, leading to economic and social disrepute. Thus, a comprehensive assessment of the CSR laws in India and the ground reality of their implementation is necessary to examine and address the challenges associated with CSR implementation in India.

The research will focus on analysing the potential implications of non-compliance with CSR guidelines set out by the Government of India and weaknesses in the current legislation. There is a dire need to examine the challenges in the implementation of CSR policies in Indian corporations, discerning the legal and policy framework, and identifying and assessing essential issues regarding the CSR laws' actual implementation in the business world. The research will focus on identifying the obstacles faced by companies in adhering to CSR regulations and the loopholes in the CSR framework prevalent in India.

Therefore, this research arduously strives to examine the CSR implementation frameworks in Indian corporations, the challenges, the ground issues faced by Indian corporations, and the efficacy of the legislative framework in India. The research will extensively examine the judicial response to and judicial interpretations of the implementation of CSR policies in Indian companies.

RESEARCH OBJECTIVES

The primary objective of this research is to evaluate the challenges faced by Indian corporations in implementing Corporate Social Responsibility (CSR) policies and the implications of non-compliance. The research aims to accomplish the following objectives:

1. Examine and analyze the CSR legislation and policy framework in India to identify their strengths and weaknesses.
2. Investigate the practical hurdles and limitations faced by Indian corporations in adhering to the CSR regulations.
3. Assess the loopholes in the current CSR framework prevalent in India that hinder effective CSR implementation.
4. Evaluate the judicial response to and judicial interpretations of the implementation of CSR policies in Indian companies.

⁶ Sanjeev Kapoor and Darshana Mittal, 'Corporate Social Responsibility in India: Current Scenario and Future Growth' (International Journal of Advanced Research, 2016).

5. Identify the social and economic implications of non-compliance with CSR guidelines by Indian corporations.
6. Explore the potential improvement strategies to the current CSR framework in India and provide recommendations for aligning Indian companies with the wider CSR goals.

RESEARCH QUESTIONS

The researcher has formulated the following research questions:

1. What are the major challenges faced by Indian corporations in implementing CSR policies in accordance with the regulations set out by the government?
2. What are the implications of non-compliance with CSR guidelines for Indian companies in terms of their financial performance and corporate reputation?
3. How can the current CSR legislative framework in India be improved to enhance the effectiveness of CSR implementation by Indian corporations?

RESEARCH HYPOTHESIS

The primary hypothesis of this research is that despite the introduction of legislation requiring mandatory CSR spending by Indian corporations, non-compliance, and CSR malpractices continue to be prevalent in the Indian corporate sector. The study aims to identify the factors contributing to non-compliance with the CSR regulations and to assess the implications of non-compliance in the context of corporate finance.

The secondary hypothesis is that the lack of accountability and transparency in CSR spending has resulted in CSR fund embezzlement and has caused damage to the corporate image of companies, leading to economic and social disrepute.

Further, the research hypothesizes that the loopholes in the CSR legislation and the inadequate framework for its implementation have resulted in ineffective CSR practices in India. In contrast, a more robust framework will enhance the effectiveness and alignment of Indian companies with the wider CSR goals.

RESEARCH METHODOLOGY

In this research, the researcher has primarily used the Doctrinal Research Methodology to analyze the Indian CSR legislation, policies, and regulations. This methodology involves a critical review and analysis of primary sources, such as case law and legal instruments, to identify legal doctrines, principles, and concepts applicable to the research topic. The research

makes use of case studies of Indian corporations and judicial interpretations to evaluate the effectiveness of the legal framework concerning CSR implementation in India.

EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Corporate Social Responsibility (CSR) in India was rooted in the philanthropic actions of social good, which were often seen as charitable donations.⁷ In the pre-industrialization period, merchants were accustomed to donating a share of their profits to establishments like temples, inns, and dispensaries. During famines or epidemics, large merchants also provided food grains from their warehouses to help society.⁸ During colonial rule, Indian industrialists focused on economic growth as well as social well-being, with philanthropy, donations, charity, and support for social programs being hon'ble activities.⁹

The Indian approach to CSR shifted significantly during the independence movement when Mahatma Gandhi's effect on society was significant. Gandhi convinced industrial houses to practice business for the common good, contribute to national interests, and aid the poor.¹⁰ In the 1960 to 1980 period, while keeping the well-being of society as the primary objective, public sector undertakings were established as social responsibility or CSR initiatives. Environmental law and labour laws were enacted in this period, and a CSR workshop was also conducted by great Indian visionaries, politicians, and businesspeople; it was resolved to adopt transparency, accountability, and regular communication with stakeholders. However, despite these efforts, CSR was unable to acquire the desired momentum.¹¹

Commencing from the 1980s to 2013, the Indian economy was exposed to significant waves of liberalization, privatization, and globalization. As a consequence, Indian companies began to shift from traditional CSR toward the adoption of CSR as a business strategy. As business volumes increased, companies voluntarily invested in CSR.¹² The legal era of CSR in India began in 2009 with the government of India's issuance of voluntary guidelines to mandate CSR

⁷ Deepa V. Singhania & Atul B. Borade, Evolution of Corporate Social Responsibility in India, 6 Int'l J. of Applied Services Marketing Perspectives 292, 293 (2017).

⁸ Archana Singh & Sudhir Kumar, Corporate Social Responsibility in India: An Overview, 4 J. of Entrep. & Innovation in Emerging Economies 19, 20 (2017).

⁹ Asmita Chitnis & Manoj Joshi, Corporate Social Responsibility: A Historical Perspective from India, 19 Corporate Comm.: An Int'l J. 504, 506 (2014).

¹⁰ Rashmi V. Galgali & S. Suresha, Corporate Social Responsibility in India: A Historical Overview, 34 J. of Asian Business Strategy 50, 51-52 (2014).

¹¹ Chitnis & Joshi, supra note 3, at 511. Singhania & Borade, supra note 1, at 296.

¹² Prakash Shrivastava & Saurabh Singh, Corporate Social Responsibility in India: An Empirical Study, 7 IUP Jn. of Corp. Governance 15, 16-17 (2008).

formally. In 2011, these guidelines were revised, and the prime objective was to promote inclusive growth through the implementation of nine corporate principles.¹³

The shift from voluntary CSR to regulated CSR continued, as the Securities Exchange Board of India (SEBI) made it compulsory for the top listed 100 companies to disclose their CSR activities as per Clause 55 of the Listing Agreement.¹⁴ In 2013, a significant change occurred when corporate CSR activities were made legally compulsory with the introduction of Section 135 under the Companies Act 2013.¹⁵

Although CSR implementation became mandatory under Section 135, the expenditure of CSR funds was left at the discretion of corporations, who must report on their CSR activities. India is the first country globally to mandate reporting and the spending of CSR by a legal obligation. This law does not propose direct penalties but employs a “*comply-or-explain*” approach. Thus, the law does not make CSR reporting mandatory but mandates CSR.¹⁶

The implementation of CSR laws and regulations in India has been met with obstacles and challenges. Various well-known examples of non-compliance and implementation gaps exist. For instance, many corporations have failed to invest in CSR initiatives due to a lack of adequate financial resources, while others are still unaware of the legal requirements. Indian courts have made excellent strides in interpreting the law of CSR and imposing penalties in cases of non-compliance. The lack of specific legislation, like the treatment of excess CSR expenses, has resulted in a lack of clarity in the interpretation and application of laws. In spite of these challenges, comprehensive compliance with CSR legislation is required for societal well-being and eventual growth.

INDIA, US AND UK: A COMPARISON OF CSR IMPLEMENTATION

Corporations operating globally are increasingly realizing the importance of conducting operations in a socially and environmentally responsible manner. Corporate Social Responsibility (CSR) has emerged as a key instrument through which corporations can contribute to society and address economic, social, and environmental challenges. India, being one of the fastest developing economies in the world, has witnessed significant growth and transformation over the years. However, despite the existence of CSR regulations in India in the form of the Companies Act 2013, the ground implementation of these regulations remains

¹³ Satinder K. Jain & H. S. Gill, *Corporate Social Responsibility Law and Practice in India* (2015).

¹⁴ Companies Act, 2013, § 135, No. 18, Acts of Parliament, 2013 (India).

¹⁵ *Id.*

¹⁶ *Id.*

a matter of concern. This paper aims to look into the CSR practices in the US and UK and evaluate how CSR implementation can be enhanced in the Indian context.¹⁷

The US has been active in generating profits and spending the same in social causes.¹⁸ The US CSR practices concentrate mainly on shareholder value, stakeholders, and ethics.¹⁹ The stakeholders model focuses on CSR that affects the functioning of the company. The ethics model is the conscience that guides a person in day-to-day dealings with people. The United States values primarily concern employment and the environment. The US believes in two parameters of CSR, which are employment opportunities and the environment. Environmental issues comprise environmental policies, environmental reporting, and community performance. The US gives maximum weightage to the interests of stakeholders. The stakeholders in the US include investor relations, environment, and society, whose primary objectives exhibit five principles, which are creativity, scalability, responsiveness, locality, and circularity based on Visser's theory of CSR.

In the UK, CSR is seen as part of best practices by both the city and government. It is essential to note that the UK corporate governance code specifically deals with CSR. The Companies Act 2006 requires directors to have regard for the community and environmental issues when considering their duty to promote the success of their company. The Turnbull guidance makes it clear that risk assessment should cover not only narrow perspectives but also social, environmental, and ethical ones. Increasingly, CSR is part of best practices. Many argue that complying with CSR guidelines has become a commercial necessity. The Association of British Insurers publishes guidance on CSR-related issues for both companies and the committee.

While India has attempted to introduce CSR regulations through the Companies Act 2013, ground implementation remains a matter of concern. There have been reports of corporations complying with the regulations by engaging in superficial CSR practices like the donation to political parties, setting up ineffective CSR committees, or even rejecting project proposals due to lack of profitability. Despite a legal requirement of 2% of the average net profits for the preceding three years on CSR activities, many companies in India have failed to meet their

¹⁷ Amarjeet, K. (2021). Corporate social responsibility in India: An examination of implementation strategies and real-world implications in the context of corporate finance. OP Jindal Global University, Haryana.

¹⁸ Forte, A. (2013). Corporate social responsibility in the United States and Europe: How important is it? The future of corporate social responsibility. *International Business & Economics Research Journal*, 12(7), 815-823.

¹⁹ Mishra, S., & Modi, S. K. (2013). Corporate social responsibility: A study of practices in Indian PSU and private sector companies. *International journal of business and management*, 8(2), 1-11.

CSR obligations, resulting in a severe blow to the concept of CSR.²⁰ Further, there remains ambiguity regarding the exact position of Public Sector Units and the extension of the CSR law to them.²¹

Recently, Tata Consultancy Services received flak for the way it spent its CSR funds. The Comptroller and Auditor General noted that the company had contributed INR 627 crore to the Tata Trusts, which were trusts under the control of the company's shareholders. Those raised doubts concerning the independence of the CSR Committee.²² There have been similar critiques from other corporations in India as well, pointing towards loopholes and inadequacies in the CSR regulations and their implementation.

Comparatively, the UK CSR practices have served as a model for CSR regulations in India. The UK Companies Act 2006 requires companies to prepare a strategic report, which includes narrative reporting on social and environmental issues. Listed companies in the UK have to comply with many reporting requirements, including Carbon Reduction Commitment Energy Efficiency Scheme (CRC), Streamlined Energy and Carbon Reporting (SECR), and many more. The UK also recognizes responsibility towards consumers through Business and Human Rights Charter. The UK Corporate Governance Code specifically states, "The board should ensure that the company is aware of its impact on the environment and society, and encourages responsible behaviour throughout the organization," highlighting the importance of accountability and promoting social and environmental causes.

A fortiori, businesses worldwide are beginning to realize the importance of incorporating sustainability and social responsibility measures into their practices. CSR is no longer a mere philanthropic activity, but an obligation that corporations must adhere to. However, as evident from the state of CSR regulations in India, the actual implementation of CSR regulations on the ground remains a matter of concern. Recognizing the importance of CSR implementation vis-à-vis social and environmental justice, there is an urgent need to bridge the gap between legal provisions and ground implementation.

²⁰ Kapur, A. (2019). The ground reality of law: Corporate social responsibility in India. *The Journal of Corporate Citizenship*, 76, 91-104. India Briefing. (2019, September 18).

²¹ An overview of CSR in India: Changing Landscape and Opportunities. India Briefing. Financial Express. (2019, September 30).

²² TCS gets flak on CSR expenses. Financial Express.

GUIDELINES ON CSR IMPLEMENTATION IN INDIA

All CPSEs must comply with the provisions of the Act, CSR Rules, and amendments notified by the Ministry of Corporate Affairs. Before the notification of CSR Rules, DPE guidelines on CSR and sustainability were applicable from April 2013. In the present guidelines, CPSEs are advised not to overlook the larger objective of sustainable development while pursuing the CSR agenda. The complementarity of CSR and sustainability is emphasized, and CPSEs are encouraged to take sustainability initiatives in addition to mandatory compliance with the CSR Rules. All CPSEs must have a CSR policy that includes a vision and mission statement of how they propose to comply with the guidelines. A "CSR and Sustainability" policy document should include broad sustainability initiatives and the ways in which the company intends to implement and monitor CSR objectives. The policy document needs to be consistent with the CSR provisions of the Act, Schedule VII of the Act, the CSR Rules, and policy directions issued by the government. The following guidelines apply to all CPSEs supplement mandatory provisions of the Act and the CSR Rules:²³

1. Mandatory CSR activities for all profit-making CPSEs as per the criteria laid down in the Act and the CSR Rules.
2. Adopting a CSR and Sustainability policy specific to their company with the approval of the Board of Directors.
3. Spending at least 2% of the average net profits of the three immediately preceding financial years towards CSR activities.
4. Prioritizing issues related to the national development agenda, such as safe drinking water, sanitation, health, and education.
5. Aligning CSR and Sustainability policy with business policies and strategies and selecting projects that can be better monitored through in-house expertise.
6. Promoting sustainable development through sustainability initiatives even in normal business activities.
7. Promoting employee welfare for women, physically challenged, and SC/ST/OBC categories.
8. Embedding the philosophy and spirit of CSR and sustainability in the core values of the company.

²³ Guidance Note For Business Responsibility & Sustainability Reporting Format, <https://wirc-icai.org/wirc-reference-manual/part5/guidance-note-for-business-responsibility-and-sustainability-reporting-format.html> (last visited Apr 11, 2023).

9. Extending oversight to the entire supply chain network.
10. Giving preference to the local area while selecting the location of CSR activities.
11. Devoting an indicative ratio of CSR spending between the local area and outside it.
12. Undertaking CSR activities as projects with a definite time span for achieving desired outcomes.
13. Devising a communication strategy for regular consultation with key stakeholders.
14. Preparing an Annual Sustainability Report.

CPSEs are encouraged to take sustainability initiatives beyond the realm of CSR as envisaged in the Act and CSR Rules. However, the expenditure incurred on such initiatives would not constitute a part of the CSR spend. Moreover, the expenditure on sustainability initiatives in the pursuit of sustainable development while conducting normal business activities would not constitute a part of the CSR spend. The guidelines on CSR implementation in India for CPSEs supplement the mandatory provisions of the Act and the CSR Rules. The guidelines emphasize the complementarity of CSR and sustainability and encourage CPSEs to take sustainability initiatives.

JUDICIAL RESPONSE ON CSR IMPLEMENTATION IN INDIA

Corporate Social Responsibility (CSR) has become a significant aspect of corporate governance globally in recent years. In India, the introduction of the Companies Act, 2013 has mandated that companies above a certain threshold of size and profit have to undertake CSR activities. The judicial response to CSR implementation in India has been instrumental in shaping the ambit of CSR initiatives in the country. This brief will examine the judicial response to CSR implementation in India and its real-world implications in the context of corporate finance.

The issue of climate change has become a critical concern globally, and India is no exception. The Urgenda case note is relevant for CSR on climate change in India.²⁴ The court found that greenhouse gas emissions must be reduced substantially to make the earth free from the danger of climate change caused by GHG. In this case, the Dutch NGO Urgenda and 889 individual citizens had filed a petition to direct the Netherlands to take appropriate steps to reduce GHG emissions before 2020.²⁵ The legal counsel of the plaintiffs argued the tort of negligence, duty of care, and principles of several proportionate liabilities as applicable in Dutch Law.

²⁴ Roger Cox ('Urgenda') Case.

²⁵ Indian Council for Enviro-Legal Action v. Union of India AIR 1999 SC 1502.

According to the UN Human Rights Council Resolution 10/4 of 2009, climate change poses a threat to human rights worldwide.²⁶ Therefore, CSR initiatives that tackle climate change have become crucial not only from an environmental perspective but also as a means of safeguarding human rights.

The Stockholm Conference highlighted the responsibility of individuals and corporations to protect and improve the environment.²⁷ The World Charter reminds everyone to act in accordance with the term of the World Charter. The Bhopal Gas Tragedy in India led to legislative and administrative activism, and the Supreme Court in *M. C. Mehta v. Union of India* formulated the doctrine of absolute liability for the industry dealing with hazardous substances.²⁸ The enterprise dealing with hazardous or inherently dangerous industry, which poses a potential threat to health or safety, owes an absolute and non-delegatable duty to the community to ensure no harm results to anyone on account of hazardous or inherently dangerous nature activities. Companies engaged in inherently dangerous activities are liable to compensate all those affected by an accident, and the principle is an absolute liability.²⁹ The Supreme Court created the absolute liability principles for companies while rejecting exceptions, such as an act of God.³⁰

In *T. Dhamodar Rao v. Special Officer, Municipal Corporation of Hyderabad*, the court held that protecting the environment is the duty of citizens as well as the state.³¹ The Supreme Court ordered the closure of polluting tanneries near Kanpur in the Indian Council for Environment Legal Action v. Union of India and banned the use of coal, cake, and directed the industries to Compressed Natural Gas (CNG), including the Taj Trapezium Case.³² The court in *Rural Litigation and Entitlement Kendra, Dehradun v. State of Uttar Pradesh* introduced the concept of sustainable development.³³ The natural resources used in the environment should be done with excessive attention and care, and the permanent assets of mankind are not to be exhausted in one generation.

The Supreme Court in the *Indian Council for Enviro-Legal Action v. Union of India* held that the financial costs of preventing or remedying damage caused by pollution should lie with

²⁶ Stockholm Conference.

²⁷ Stockholm Conference.

²⁸ *M.C. Mehta v. Union of India* AIR 1987 SC 982

²⁹ *Rural Litigation and Entitlement Kendra, Dehradun v. State of Uttar Pradesh*, (1985) 2 SCC 431.

³⁰ *Indian Council for Enviro-Legal Action v. Union of India*, AIR 1999 SC 1502.

³¹ *T. Dhamodar Rao v. Special Officer, Municipal Corporation of Hyderabad*, AIR 1985 SC 1099.

³² *Indian Council for Enviro-Legal Action v. Union of India*, AIR 1999 SC 1502.

³³ *Ibid.*

the undertakings causing the pollution to adopt the Polluter Pays Principle.³⁴ The court set a time limit for the coastal states to formulate coastal management plans and banned industrial or construction activity within 500 meters of the high tide line.

In conclusion, the judicial response to CSR implementation in India has significantly shaped the framework of CSR in the country. Companies engaged in inherently dangerous activities are liable to compensate those affected by accidents through absolute liability principles. Protecting the environment is the shared responsibility of both citizens and the state. The Polluter Pays Principle ensures that companies take responsibility for the financial cost of causing pollution. The concept of sustainable development highlights the importance of using the earth's natural resources with care and attention. Therefore, CSR initiatives that address environmental concerns, such as the reduction of greenhouse gas emissions, have become crucial in safeguarding human rights and securing the environment for future generations.

INNOVATIONS SOLUTIONS TO FOSTER CSR IMPLEMENTATION IN INDIA

Corporate social responsibility (CSR) has emerged as an essential part of corporate finance as it fosters sustainable development and defines a corporation's obligation towards society. In India, companies are obligated to contribute two percent of their net profit towards CSR activities.³⁵ However, there are several challenges in the effective implementation of CSR policies. This paper examines some innovative strategies that can be adopted to promote CSR and their potential implications for corporate finance. The following section discusses key innovations that can foster CSR implementation in India and their potential impact.

Tax Rebate on Corporate Tax if More CSR Contributed

One of the innovative solutions to encourage firms to contribute more to CSR is to provide them with tax rebates on corporate tax. The government can offer such rebates to corporations that contribute above the mandatory 2% of their net profit towards CSR activities. These rebates can be increased if corporations contribute to CSR in a consistent, substantial manner. This would incentivize corporations to go beyond their mandatory CSR obligations and contribute more towards CSR activities.³⁶ This would have a positive impact on society, and also, corporations would stand to gain by improving their reputation.

³⁴ Indian Council for Enviro-Legal Action v. Union of India, AIR 1999 SC 1502.

³⁵ The Companies Act, 2013 (India).

³⁶ Vidushi Gupta, "Indian CSR: Innovative Solutions to Foster Change", CSR Journal, accessed July 12, 2021, <https://thecsrjournal.in/indian-csr-innovative-solutions-to-foster-change/>.

More Subsidies in Different Sectors on More CSR Contributions

The government can encourage more CSR contributions by providing subsidies in different sectors. For example, if a corporation contributes a certain amount towards CSR in the education sector, the government can match or provide additional subsidies towards educational development. This would encourage corporations to invest in the education sector and promote social welfare.³⁷ This could have an immense impact on society as education is the foundation for all development and economic growth.

Encouraging Low-Cost Government Aided CSR Service Start-Ups

The government can encourage start-ups that provide CSR management and compliance services to corporations. These start-ups can be funded by the government or receive other additional incentives. These start-ups can take on the CSR responsibility of multiple corporations, thereby helping small and medium-sized firms that may not have the resources to fulfill their CSR obligations. These start-ups can work in tandem with government authorities to ensure that CSR activities are implemented effectively.³⁸ This would not only reduce the burden on corporations but also create a new economic opportunity for start-ups in the CSR domain.

Significant Tax Rebates if CSR Contributions Made in Government aided Programmes / Schemes / Reliefs / Grants / Aids etc.

The government can create multi-purpose CSR funds for government-aided programs, schemes, reliefs, grants, and aids. Corporations that contribute towards CSR activities through such funds can receive significant tax rebates. This would encourage corporations to contribute more towards CSR activities and create an additional source of financing for government-aided programs. This could have a transformative impact on social welfare, as corporations can lend support to various government initiatives.³⁹

³⁷ Kumar Sangakkara, "India and the Importance of Corporate Social Responsibility", Fair Observer, accessed July 12, 2021, https://www.fairobserver.com/region/central_south_asia/india-corporate-social-responsibility-csr-impact-on-society-news-79021/.

³⁸ Aman Singh, "India's New CSR Law: Can It Be Effective?", Forbes, accessed July 12, 2021, <https://www.forbes.com/sites/csr/2013/08/20/indias-new-csr-law-can-it-be-effective/?sh=2ef1c8947c30>.

³⁹ "Funds for Corporate Social Responsibility (CSR) Activities", Ministry of Corporate Affairs, accessed July 12, 2021, <https://www.mca.gov.in/Ministry/pdf/FAQonSection135andScheduleVII.pdf>.

CSR Rebates to Corporations working on Environment-Friendly Products or on Other Beneficial Products or Services

Corporations working on environment-friendly products or services can be provided with CSR rebates to encourage sustainable development. In addition, corporations with noble aims, such as planting one million trees by the end of 2030, can also receive CSR rebates. This would incentivize corporations to contribute towards sustainable development and promote eco-friendly products.⁴⁰ This could have a tremendous impact on the environment and promote sustainable development.

Robust Campaigns and Effective Digital Media Marketing of these Innovations if Introduced

Introducing these innovative solutions to promote CSR in India would require a robust campaign and effective digital media marketing. The government can take the lead in promoting these measures and create awareness among corporations regarding the advantages of CSR. Corporations can be encouraged to collaborate with social media influencers and bloggers to create more awareness among the public. Effective digital media marketing can encourage better uptake and implementation of these innovative measures.⁴¹

In toto, the implementation of innovative solutions to promote CSR in India can have a significant impact on corporate finance and social welfare. The strategies mentioned above have the potential to encourage corporations to contribute more towards CSR and promote sustainable development. It is the responsibility of both the government and corporations to collaborate and take the necessary steps to implement these innovative measures to foster CSR implementation in India.

CONCLUSION AND SUGGESTIONS

Corporate Social Responsibility (CSR) has gained immense significance in the contemporary business world. The idea of CSR in India is relatively new, and it is still evolving. Even though CSR is not mandated by law, the Indian business community has started to see CSR as an essential aspect of business operations, with various companies implementing different strategies aimed at promoting social and environmental aspects. In this research, we examine

⁴⁰ "Mamaearth Crusader for a Safe and Sustainable Future", Mamaearth, accessed July 12, 2021, <https://mamaearth.in/>.

⁴¹ Sumit Pandey, "How Can Companies Promote Their CSR Activities?", Sociable, accessed July 12, 2021, <https://sociable.co/business/how-can-companies-promote-their-csr-activities/>.

the implementation strategies and real-world implications of CSR policies in India in the context of corporate finance. The concept of CSR first emerged in the 1950s, associating corporate entities with the general welfare of society. In the Indian context, the Companies Act of 2013 made it mandatory for companies to spend at least 2% of their average net profits in the last three years on CSR activities. However, the regulation had no enforcement provisions, and companies who failed to do so were not made to pay any penalty. Several companies have implemented various strategies to promote CSR in India. Some have established independent foundations to carry out CSR activities. Others have collaborated with non-governmental organizations (NGOs) working in different fields. Still, others have set up in-house CSR departments to manage their initiatives. In India, many companies have concentrated on environmental sustainability initiatives. For example, Wipro, through its Eco Eye program, has focused on water conservation, afforestation, and wildlife protection. HUL has significantly reduced its carbon footprint by using renewable energy sources and adopting sustainable manufacturing practices. Tata Group established the Tata Sustainability Group, which works closely with its companies and mandates that each of them takes measurable steps toward environmental sustainability. CSR in India has had several positive impacts on society and the businesses themselves. By engaging in CSR, companies can build brand image and customer loyalty. CSR activities also promote sustainable development and help to bridge social inequities. For example, ITC's e-Choupal initiative created a supply-chain network that engaged poor farmers in rural areas and improved their livelihoods. Such initiatives also lead to employee engagement and job satisfaction, leading to a healthy organizational culture. However, the real-world implications of CSR policies have also highlighted several challenges. Weak enforcement measures have often led to companies deviating from their stated CSR goals, leading to allegations of "green-washing", where companies engage in cosmetic philanthropy that does not tackle deep-seated social and environmental issues. The effectiveness of CSR policies to address social issues has also been questioned by some, who argue that CSR initiatives should not be substitutes for government mechanisms and policies.

In conclusion, CSR has become an essential aspect of corporate finance, and companies have increasingly been investing in social and environmental programs. The effectiveness of CSR policies in India, however, is limited by enforcement measures and the conceptualization of CSR as an add-on, rather than an integral part of business operations. To tackle these challenges, the following suggestions are made:

1. There is a need for greater regulatory oversight and enforcement of CSR regulations.

Strong enforcement mechanisms, penal provisions, and regular audits can ensure compliance with mandated CSR expenditures.

2. The Board of Directors of companies should be held accountable for their companies' CSR outcomes. The board should be responsible for designing and implementing effective CSR policies that have measurable and tangible social and environmental impacts.
3. CSR initiatives should be integrated into business models and operations, rather than treated as an add-on. The emphasis should be placed on embedding social and environmental considerations into the core operations of the company, such as supply-chain management, rather than waiting for profits to reinvest in CSR activities.
4. Companies should focus on partnerships with local communities to address their social and environmental needs. Companies should have a long-term relationship with the communities in which they operate and engage in a collaborative dialogue to understand their needs better.
5. Greater focus should be placed on training and development of employees to raise awareness of and participation in CSR activities. Creating a culture of corporate citizenship and social responsibility among employees can foster employee engagement and retention.
6. Companies should disclose their CSR activities transparently and provide regular reports for stakeholders' accountability. This disclosure should include an account of the company's CSR expenditure, details of specific initiatives, and their impact.
7. There is a need for independent monitoring and evaluation of CSR projects to ensure their effectiveness in addressing social and environmental challenges. Such evaluations should be done independently, using credible and standardized criteria.
8. CSR policies should be aligned with the UN Sustainable Development Goals (SDGs), which provide a useful framework for implementing CSR initiatives that contribute to the global development agenda.
9. Government policies should be complementary to CSR policies, and the government should create a conducive environment for companies to implement effective CSR policies.
10. Awareness about CSR and its benefits should be increased among different stakeholders, including investors, customers, and employees.
11. CSR initiatives should be aligned with the company's business strategy to ensure that they are sustainable in the long term.

12. Companies should establish a grievance redressal mechanism to address any complaints or grievances about their CSR activities.
13. CSR initiatives should be inclusive, and there should be a focus on marginalized communities and their needs.
14. Companies should work collaboratively with the government to address social and environmental challenges, rather than seeing CSR as a substitute for government policies.