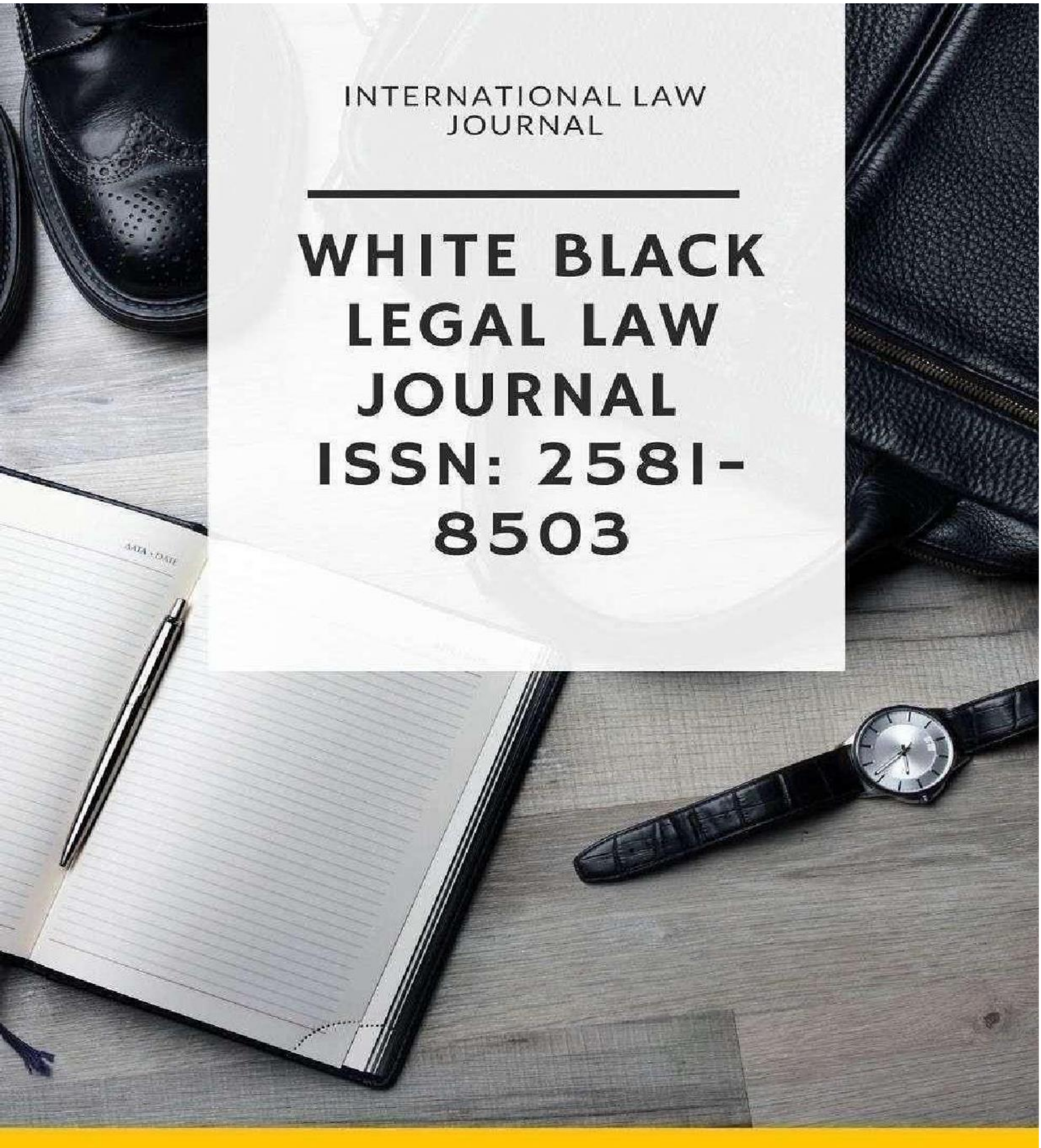

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CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE DEVELOPMENT GOALS (SDGS): ROLE OF INDIAN CORPORATIONS

AUTHORED BY - GAZAL THAPAR & DR CHEENA ABROL

ABSTRACT

The study investigates how Corporate Social Responsibility (CSR) interacts with Sustainable Development Goals (SDGs) in India through its examination of Indian corporate compliance to the Companies Act of 2013. The research investigates how section 135 and section 134(3)(o) and section 166(2) and Schedule VII and the Companies (Corporate Social Responsibility Policy) Rules 2014 create a mandatory framework which transforms corporate social responsibility from voluntary philanthropy into an obligatory corporate accountability mechanism. The study shows that India established a unique legal system which requires eligible businesses to allocate 2 percent of their average net profits towards activities that provide social benefits. The study shows that Schedule VII contains substantial overlap with the social economic and environmental aspects of the sustainable development goals because it addresses health education and poverty alleviation and livelihood development and sanitation and environmental sustainability. The research also highlights major implementation concerns, including fragmented project design, weak impact assessment, reporting inconsistencies and limited institutional capacity. The official data shows that CSR has developed into a major supplementary funding source for development projects in India. The study shows that Indian corporations need to develop their corporate social responsibility practices through stronger sustainability development goals alignment and improved impact assessment methods and enhanced reporting requirements and better integration with responsible business practices and environmental social governance frameworks.

Keywords: Corporate Social Responsibility; Sustainable Development Goals; Companies Act, 2013; Schedule VII; Indian Corporations

1. INTRODUCTION

The practice of corporate social responsibility in India has evolved from being a voluntary ethical standard to becoming a mandatory legal requirement which supports both national and international sustainability efforts. The Companies Act 2013 establishes section 135 as its main provision which applies to all companies that have either 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 any financial year.[1] The requirement establishes the need for companies to create a Corporate Social Responsibility Committee which will develop a CSR policy that needs Board approval while companies must spend at least two percent of their three previous financial years' average net profits on acceptable activities. The Board must fulfill its reporting duty under section 134(3)(o) while any failure to provide required Board reports will result in penalties according to section 134(8). The Schedule VII provisions outline the authorized CSR areas which include combating hunger, providing health services, delivering education, achieving gender equality, preserving the environment, safeguarding national heritage, assisting armed forces veterans, developing rural areas, improving slum conditions, managing disasters, and making designated public fund contributions. These statutory themes align closely with the policy goals established by the Sustainable Development Goals which aim to reduce poverty, improve health and education, achieve gender equality, provide clean drinking water, combat climate change, and promote development that includes all people. [2]

The Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended create a clearer framework for CSR through their definition of CSR implementation, monitoring, and disclosure requirements. The Rules define CSR in rule 2(1)(d) and exclude activities undertaken in the normal course of business and activities outside India except training of Indian sports personnel in specified cases and political contributions under section 182 and activities benefiting employees as such. Rule 4 regulates CSR implementation by allowing companies to execute their projects through either their own resources or section 8 companies or registered public trusts or registered societies after they satisfy specific conditions; organizations that implement projects must fulfill Form CSR-1 registration requirements as their main compliance obligation. The CSR Committee must develop an annual action plan

[1] "Section 135. Corporate Social Responsibility," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/135-corporate-social-responsibility/ (last visited March 8, 2026).
[2] "Section 134. Financial statement, Board's report, etc," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/134-financial-statement-boards-report-etc/ (last visited March 8, 2026).

which it will present for approval according to Rule 5 while Rule 7 restricts administrative expenses to five percent of total CSR costs. The detailed yearly report requirement exists through Rule 8 while Rule 9 establishes that companies must publish their CSR Committee members and CSR Policy and approved projects on their websites. Section 135(5) establishes requirements for unspent CSR funds which must be transferred to a designated fund when projects are finished or to an Unspent CSR Account when projects remain active. The framework shows that Indian CSR legislation establishes mandatory compliance requirements which organizations must follow while their progress gets evaluated through measurable social development results.[3]

Indian corporations advance SRGs through their business operations because their activities require responsible business governance to perform their functions. The Companies Act 2013 Section 166 2 requires directors to serve the company and its shareholders while protecting employee rights and community interests and environmental protection which establishes sustainability standards for corporate behavior. According to the National Guidelines on Responsible Business Conduct 2018/2019 which the Ministry of Corporate Affairs issued, businesses should incorporate environmental social and governance responsibilities into their decision-making processes at both policy and disclosure levels. The SEBI Listing Obligations and Disclosure Requirements Regulations 2015 Regulation 34 2 f together with SEBIs Business Responsibility and Sustainability Reporting framework, requires listed companies to disclose their sustainability activities while requiring major Indian companies to analyze their business operations and risk factors together with their social investments according to ESG and SDG standards. CSR and SDGs in India now operate through statutory CSR requirements under section 135 and responsible-director obligations of section 166 and MCA business guidelines and SEBIs sustainability disclosure requirements which create a legal and governance structure that requires Indian companies to support social equity environmental preservation and sustainable development.[4]

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[3] "Rule 2- Companies (Corporate Social Responsibility) Rules, 2014," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/rule-2-companies-corporate-social-responsibility-rules-2014/ (last visited March 8, 2026).

[4] "*Manupatra Academy*," *available at*: http://www.manupatracademy.com/LegalPost/Fiduciart_Duty_of_Director_of_Company (last visited March 8, 2026).

1.1. Objectives of the Study

1. To investigate India Company Social Responsibility legal system through its Companies Act 2013 and Companies Corporate Social Responsibility Policy Rules 2014 legislation.
2. To investigate how Indian corporations use their Corporate Social Responsibility programs to reach Sustainable Development Goals which India established.
3. To assesses how Indian companies use their CSR initiatives to promote social progress and economic growth and environmental sustainability through their Schedule VII activities which the Companies Act 2013 authorizes.
4. To discover main difficulties and compliance deficiencies and execution problems which prevent organizations from using CSR effectively as a method for reaching sustainable development goals.
5. To recommend legal and policy solutions which will improve CSR governance systems thus enabling better corporate compliance through transparent and accountable processes which produce measurable results for SDG implementation in India.

1.2. Research Questions

1. What are the legal boundaries which create Corporate Social Responsibility regulations in India?
2. How much do Indian companies' CSR initiatives help India reach its Sustainable Development Goals?
3. In what manner does Schedule VII of the Companies Act, 2013 support social, economic, and environmental dimensions of sustainable development?
4. What are the principal legal, institutional, and practical challenges faced by Indian corporations in implementing CSR obligations effectively?
5. What reforms are necessary to make CSR law and policy in India more responsive to the objectives of sustainable development and corporate accountability?

1.3. Research Methodology

The current research study uses a doctrinal research approach for its investigation. The research investigates primary legal sources and secondary legal sources which address Corporate Social Responsibility and Sustainable Development Goals in India. The primary sources include the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014, Schedule VII, SEBI regulations, government notifications, and policy documents. The secondary materials for this research consist of books and journal articles and research papers and reports and official publications. The study examines legal statutes and legal principles and policy developments and corporate sustainability initiatives through Corporate Social Responsibility to achieve its objectives.

1.4 Review of Literature

Dhammika Dharmapala & Vikramaditya Khanna, (2018)[5] article studies India's enforcement of mandatory CSR requirements which the Companies Act 2013 Section 135 establishes because the implementation serves as a natural experimental framework that reveals how businesses react when they must allocate funds according to legal requirements. The authors study how firms achieve results when they reach CSR eligibility limits while they investigate whether mandatory CSR programs reduce other spending activities and alter corporate finance management practices.

Abhishek Mukherjee, Ron Bird & Geeta Duppati (2018)[6] study assesses the Indian mandatory CSR system by analyzing CSR spending and disclosure patterns which emerged after the Companies Act 2013 established Section 135. The research investigates how companies modify their reporting practices and determines their level of compliance while assessing whether mandatory spending requirements connect with corporate governance aspects and financial results.

Hariom Manchiraju & Shivaram Rajgopal (2017)[7] investigate whether mandatory CSR affects shareholder value by analysing market reactions and firm outcomes following India's legal mandate. The study uses Section 135 thresholds as an identification method to determine whether investors perceive CSR spending as a strategic investment that creates value or as a compliance expense that decreases profits.

G. K. Kapoor & Sanjay Dhamija (2017)[8] paper provides a policy assessment of India's mandatory CSR experiment which shows how corporate responsibility changed from voluntary

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[5] Dhammika Dharmapala & Vikramaditya Khanna, 'The Impact of Mandated Corporate Social Responsibility: Evidence from India's Companies Act of 2013' 56 *International Review of Law and Economics* 92–104 (2018). *available at:* https://doi.org/10.1016/j.irle.2018.09.001

[6] Abhishek Mukherjee, Ron Bird & Geeta Duppati, 'Mandatory Corporate Social Responsibility: The Indian Experience' 14(3) *Journal of Contemporary Accounting & Economics* 254–265 (2018). *available at:* https://doi.org/10.1016/j.jcae.2018.06.002

[7] Hariom Manchiraju & Shivaram Rajgopal, 'Does Corporate Social Responsibility (CSR) Create Shareholder Value? Evidence from the Indian Companies Act 2013' 55(5) *Journal of Accounting Research* 1257–1300 (2017). *available at:* https://doi.org/10.1111/1475-679X.12174

[8] G. K. Kapoor & Sanjay Dhamija, 'Mandatory CSR Spending—Indian Experience' 3(1) *Emerging Economy Studies* 98–112 (2017). *available at:* https://doi.org/10.1177/2394901517696645

philanthropy to compliance-based practices after the Companies Act 2013. It examines how firms interpret Schedule VII activities, how CSR committees and board oversight influence project selection, and why implementation capacity and monitoring remain persistent challenges.

Abhishek Mukherjee & Ron Bird (2016)[9] analysis which uses survey data examines initial patterns of mandatory corporate social responsibility costs and corporate governance systems which emerged after Section 135 started to function. The study investigates how companies view the mandatory requirements and which governance frameworks they employ to manage their corporate social responsibility activities and which standard methods businesses utilize to fulfill legal obligations.

Jitendra Aswani, N. K. Chidambaran & Iftekhar Hasan (2021)[10] article investigates an essential distributional issue which examines the actual recipients of benefits from India's required corporate social responsibility system. The study investigates whether companies allocate their social responsibility funds to communities with high needs or to areas which are easier to access and serve. The study establishes a new direction for CSR–SDG research by examining inclusion and welfare distribution to determine whether mandatory CSR results in better social outcomes or maintains existing geographic and sectoral disparities.

1.5 Research Gap

Indian CSR laws reached their full legal status through Section 135 of the Companies Act 2013 which the CSR Rules and Schedule VII of the act operationalized, yet researchers still need to investigate methods for measuring SDG-aligned CSR through legal standards instead of general sustainability frameworks. Existing research describes how Schedule VII activities overlap with SDG goals, yet it fails to establish a legal framework which demonstrates compliance with CSR regulations through essential project elements and SRG verification process. The analysis of board-level CSR governance together with Section 134(3)(o) statutory disclosures and Section 135(6) unspent fund management reveals few results which show how these components affect SDG results over time especially in cases where compliance requirements force organizations to spend funds immediately instead of investing in sustainable

[9] Abhishek Mukherjee & Ron Bird, 'Analysis of Mandatory CSR Expenditure in India: A Survey' 7(1) *International Journal of Corporate Governance* 32–59 (2016). *available at:* https://doi.org/10.1504/IJCG.2016.077982

[10] Jitendra Aswani, N. K. Chidambaran & Iftekhar Hasan, 'Who Benefits from Mandatory CSR? Evidence from the Indian Companies Act 2013' 46 *Emerging Markets Review* 100753 (2021). *available at:* https://doi.org/10.1016/j.ememar.2020.100753

development. The research still requires development to show how CSR spending varies among different regions while analyzing whether CSR effectively develops high-need districts which match SDG localisation goals.

2. EVOLUTION OF CSR AND SUSTAINABLE DEVELOPMENT IN THE INDIAN CONTEXT

2.1 Historical Development of Corporate Social Responsibility in India

The history of corporate social responsibility in India did not begin with section 135 of the Companies Act, 2013. The Tata group, the Birla group, and the Bajaj group operated their business activities based on their tradition of donating money to support community needs and educational programs and public health initiatives and institutional development. During the colonial period and the early years after India gained independence, companies donated funds to charity through their executives who operated their businesses. The business responsibility concept developed into stakeholder responsibility to achieve labor welfare and environmental protection and developmental partnership through its historical progression. The process became more obvious after countries adopted economic liberalization because industrial growth and corporate expansion set higher standards for corporate social responsibility which companies had to fulfill in democratic systems that aimed for public welfare.[11]

The Ministry of Corporate Affairs through its normative initiatives implemented the transition from voluntary philanthropy to structured responsibility in its policy framework. The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 were later revised into the National Guidelines on Responsible Business Conduct, 2018/2019. These guidelines define nine principles which include ethical governance, product responsibility, employee well-being, stakeholder responsiveness, human rights, environment, public policy participation, inclusive growth and customer value. The guidelines require responsible business practices to support international development objectives while establishing an expectation that Indian companies should implement permanent social responsibility practices through their corporate governance systems. The NGRBC connects Indian business responsibility to the United Nations Guiding Principles on Business and Human Rights and the Sustainable Development Goals which places corporate social

[11] Rachit Garg, "Section 135 of Companies Act, 2013" *iPleaders*, 2024 *available at*: https://blog.ipleaders.in/section-135-of-companies-act-2013/ (last visited March 8, 2026).

responsibility within a broader framework of sustainable governance and accountability. [12]
The Companies Act 2013 established a legal transformation which required specific companies to implement mandatory CSR through section 135 of the act. India became one of the first countries to establish mandatory CSR requirements for companies because it transformed corporate social responsibility from a voluntary practice into a law that applied to businesses which met specific financial requirements. Companies must create a CSR program and establish CSR policy according to section 135(1) when their net worth and turnover or net profit exceed the established thresholds. The average net profits from the three most recent financial years need to be calculated in order to spend the required 2 percent on Schedule VII activities. The legal framework now establishes social responsibility through board structures and disclosure requirements and monitoring duties and reporting mandates which organizations must fulfill. The transition from moral-based philanthropy to corporate development participation through compliance requirements started with this event. The subsequent amendments and rules further strengthened this regime. The Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, explained CSR, which included implementing agencies and annual action plans and CSR exclusions and website disclosures and reporting requirements and impact evaluation. The legal framework now treats CSR as a board-driven process rather than a government-administered grant scheme. The Ministry of Corporate Affairs' FAQs explain that company CSR projects need Board approval for their planning and execution and monitoring which the CSR Committee recommends. The system maintains corporate independence through legal obligations which require companies to account for their actions and it mirrors how Indian businesses practice self-governance through regulatory processes.[13]

2.2 Emergence and Global Recognition of Sustainable Development Goals

The current sustainable development framework reached international legal and policy recognition through the 2030 Agenda for Sustainable Development which all United Nations Member States adopted in 2015. The Agenda establishes 17 Sustainable Development Goals and 169 targets, and it treats poverty eradication, health, education, gender equality, clean water, clean energy, decent work, inequality reduction, climate action, peace and partnerships

[12] "National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business Released," *available at*: https://www.pib.gov.in/newsite/PrintRelease.aspx?relid=73107 (last visited March 8, 2026).
[13] Indrani Nath, "Corporate Social Responsibility in India: Meaning, Scope, and Legal Framework" *CHRMP*, 2025 *available at*: https://www.chrmp.com/corporate-social-responsibility-in-india/ (last visited March 8, 2026).

as interconnected objectives rather than isolated sectors. The SDGs are therefore universal, integrated and measurable, unlike older fragmented models of development. The development process requires social, economic and environmental balance because the three elements need active participation from governments, civil society organizations, international organizations and businesses. [14]

The global recognition of SDGs is particularly important for business regulation because the 2030 Agenda does not view development as a task for the State alone. The organization requires all stakeholders to fulfill their responsibilities through implementation work. The requirement for companies to implement sustainability governance through domestic legal systems creates sustainability governance pathways through mandatory reporting and environmental due diligence and human rights compliance and responsible supply chains and social spending requirements. The NITI Aayog organization in India advanced SDG implementation through its work on localization and monitoring and cooperative federalism while the international stage used SDGs as the standard language which connects CSR and ESG and responsible business conduct with development policy.[15]

The SDGs function as international objectives in India through their implementation via national indicators and state monitoring systems and public policy systems. The NITI Aayog SDG India Index 2023-24 tracks progress on 113 indicators which the National Indicator Framework defines. The official release states that India's composite score advanced from 57 in 2018 to 66 in 2020-21 and 71 in 2023-24. The same release records substantial development for Goal 1 (No Poverty) and Goal 13 (Climate Action) because Goal 13 achieved a rise from 54 to 67 and Goal 1 advanced from 60 to 72 between 2020-21 and 2023-24. The data demonstrates that SDGs now function as measurable governance standards in India which enable companies to assess their corporate social responsibility initiatives through a specific developmental framework.[16]

Table 1: India's SDG Performance Trend (Official Index Milestones)

	Score / Number	Source Ref.
India composite SDG score, 2018	57	[13]
India composite SDG score, 2020-21	66	[13]

[14] "Transforming our world: the 2030 Agenda for Sustainable Development," *Department of Economic and Social Affairs available at*: https://sdgs.un.org/2030agenda (last visited March 8, 2026).

[15] "Scaling up Business Impact on the SDGs," *available at*: https://www.global-solutions-initiative.org/publication/scaling-up-business-impact-on-the-sdgs/ (last visited March 8, 2026).

[16] "NITI Aayog SDG India Index 2023-24," *Drishti IAS available at*: https://www.drishtiias.com/daily-updates/daily-news-analysis/niti-aayog-sdg-india-index-2023-24 (last visited March 8, 2026).

India composite SDG score, 2023-24	71	[13]
Goal 1 (No Poverty), 2020-21	60	[13]
Goal 1 (No Poverty), 2023-24	72	[13]
Goal 13 (Climate Action), 2020-21	54	[13]
Goal 13 (Climate Action), 2023-24	67	[13]
States/UTs in Front Runner category, 2020-21	22	[13]
States/UTs in Front Runner category, 2023-24	32	[13]

Source https://www.pib.gov.in/PressReleasePage.aspx?PRID=2032857

The SDGs introduced a new framework which reshaped how businesses report their accountability to the public. Earlier debates focused mainly on charity, community service or reputation-building. Nowadays, businesses must demonstrate their operations lead to specific developmental results while their financial resources should target critical social need areas. The SDGs create a normative structure which connects public law with corporate law and development economics. The organization identifies key priority areas which need measurement through specific indicators to create matching systems that unite public interests with private investments. Indian corporations face new CSR assessment standards because their spending now needs to demonstrate results that match established development targets in areas such as nutrition, sanitation, learning outcomes, energy access, climate resilience and livelihood creation.[17]

2.3 Convergence Between CSR Obligations and SDG Commitments in India

The SDGs and India's CSR system establish their connection through scheduled requirements of the Companies Act 2013 which operates under Schedule VII to define its mandatory activities. Schedule VII of the Companies Act 2013 includes mandatory activities that cover hunger and poverty and malnutrition and health care and sanitation and safe drinking water and education and livelihood enhancement and gender equality and support for vulnerable groups and environmental sustainability and heritage protection and rural development and slum area development and disaster management and contributions to specified public funds. These fields substantially overlap with SDGs which address poverty and hunger and health and education and gender and water and inequality and sustainable communities and climate and partnerships. A company that spends money according to Schedule VII requirements makes contributions to

[17] Nadia Reckmann, "What Is Corporate Social Responsibility?" *businessnewsdaily.com*, 22 April 2019.

one or more SDGs through its legal expenditures. [18]

The official guidance recognizes this connection between the two parties. The Ministry of Corporate Affairs FAQ states that corporate social responsibility activities should match national development objectives while helping businesses to achieve the Sustainable Development Goals. The same document explains that preference to local areas under the first proviso to section 135(5) is directory rather than mandatory, allowing companies to balance local needs with larger national priorities. The explanation provides essential information because SDG deficits exist throughout various regions and sectors and localism will create CSR impact disruptions, while national development priorities enable better strategic resource distribution.[19]

The national CSR data which exists supports the process of convergence. The CSR portal of the Ministry of Corporate Affairs shows that educational and health care sectors have maintained their status as priority areas throughout all years because both sectors together receive more than 51% of CSR funds. The portal shows that sports development expenses have increased by over 407% during FY 2023 when compared to FY 2015. Indian companies direct their CSR resources towards multiple areas which directly match with SDGs 3, 4, 1, 2, 8, 10 and 13.

Table 2: Selected CSR-SDG Alignment Indicators from MCA Development-Wise Data

	Official Figure	Source Ref.
Combined share of Education and Health Care in CSR spending	More than 51%	[15]
CSR funds to Rural Development, Poverty, Hunger, Malnutrition and Environmental Sustainability (cumulative)	More than ₹38,000 crore	[15]
Growth in CSR spending on Encouraging Sports, FY 2023 vs FY 2015	More than 407%	[15]

Source https://www.mcacdm.nic.in/development_wise.php

India's comprehensive responsible business framework establishes stronger ties between business programs and UN Sustainable Development Goals because these guidelines enable businesses to operate according to UN human rights principles. The National Guidelines on Responsible Business Conduct explicitly connect business conduct with both the UN Guiding Principles on Business and Human Rights and the SDGs, while listed entities are pushed toward

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[18] "Section 135. Corporate Social Responsibility," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/135-corporate-social-responsibility/ (last visited March 8, 2026).

[19] Jesus Cambra-Fierro et al., "When do firms implement corporate social responsibility? A study of the Spanish construction and real-estate sector," 19 *Journal of Management & Organization* 150–66

sustainability disclosure through the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, especially Regulation 34(2)(f) and the Business Responsibility and Sustainability Reporting (BRSR) framework. The increasing relationship between company law requirements for CSR spending and securities regulations demands sustainability disclosure demonstrates their strong connection. One system requires companies to fulfill their social investment requirements while the second system mandates organizations to disclose their environmental and corporate social responsibility and governance performance. The process begins with financial investments and ends with full organization disclosure and the development of sustainability practices.[20]

3. LEGAL AND POLICY FRAMEWORK GOVERNING CSR IN INDIA

3.1 Statutory Basis of CSR under the Companies Act, 2013

The legal foundation for Corporate Social Responsibility in India exists through section 135 of the Companies Act 2013. A company becomes subject to the CSR regime when, during the immediately preceding financial year, it has a net worth of ₹500 crore or more, or turnover of ₹1,000 crore or more, or net profit of ₹5 crore or more. Once covered, the company must establish a CSR Committee according to section 135 and applicable regulations and create a CSR policy and obtain project approvals through the Board while committing 2 percent of its average net profit from the last three financial years to CSR projects. The provision establishes financial capacity as the factor which determines legal accountability while connecting corporate success to basic developmental requirements. The Act's other provisions support Section 135. The Board's Report must contain the CSR details which Section 134(3)(o) requires, while Section 134(8) deals with violations of Board-report requirements. The Board must validate spending according to Section 135(5) which requires them to report any spending discrepancies. The Unspent CSR Account framework for existing projects gets established through Section 135(6) while Section 135(7) establishes fines for organizations that do not transfer their unspent funds according to established protocols. The Ministry's FAQs state that organizations which fail to comply face civil penalties, and they outline the maximum penalties which apply to both the company and its responsible officers. The Act maintains a structure which directs governance activities. The CSR Committee develops and recommends the policy along with its funding allocation, but the Board holds final authority for these matters. The

[20] "MCA releases national guidelines on responsible business conduct," *available at*: https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1568750 (last visited March 8, 2026).

Board has to approve the policy, make it public, post it on the website if any, monitor its execution, and ensure proper use of the distributed CSR resources. The Board's main duty makes CSR a fundamental part of corporate governance because it operates through established business functions. The section 166(2) fiduciary duty of directors requires them to operate in good faith for the benefit of both company members and employees and the community and environmental needs.[21]

The current law allows smaller CSR-obligated entities to operate with some degree of flexibility according to existing regulations. Under section 135(9) and the related FAQ guidance, where the amount required to be spent by a company does not exceed ₹50 lakh, constitution of a CSR Committee is not mandatory and the functions of that Committee may be discharged by the Board itself. The legal system establishes a framework that maintains organizational control through governance methods which require organizations to meet compliance requirements that match their operational needs.[22]

Table 3: Core Numeric Thresholds in India's CSR Statutory Framework

	Threshold / Amount	Source Ref.
Net worth threshold under section 135(1)	₹500 crore	[6]
Turnover threshold under section 135(1)	₹1,000 crore	[6]
Net profit threshold under section 135(1)	₹5 crore	[6]
Minimum CSR spend under section 135(5)	2% of average net profits of previous 3 financial years	[6]
CSR Committee not mandatory where CSR obligation does not exceed	₹50 lakh	[9]
Administrative overhead ceiling under rule 7	5% of total CSR expenditure	[8]
Impact assessment trigger: average CSR obligation	₹10 crore or more	[9]
Impact assessment trigger: project outlay	₹1 crore or more	[9]
Maximum separate expenditure on impact assessment	5% of total CSR expenditure or ₹50 lakh, whichever is lower	[9]

[21] Drishti Foundation Trust, "the Companies Act 2013 for Corporate Social Responsibility," 2024 *available at*: https://drishtifoundation.org/faqs-on-section-135-of-the-companies-act-2013/?srsltid=AfmBOooYajhLIp5loukstbhpOecL6Pj-NMw_797TA_7o3I3GGlk3kYQs (last visited March 8, 2026).

[22] "Section 135. Corporate Social Responsibility," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/135-corporate-social-responsibility/ (last visited March 8, 2026).

Source *https://www.indiacode.nic.in/show-data?actid=AC_CEN_22_29_00008_201318_1517807327856&orderno=139&sectionId=1326&sectionno=135*

3.2 CSR Rules, Schedule VII, and Regulatory Guidelines

The Companies (Corporate Social Responsibility Policy) Rules, 2014 provide operational compliance guidelines which implementation of section 135 requires. Rule 2 establishes CSR definition which excludes normal business operations and political party contributions under section 182 and employee benefits. The legal framework establishes these exclusions because they prevent companies from designating their regular business costs and political expenses and employment-related benefits as CSR spending. The Rules verify that only authentic social expenditure which serves public interests and meets Schedule VII requirements can be approved. [23]

The implementation of CSR activities follows Rule 4. The Rules allow companies to conduct CSR activities through direct means or approved implementing organizations which include section 8 companies and registered public trusts and registered societies. The FAQs state that implementing agencies must complete registration through e-form CSR-1 for CSR project implementation on behalf of companies while direct CSR activities by companies do not require registration. The Rules allow organizations to work with international entities for particular purposes which include design and monitoring and evaluation but they cannot function as implementing organizations. The system establishes a controlled framework for CSR execution which prevents implementation from becoming an uncontrolled external service operation.[24]

The CSR Committee must create and approve an annual action plan which must include the list of authorized projects and the methods of project execution and the schedule of fund usage and the systems used to monitor progress and the assessment of project results which must be used when necessary according to Rule 5. The rules of Rule 7 define which CSR expenses are acceptable while limiting administrative costs to 5 percent of the total CSR costs. The Board's Report needs annual CSR reports according to Rule 8 while companies which had an average CSR obligation of 10 crore or more during the last three financial years must conduct impact assessments for their projects which cost 1 crore or more and finished at least one year before.

[23] Mayashree Acharya, "Corporate Social Responsibility Under Section 135 of Companies Act 2013" *ClearTax*, 1 June 2018.

[24] "Rule 4- Companies (Corporate Social Responsibility) Rules, 2014," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/rule-4-companies-corporate-social-responsibility-rules-2014/ (last visited March 8, 2026).

The regulations demonstrate a transition from spending requirements to governance that focuses on results. Indian CSR law finds its core legal foundation in Schedule VII which specifies the recognized domains for CSR activities. The entries of the list include all types of activities which work to eliminate hunger and poverty and malnutrition and provide healthcare services and preventive health services and sanitation and clean drinking water and educational programs and livelihood development and gender equality and empowerment of women and senior citizen care and support for socially disadvantaged groups and environmental protection and preservation of natural resources and cultural heritage and military veteran support and athletic development and funding of national disaster relief and welfare programs and scientific research funding and support for rural areas and slum development and disaster response efforts. Schedule VII provides Indian CSR law with its capacity to establish strong connections between local laws and SDG requirements.

The sustainability framework has expanded because of regulatory guidance which operates beyond the boundaries of company law. The National Guidelines on Responsible Business Conduct provide a soft-law normative framework, while SEBI's BRSR regime adds mandatory sustainability disclosure for major listed entities. The legal system uses CSR spending together with ESG disclosure to drive businesses toward viewing their social spending and human rights and environmental and stakeholder engagement costs and their governance practices as elements of their complete responsible business framework.

3.3 Constitutional Principles, Public Policy, and Corporate Accountability

The Companies Act establishes CSR as a mandatory requirement which Indian law recognizes through its constitutional commitment to social welfareand balanced development. The Constitution does not contain a direct CSR clause, yet several Directive Principles of State Policy and Fundamental Duties create a normative background against which corporate responsibility becomes intelligible. Article 38 directs the State to promote social order which must be based on principles of justice; Article 39 outlines material resource distribution which must support adequate livelihood while preventing wealth concentration; Article 41 provides for public assistance; Article 47 focuses on nutrition and standard of living and public health; Article 48A mandates environmental protection and enhancement; and Article 51A(g) establishes a fundamental duty to safeguard and enhance the natural environment. These provisions support a public-law culture in which business cannot remain indifferent to welfare and sustainability outcomes.[25]

The trend of shared developmental responsibility has become the primary method for implementing public policy in India. The NGRBC official document declares that the constitutional framework of India demands inclusive development which leads to sustainable growth, hence businesses must actively participate in the country's development process. The regulatory framework creates significance because it changes CSR from being an obligatory expenditure requirement into a component of constitutional-developmental dialogue. The law requires corporations to operate as business entities which must implement public governance values while using their resources and economic power to support inclusive development efforts.

Corporate accountability exists on multiple levels. Corporate accountability emerges through three different legal channels which include company law requirements for spending and disclosure and committee governance, section 166(2) directors' duties, and securities regulations that mandate sustainability reporting, and through constitutional and public-policy principles which promote equitable growth and environmental protection and social justice. The complicated accountability system applies to Indian businesses because they conduct operations in locations where poverty and displacement and environmental damage and workforce instability and lack of basic services exist. The legal framework establishes a system that enables efficient evaluation of corporate development operations through its requirement for public disclosure and operational openness. [26]

4. INSTITUTIONAL AND CORPORATE MECHANISMS FOR CSR IMPLEMENTATION

4.1 Role of Corporate Boards, CSR Committees, and Management Structures

Indian CSR law is intentionally designed as a Board-driven process. The MCA FAQs repeatedly emphasise that the Board is empowered to plan, decide, execute and monitor CSR activities. The Board serves as the main responsibility center according to section 135 which establishes this requirement. The CSR Committee develops the policy and annual action plan which it presents for Board approval while the Board handles public disclosure and operational

[25] VisionIAS, "Corporate Social Responsibility (CSR) must include Environmental Responsibility: Supreme Court (SC)" Current Affairs | *Vision IAS*, 2025 *available at*: https://visionias.in/current-affairs/news-today/2025-12-20/environment/corporate-social-responsibility-csr-must-include-environmental-responsibility-supreme-court-sc (last visited March 8, 2026).

[26] "Directors' Liability and Climate Risk in India," *IndiaCorpLaw*, 2021 *available at*: https://indiacorplaw.in/2021/10/06/directors-liability-and-climate-risk-in-india/ (last visited March 8, 2026).

monitoring. The law establishes board responsibility for CSR which prevents companies from treating it as a minor public relations function and instead integrates it into their main corporate governance processes. [27]

The CSR Committee's membership requirements differ based on the organization type. According to the official FAQ guidance, listed companies and unlisted public companies ordinarily require three or more directors, including at least one independent director, while private companies may constitute the Committee with two or more directors. Foreign companies require at least two persons as specified under the statutory framework. The Board can assume Committee responsibilities when the CSR obligation stays below ₹50 lakh. This variable composition demonstrates an attempt to balance governance rigour with corporate diversity.

The effective governance of corporate social responsibility depends on organizational management systems which operate below board level. Large companies require dedicated teams for sustainability initiatives together with financial monitoring systems and legal compliance departments and project oversight teams and operational field staff. The law indirectly acknowledges this requirement through its mandates which include annual action plans and utilisation monitoring and CFO certification and statutory audit and impact assessment requirements. The legal system establishes transparency and accountability through various mechanisms which include CSR Committees and CSR policy development and annual action plan creation and CFO certification of CSR expenses and statutory auditor audits. The evidence shows that the organization now runs its operations through established governance procedures instead of relying on informal charitable activities. [28]

4.2 Modes of CSR Planning, Funding, Execution, and Monitoring

All CSR planning in India requires structured execution instead of allowing organizations to choose their methods without restrictions. The annual action plan under rule 5 must identify projects, budgets, execution modalities, monitoring processes and impact-assessment components where necessary. The funding system calculates amounts according to the statutory 2 percent formula which uses average net profits from the three previous financial years as its base. The law permits organizations to use their extra expenses for deduction against

[27] "Ministry of Corporate Affairs taking timely steps to ease compliance burden on the corporates under Ease of Doing Business 2.0 reforms," *available at*: https://www.pib.gov.in/PressReleasePage.aspx?PRID=2204766&reg=3&lang=1 (last visited March 8, 2026).

[28] Richard Samans and Jane Nelson, "Corporate Governance and Oversight" *Springer International Publishing,* 2022 *available at*: https://link.springer.com/chapter/10.1007/978-3-030-93560-3_4 (last visited March 8, 2026).

their upcoming financial responsibilities during three upcoming financial periods which need compliance with rule 7(3) to maintain their planning structure.[29]

The current government considers monitoring to be its most critical element. The Board must satisfy itself regarding utilisation of CSR funds; annual reporting is mandatory; website disclosures are required under rule 9; and companies crossing the impact-assessment threshold must commission independent evaluation. The FAQ clarifies that impact assessment is mandatory where the average CSR obligation is ₹10 crore or more and the relevant project has an outlay of ₹1 crore or more, completed at least one year earlier. Expenditure on impact assessment may reach up to 5 percent of total CSR expenditures or ₹50 lakh, whichever amount is smaller, and it falls outside the administrative overhead limit. The design of this regulation demonstrates a change from basic spending compliance to scientific accountability methods. The macro-data further shows growing financial seriousness in CSR implementation. The official PIB release from 10 February 2026 reports that companies submitted annual financial statements which revealed development CSR expenditures of ₹24,965.82 crore for FY 2019-20 and ₹26,210.95 crore for FY 2020-21 and ₹27,141.45 crore for FY 2021-22 and ₹30,932.08 crore for FY 2022-23 and ₹34,908.75 crore for FY 2023-24 which totaled ₹1,44,159 crore across five financial years. This rising expenditure demonstrates that mandatory CSR has become a substantial channel of development finance in India, especially when strategically aligned with SDGs.

Table 4: Development CSR Expenditure in India

FY 2019-20 to FY 2023-24	Amount (₹ crore)	Source Ref.
FY 2019-20	24,965.82	[18]
FY 2020-21	26,210.95	[18]
FY 2021-22	27,141.45	[18]
FY 2022-23	30,932.08	[18]
FY 2023-24	34,908.75	[18]
Total for FY 2019-20 to FY 2023-24	1,44,159.00	[18]

Source https://www.pib.gov.in/PressReleseDetailm.aspx?PRID=2226018&reg=3&lang=2

4.3 Partnerships with Government, NGOs, and Community Stakeholders

The Indian CSR model depends on partnership frameworks for its operational activities. The

[29] "Rule 5- Companies (Corporate Social Responsibility) Rules, 2014," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/rule-5-companies-corporate-social-responsibility-rules-2014/ (last visited March 8, 2026).

Rules allow companies to execute projects directly through their own resources while registered trusts and societies and section 8 companies with necessary eligibility and registration can also implement projects under their authority. Corporate funding combines with specialized expertise in seven distinct fields which include health and education and skilling and environmental work and disability inclusion and women empowerment and rural development. The model works effectively for organizations that have financial resources but cannot execute projects at the community level because nonprofit organizations have established local trust and possess project expertise. [30]

Partnerships with government are also embedded in the legal structure through Schedule VII entries that permit contributions to specified public funds and support to publicly funded research institutions and incubators and national relief mechanisms. Schedule VII expressly allows contributions to funds set up by the Central Government for socio-economic development and relief and also supports contributions to certain government-funded research and innovation institutions. CSR functions as an additional development tool which supports public programs while keeping public funding and private legal duties separate from each other.[31]

Community stakeholders remain essential because CSR projects need to achieve actual public benefits which go beyond basic corporate reporting requirements. The first proviso to section 135(5) asks companies to give preference to local areas and areas around where they operate. The MCA states that companies must follow directory rules which allow them to choose how to handle community needs which result from their business activities. Stakeholder-sensitive CSR planning in mining, manufacturing, infrastructure and energy sectors results in reduced conflict and increased legitimacy which leads to sustainable social benefits.[32]

5. CSR AS AN INSTRUMENT FOR ADVANCING SUSTAINABLE DEVELOPMENT GOALS

5.1 Contribution of Indian Corporations to Social, Economic, and Environmental SDGs

The Indian corporate sector achieves SDG goals through CSR activities when companies spend their funds to create measurable social and economic and environmental results. Educational

[30] saurabhk9431, "CSR laws in India - Provision under the Companies Act, 2013" *iPleaders*, 2024 *available at*: https://blog.ipleaders.in/csr-laws-india/ (last visited March 8, 2026).
[31] "Companies Act - Schedule VII," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/schedule/schedule7-3/ (last visited March 8, 2026).
[32] Mayashree Acharya, "Corporate Social Responsibility Under Section 135 of Companies Act 2013" *ClearTax*, 1 June 2018.

expenditures support SDG 4; health and sanitation and nutrition programs advance SDGs 2 and 3 and 6; skills development and livelihood improvement programs advance SDG 8; gender equality initiatives advance SDG 5; and environmental sustainability initiatives advance SDGs 13 and 14 and 15. The statutory CSR framework already directs a large portion of corporate social spending toward high-priority SDG sectors because Schedule VII defines wide eligibility while MCA development data shows educational and health sectors as primary funding areas.[33]
The impact of corporate entities becomes crucial because India experiences different public development challenges across its various states and districts and its multiple sectors. The SDG Index from NITI Aayog shows progress because the results differ between regions and different target areas. Corporate CSR serves as a financial tool which brings localized funding to tackle school infrastructure problems and public health facility needs and sanitation access requirements and digital learning deficits and water system issues and women safety concerns and biodiversity restoration projects and livelihood development initiatives. The organization helps to implement SDG-based solutions through its measured outcomes but it does not function as a complete replacement for governmental authority.

5.2 Sector-wise CSR Interventions in Education, Health, Environment, and Livelihood

The available official data strongly suggests that sector-wise CSR intervention in India is already oriented toward core development goals. The MCA's development-wise analysis states that education and health care together account for more than 51 per cent of CSR spending. The central emphasis on this sector holds both legal importance and developmental importance because education and health serve as essential sectors that create multiple benefits which lead to poverty reduction and gender equality and child development and employability and human capability development. Health-linked CSR also overlaps with sanitation, preventive care and nutrition, all of which are recognised in Schedule VII.[34]
The two types of interventions for helping rural areas need equal attention. The MCA portal shows that Schedule VII includes both livelihood enhancement projects and rural development projects which received substantial funding from various sectors that include rural development and poverty and hunger and malnutrition. The SDGs require these interventions because welfare transfers do not achieve sustainable results which need skills and local enterprise and

[33] "How do CSR initiatives align with the United Nations Sustainable Development Goals (SDGs)?," *available at*: https://www.fundsforngos.org/all-questions-answered/how-do-csr-initiatives-align-with-the-united-nations-sustainable-development-goals-sdgs/ (last visited March 8, 2026).
[34] "Companies Act - Schedule VII," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/schedule/schedule7-3/ (last visited March 8, 2026).

agricultural resilience and women's economic participation and market-linked livelihood support. CSR funding for skilling and entrepreneurship and self-help groups and agri-value support and village infrastructure development creates more lasting economic advantages than charitable donations which provide project funding. [35]

The rising importance of environmental interventions within CSR programs occurs because climate risk and pollution stress and natural resource degradation become more severe. Schedule VII includes environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintenance of soil, air and water quality, including contribution to the Clean Ganga Fund. The CSR practices create a direct connection between climate-related goals and ecological sustainability development goals. The NITI Aayog data shows that India's Goal 13 score increased from 54 to 67 between 2020-21 and 2023-24 yet this evidence does not prove CSR alone caused the improvement because it demonstrates that climate action has become a national priority which allows corporate environmental CSR to function as a supporting element. [36]

5.3 The Evaluation Process For Assessing How CSR Activities Affect SDG Progress In India.

Indian CSR research faces its main obstacle because researchers find it easier to access spending data than they do to find data about actual results of CSR programs. The statutory framework has solved this issue by mandating impact assessments for all major CSR projects and their associated programs. The official FAQs explain that the purpose of this study determines the social effects which a specific CSR initiative creates so that companies can make informed choices and optimize their CSR resources and achieve better results from their CSR expenditures. The SDG system needs this requirement because companies must show progress toward their goals which they measure through targeted indicators which necessitate businesses to evolve their CSR practices from compliance monitoring to assessing actual outcomes.[37]

The CSR impact assessment process must evaluate all project results which include beneficiary counts and infrastructure development progress but it should also assess project outcomes

[35] Rachit Garg, "Schedule VII of Companies Act, 2013" *iPleaders*, 2024 *available at*: https://blog.ipleaders.in/schedule-vii-of-companies-act-2013/ (last visited March 8, 2026).
[36] "Companies Act - Schedule VII," Companies Act Integrated Ready Reckoner|Companies Act 2013|*CAIRR available at*: https://ca2013.com/schedule/schedule7-3/ (last visited March 8, 2026).
[37] Chenwei Sun et al., "Does firms' corporate social responsibility reduce crime?," 96 *International* Review *of Economics & Finance* 103719 (2024).

which include learning enhancements and public health improvements and armament access control and environmental conservation results. The current legal system enables this shift through its requirements for annual action plans and compliance reports and third-party assessments and public review of results. The measurement process remains dependent on project design and baseline data and independent evaluation capabilities and the ability to share results with others. The legal system establishes the basic structure of CSR activities which will enable organizations to achieve SDG objectives through their CSR work.[38]

6. CASE LAWS

M.K. Ranjitsinh & Ors v. Union of India & Ors[39] The Supreme Court decision creates an environmental and biodiversity ruling yet its Supreme Court justification establishes constitutional environmental obligations as the basis for United States corporate actions and development policies which companies must follow to achieve sustainable development goals. The Court connected climate and biodiversity conservation to constitutional rights and responsibilities which exist under Articles 21, 48A, 51A(g) while it evaluated governance options based on sustainability requirements. The ruling establishes a legal framework for companies which want to create environmental sustainability programs that comply with Schedule VII of the Companies Act 2013 and United Nations Sustainable Development Goals for climate and biodiversity even when their projects do not use CSR designations.

Pr. Commissioner of Income Tax-7 v. Steel Authority of India Ltd [40] court ruling develops its tax law foundation to create a framework which judges the legal classification of CSR funding. The Delhi High Court discussed CSR obligations with reference to Section 135 of the Companies Act, 2013, and the bar created by Explanation 2 to Section 37(1) of the Income Tax Act, 1961 (inserted by Finance Act, 2014, effective 1 April 2014).

Goldman Sachs Services Pvt. Ltd. v. JCIT[41] The dispute concerned whether donations made as part of CSR could still qualify for deduction under Section 80G of the Income Tax Act 1961 because CSR expenditure follows Explanation 2 to Section 37. The tribunal's reasoning (as

[38] Give (give.do), "CSR Impact Assessment Guidelines" *A Comprehensive Framework available at*: https://give.do/discover/news/csr-impact-assessment-guidelines/ (last visited March 8, 2026).
[39] M.K. Ranjitsinh & Ors v. Union of India & Ors, 2025 INSC 1472
[40] Pr. Commissioner of Income Tax-7 v. Steel Authority of India Ltd., ITA 3/2023, Neutral Citation 2023/DHC/000307
[41] Goldman Sachs Services Pvt. Ltd. v. JCIT, IT(TP)A No. 2355/Bang/2019

reported) treated Section 80G as operating within its own statutory scheme, subject to conditions and exclusions, and examined the interface with Section 135(5) of the Companies Act, 2013.

PCIT v. Rites Ltd[42] The Supreme Court decision (as reported) explains how CSR expenditure disputes proceed through appellate processes and creates compliance challenges through its "question of law left open" ruling. The discussion references the Delhi High Court line (including PEC/Rites) concerning Explanation 2 to Section 37(1) and the effective date/application to assessment years post-insertion, interacting with Section 135 CSR obligations under the Companies Act, 2013.

Indian Council for Enviro-Legal Action v. Union of India[43] This decision established corporate responsibility through the Polluter Pays Principle which required companies to restore environmental damage caused by their industrial operations. The Court's method shows a strong connection to Sustainable Development Goals which require access to clean water and health services and environmentally responsible manufacturing. The legal analysis examines India's complete environmental enforcement system which includes the Environment (Protection) Act, 1986 and its associated regulatory frameworks.

M.C. Mehta v. Union of India (Oleum Gas Leak)[44] The Supreme Court established its definition of pure liability in hazardous operations which required businesses to take responsibility for all their activities. The legal significance for SDGs lies in risk governance: industrial development must internalise environmental and human health costs (SDG 3, 11, 12). This legal framework establishes the foundation for future legal implementation of the Environment Protection Act 1986 and its associated laws while defining the assessment process for corporate social responsibility which does not permit companies to use social responsibility programs as a defense against environmental damage.

Subhash Kumar v. State of Bihar[45] The decision establishes that Article 21 right to life includes the right to pollution-free air and water and allows public interest lawsuits to stop environmental harm. The system provides constitutional validation for community demands

[42] PCIT v. Rites Ltd., (2024) 460 ITR 593
[43] Indian Council for Enviro-Legal Action v. Union of India, (1996) 3 SCC 212
[44] M.C. Mehta v. Union of India (Oleum Gas Leak), (1987) 1 SCC 395
[45] Subhash Kumar v. State of Bihar, (1991) 1 SCC 598

about environmental cleanliness and health protection and livelihood security which CSR programs can address and which people can enforce as rights. Corporate water and sanitation and environmental quality and community welfare efforts operate under a rights-based framework, while CSR functions as an extra requirement that organizations must follow beside their constitutional and statutory obligations.

7. COMPARATIVE EVALUATION AND EMERGING BEST PRACTICES

7.1 Comparative Analysis of Indian CSR Regulation with International Models

The Indian CSR framework demands certain companies to allocate minimum funds for social development projects which creates a unique requirement that does not exist in other countries. Many countries now require directors to fulfill sustainability obligations through their executive responsibilities and their requirements to conduct due diligence while non-financial data must be disclosed according to their existing regulations. The United Kingdom requires directors to fulfill their responsibilities according to section 172 of the Companies Act 2006 which demands them to consider the needs of employees and their local community and environmental protection but directors face no obligation to meet the Indian requirement of 2 percent CSR spending. The European Union has implemented sustainability reporting requirements through its Corporate Sustainability Reporting Directive (CSRD) which mandates multiple companies to disclose their sustainability information. The Indian system requires companies to spend money on social programs while European systems require organizations to disclose their sustainability practices through structured non-financial reporting and supply chain sustainability reporting.[46]

The Indian model achieves its particular importance because it requires corporate expenditures based on company law to comply with increasing sustainable development disclosure requirements established through existing securities regulations. The SEBI LODR framework through its Regulation 34(2)(f) together with BRSR requirements now establishes Indian sustainability reporting obligations for its top 1,000 market capitalisation listed companies that will start from FY 2022-23 and will receive additional support through BRSR Core assurance. This system establishes India as an emerging hybrid model which needs businesses to spend on CSR while demanding enhanced ESG reporting requirements. India's model delivers

[46] Indrani Nath, "Corporate Social Responsibility in India: Meaning, Scope, and Legal Framework" *CHRMP*, 2025 *available at*: https://www.chrmp.com/corporate-social-responsibility-in-india/.

stronger redistribution outcomes than countries which depend on voluntary CSR standards or systems that only require disclosure of information.[47]

7.2 Best Practices Adopted by Leading Indian Corporations in SDG-linked CSR

The best emerging practice in Indian CSR is no longer simple cheque-writing. The process involves board members who provide oversight together with project teams that design initiatives for multiple years and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct needs assessments in specific districts and teams that conduct . The statutory framework allows companies to avoid using SDG terminology but the combination of NGRBC BRSR and official policy discourse has made SDG mapping more important for companies. Companies that integrate CSR with their sustainability strategy achieve better results because these companies maintain consistency among their social expenditures and environmental practices and governance of stakeholders and creation of value for their organization over time.[48]

The second best practice involves using evidence-based thematic concentration. The MCA portal shows that organizations spend more than half their CSR funds on education and healthcare services because they seek to benefit society through measurable results. The approach proves effective when projects maintain their existence while adapting to local conditions and achieving specific results. The program needs to create comprehensive educational programs, which include maternal and child health care services together with nutrition, water security, climate resilience, skill development, rural enterprise development and digital inclusion initiatives.

Transparent disclosure and assurance represents the third best practice according to established norms. Leading corporations now use their annual reports together with their BRSR disclosures and their CSR reports as unified documents because sustainability reporting has reached an

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[47] "Achieving Sustainable Development Goals in India (Chapter 33) - The Cambridge Handbook of Corporate Law, Corporate Governance and Sustainability," *Cambridge Core available at*: https://www.cambridge.org/core/books/cambridge-handbook-of-corporate-law-corporate-governance-and-sustainability/achieving-sustainable-development-goals-in-india/40D951CFA0D1503EB213F4C5C3AF1CC8 (last visited March 8, 2026).

[48] Jagbir Singh Kadyan, "Corporate Social Responsibility in India" *Springer International Publishing,* 2021 *available at*: https://link.springer.com/rwe/10.1007/978-3-030-42465-7_86 (last visited March 8, 2026).

advanced stage. The system enhances accountability because stakeholders can examine all spending assertions together with project frameworks, governance details, environmental information and value chain threats within a single system. The approach unifies these elements to show how CSR activities function as reputation management tools that exist independently from actual business operations.

7.3 ESG, Business Responsibility, and the Future of Responsible Corporate Conduct

The future of corporate responsibility in India will be determined through the interactions between CSR, ESG, business responsibility and sustainability assurance. The CSR law mandate in section 135 requires organizations to spend funds on activities that benefit the public. The ESG and BRSR frameworks evaluate corporate operations as well as environmental and social risk management and worker and stakeholder treatment and supply chain governance and performance disclosure. The NGRBC establishes a normative link between these two areas by defining responsible business practices as an integrated system of sustainable corporate governance. [49]

The circular establishes a three step assurance process that will start with the top 150 listed entities in FY 2023-24 and continue to the top 250 entities in FY 2024-25 and top 500 entities in FY 2025-26 and top 1,000 entities in FY 2026-27. The graduated approach demonstrates that Indian regulations are shifting towards sustainability verification through independent methods instead of depending on companies' own reporting. The framework will evolve into a point where stakeholders will start to view CSR spending and corporate sustainability responsibility as one concept which requires them to follow both legal financial practices and ethical business operations.[50]

India should maintain its mandatory CSR spending requirement because it represents the most effective long-term solution which should direct spending toward measurable SDG results and regional development needs and climate resilience and transparent governance methods. The five-year official expenditure total of ₹1,44,159 crore shows that CSR has become too significant to remain a compliance ritual. The future of the organization depends on its ability to develop strategic alignment and better impact measurement systems and improved public data access and trustworthy assurance methods and its relationship with business responsibility

[49] Mayashree Acharya, "Corporate Social Responsibility Under Section 135 of Companies Act 2013" *ClearTax*, 1 June 2018.

[50] Priti Dubey, "Business Responsibility and Sustainability Reporting (BRSR)" CEEW Green Finance Centre, 28 March 2024.

standards. The legal system now mandates Indian corporations to operate as responsible development partners instead of their previous role as donors which they performed while maintaining ethical standards and transparency and sustainability practices.[51]

7. CONCLUSION AND RECOMMENDATIONS

7.1 Conclusion

The study concludes that the legal framework which governs Corporate Social Responsibility in India consists of three main elements which include statutory requirements and governance requirements and disclosure requirements which are based on section 135 of the Companies Act 2013. The operational scope of the system is determined by financial thresholds which include a net worth of ₹500 crore and a turnover of ₹1,000 crore and a net profit of ₹5 crore because these thresholds establish the minimum requirements for the system to function. The framework is strengthened by section 134(3)(o) on Board reporting, section 135(5), 135(6) and 135(7) on spending, unspent amounts and penalties, and the Companies (Corporate Social Responsibility Policy) Rules, 2014, which regulate implementation, disclosure, annual action plans, impact assessment and administrative overheads. The implementation of CSR in India has evolved from its previous status as optional charitable giving because businesses now must fulfill their legal responsibilities which require them to report to their boards and comply with laws.

The research shows that Indian companies' CSR activities establish a significant yet inconsistent connection to India's Sustainable Development Goals achievement. Official data indicates that education and health care together account for more than 51 per cent of CSR spending while sectors such as rural development poverty hunger malnutrition and environmental sustainability have together received more than ₹38,000 crore. The official parliamentary release reports total development CSR expenditure of ₹1,44,159 crore from FY 2019-20 to FY 2023-24. Corporate CSR activities now serve as an essential extra funding resource which helps achieve UN Sustainable Development Goals that address poverty health education and climate change and livelihoods and inequality reduction. State governance and welfare duties become the primary obligations which CSR can help advance through its targeted programs.

The study concludes that Schedule VII of the Companies Act 2013 functions as the main legal

[51] "Reimagining Corporate Social Responsibility in India," *Drishti IAS available at*: https://www.drishtiias.com/daily-updates/daily-news-editorials/reimagining-corporate-social-responsibility-in-india (last visited March 8, 2026).

link between corporate social responsibility and sustainable development practices. Its entries cover hunger, poverty, malnutrition, health care, sanitation, safe drinking water, education, livelihood enhancement, gender equality, environmental sustainability, ecological balance, rural development, slum area development, disaster management, sports promotion, heritage protection and contributions to specified public funds. The social activities and economic activities and environmental activities of these programs show a complete match with sustainability's three main pillars. Schedule VII enables companies to pursue lawful CSR expenditure while simultaneously contributing to SDG-oriented development outcomes. Schedule VII functions as more than a list of activities because it establishes sustainable development requirements which Indian company law must follow.

The research found that Indian corporations face their main difficulties through legal problems and institutional obstacles and practical limitations. The project faces several challenges because of its design uncertainties and its weak impact assessment system and its fragmented reporting methods and its inconsistent capacity of executing organizations and its compliance requirements which include all rules from CSR Rules 4 to 9 and its challenges to establish local preferences according to section 135(5) while maintaining national development goals. The law has established stronger monitoring requirements through mandatory impact assessments which apply to companies that exceed specified thresholds but the success of CSR initiatives still relies on the quality of governance and baseline data and transparency and long-term planning. The present situation contains operational problems because of existing law enforcement which fails to implement requirements according to existing regulations.

The study shows that CSR law and policy will develop according to future requirements when section 135 and Schedule VII and section 166(2) of the Companies Act 2013 and the National Guidelines on Responsible Business Conduct and the SEBI Business Responsibility and Sustainability Reporting framework from Regulation 34(2)(f) of the SEBI (LODR) Regulations 2015 become better integrated. The current CSR system needs major changes because it needs to become a result-based system which provides transparent data that supports sustainable development goals. Indian companies need to change their approach to corporate responsibility because they must show actual development results through their CSR funding which needs to comply with enhanced reporting standards and stronger verification methods and closer ties between their CSR activities and overall environmental social and governance management.

7.2. Recommendations

1. Organizations to establish stronger SDG connections through their CSR planning activities which follow section 135 and rule 5 because this needs to show all development goals with their respective target areas and measurable results for each project.
2. Requires rule 8(3) impact assessment to improve its evaluation process through the development of specific indicators that show education results and health outcomes and environmental impacts and livelihood developments and gender equality progress.
3. Organizations to boost their capacity building efforts by following better transparency standards which help them achieve public project-level data requirements during their implementation agency regulation process under rule 4 and Form CSR-1.
4. Organizations to read CSR disclosures which fall under section 134(3)(o) with more compatibility to SEBI's BRSR framework because this will improve understanding of social expenditures and sustainability risks and business responsibility report contents.
5. Schedule VII should maintain its current unrestricted interpretation which the MCA guidance explains but organizations need better administrative guidance to understand climate resilience and digital inclusion and regional development deficits.

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