



## Sustainable Business Practices & Corporate Social Responsibility (CSR) - A Case Study and Industry Practices in India

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### Abstract:

*This paper examines the evolution, current framework, practices, and gaps in sustainable business and Corporate Social Responsibility (CSR) in India. It covers the statutory framework (Companies Act, CSR Rules), regulatory reporting (SEBI's BRSR), voluntary frameworks (NGRBC), industry practice (case examples), drivers and barriers, measurable impacts, enforcement trends, and policy/recommendation suggestions for strengthening sustainability and responsible business conduct in India. Key legal and regulatory changes and leading corporate examples are cited.*

**Keywords:** Sustainable Business, CSR, BRSR, NGRBC, NVGs, SDGs.

### Introduction:

Sustainability and CSR have shifted in India from voluntary philanthropy to a mix of statutory obligations, market-driven disclosure requirements, and voluntary best-practices frameworks. This shift has turned CSR from an optional public-relations activity into a strategic aspect of corporate governance, risk management and long-term value creation. The Indian model is notable for being one of the first large economies to legislate mandatory CSR spending for certain companies, while also introducing market-facing disclosure rules to raise transparency and comparability.

### Historical & Legal Framework:

#### 1. Companies Act 2013 — Section 135

Section 135 of the Companies Act, 2013 (and the associated CSR Rules) introduced a statutory obligation for companies meeting certain financial thresholds (net worth, turnover or profit) to form a CSR committee and spend a percentage of profits on approved CSR activities. The law also defined governance requirements such as board oversight and reporting. This landmark provisions put India at the forefront globally in mandating corporate contributions to social development.

#### 2. CSR Rules & Amendments (notable updates)

The Companies (CSR Policy) Rules, 2014 and later amendments (including the 2021 amendment rules) clarified eligible activities, treatment of unspent amounts, implementation through registered entities, and procedural requirements (e.g., CSR policy content, disclosures). Ministries (MCA and others) have issued

clarifications and FAQs to guide implementation. Recent administrative moves (e.g., new registration forms for CSR implementing entities) seek to strengthen transparency and oversight.

### **3. Reporting & Market Regulation — SEBI's BRSR:**

The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR) framework to standardize ESG disclosures by listed companies. SEBI mandated BRSR-style disclosures initially for the top listed entities by market capitalization and has continued to refine guidance and reporting formats to improve comparability and decision-usefulness for investors. BRSR moves sustainability reporting toward standardized, auditable disclosures.

### **4 Voluntary & Guideline Frameworks — NGRBC and NVGs:**

India's National Guidelines on Responsible Business Conduct (NGRBC) and prior National Voluntary Guidelines (NVGs) provide voluntary principles covering governance, human rights, environment, consumer welfare, and community development. These guidelines dovetail with international frameworks such as the UN Guiding Principles on Business and Human Rights and the UN Sustainable Development Goals (SDGs).

#### **Drivers of Sustainable Practices & CSR in India:**

1. Regulatory compulsion: Section 135 and CSR Rules made CSR obligatory for many companies, creating predictable flows of corporate funds toward social causes.
2. Investor demand & disclosure rules: Institutional investors and SEBI-mandated reporting (BRSR) push companies to disclose and manage ESG risks.
3. Reputational & market benefits: Strong sustainability practices can improve brand loyalty, employee retention, and access to capital.
4. Risk management & supply-chain pressure: Climate, resource and social risks create incentives to integrate sustainability into strategy.
5. Stakeholder activism and civil society: NGOs, communities and courts influence corporate behaviour and sometimes trigger legal/regulatory responses. Recent court judgments and enforcement actions reflect this pressure.

#### **Forms of Sustainable Practices & CSR Implementation**

##### **1. CSR Spending Channels:**

In-house programs (company-run projects)

Implementing agencies / NGOs — many companies fund registered NGOs, trusts or Section 8 companies. The MCA has recently introduced tighter registration/oversight of CSR implementing agencies to improve transparency.

Collaborative programs & public-private partnerships with government for public service delivery.

##### **2. Focus Areas Commonly Funded:**

Education, health, rural development, sanitation & clean water, livelihood & skill development, environmental conservation and disaster relief are the dominant themes (aligned with Schedule VII of the Companies Act). CSR projects are often structured to align with local development needs while meeting statutory compliance.

### **3. Integration with Corporate Sustainability:**

Leading firms embed sustainability across operations (energy efficiency, green supply chains, circular economy measures, employee wellbeing) rather than confining it to CSR budgets. Disclosure frameworks (BRSR) encourage reporting on governance, environmental metrics (GHG, water, waste), social indicators (labour practices, community impact) and product responsibility.

#### **Case Studies & Industry Practice:**

##### **1. Tata Group — integrated and legacy-driven CSR:**

Tata has historically combined philanthropic foundations and group-level CSR initiatives with long-term investments in healthcare, education, livelihoods and environment. The Group's sustainability practice links community development with core business values. Tata's published sustainability materials provide detailed examples of integrated programs. Measurable outcomes include improved learning levels, access to clean drinking water and creation of rural livelihood.

##### **2. Infosys and IT-sector sustainability reporting:**

Infosys pioneered sustainability reporting among Indian IT firms (early GRI-aligned reports) and provides an example of embedding energy efficiency, renewable energy procurement, digital education and employee welfare into sustainability strategy and reporting. The IT sector's lower direct emissions have shifted focus to energy, e-waste, and human capital.

##### **FabIndia:**

Promoting handcrafted, organic, and natural fiber-based clothing with minimal chemical use. Raymond & Arvind: Using water-efficient dyeing processes and recycled fabrics in textile production.

##### **Dell & Apple India-E-Waste Recycling & Reverse Logistics:**

Offer take-back programs for old electronic devices. Reliance Digital & Samsung: Collect and recycle e-waste through authorized centers. TCS & Infosys: Implement responsible IT asset disposal programs.

##### **Mahindra & Mahindra-- Farm Equipment sustainability:**

The company was committed to sustainability vision "Rise for Good" which focused on environment, rural prosperity and social inclusion. They promoted precision farming to reduce water and fertilizer usage. The impact of CSR activities carried out by Mahindra & Mahindra led to major upliftment in education for girls, job creation through skilling programs and measurable CO2 reduction.

##### **Reliance Petrochemicals Ltd- Green Energy Transition:**

Developing gigafactories in solar PV, green hydrogen, fuel cells and batteries, Digital inclusion for rural communities through Jio Digital Literacy Program, Rural transformation through water management, irrigation systems and rural education centres which led to increase in rural livelihoods, employments and digital access.

#### **Measurement, Reporting & Impact Assessment:**

From inputs to outcomes: Historically, CSR reporting in India emphasized spend amounts. Modern practice requires outcome-oriented metrics, theory-of-change frameworks and third-party evaluations. BRSR encourages standardized indicators that align with global frameworks.

Assurance & comparability: Demand for third-party assurance of sustainability data is growing; standardized templates (BRSR) improve comparability across firms.

### **Challenges & Criticisms:**

1. Compliance vs. strategic CSR: Mandatory spending can encourage a compliance mindset—companies may treat CSR as a box-ticking exercise rather than integrating sustainability into strategy.
2. Quality and impact measurement: Not all CSR spend produces measurable social outcomes; outcome evaluation capacity is uneven.
3. Implementation opacity & intermediaries: Use of implementing agencies adds delivery capacity but raises concerns on effectiveness and fund diversion—hence recent registry reforms and scrutiny.
4. Legal ambiguities & enforcement: The legal landscape has evolved (including decriminalization/changes in penalties), and enforcement action is selective; still, governmental responses and court cases continue to shape practices. Recent enforcement actions show authorities do penalize non-compliance.
5. Fragmentation of disclosure standards: While SEBI's BRSR helps, global investors may expect other frameworks (TCFD/ISSB/GRI), complicating reporting choices.

### **Recent Trends & Developments (selected):**

SEBI's incremental strengthening of BRSR and guidance to ease reporting while raising comparability and data quality.

Regulatory focus on transparency of CSR implementing entities (new registration forms and MCA oversight).

Legal updates and judicial decisions shaping liability and remediation linked to CSR disclosure and compliance.

### **Policy & Corporate Recommendations:**

#### **For policymakers & regulators:**

1. Strengthen outcome reporting: Shift emphasis from only spend amounts to standardized, outcome-oriented metrics and independent impact evaluation.
2. Enhance oversight of implementing agencies: Maintain a public registry and reporting requirements to ensure effectiveness and reduce misuse.
3. Harmonize standards: Align BRSR with emerging global standards (ISSB/TCFD) to reduce reporting fragmentation while keeping local relevancy.

#### **For companies:**

1. Integrate sustainability into core strategy: Treat ESG risks and opportunities as enterprise-level priorities, not peripheral CSR.
2. Define measurable outcomes & third-party evaluation: Use clear indicators, baselines, and independent verification for major CSR programs.
3. Engage stakeholders & local governments: Co-design interventions with communities to improve relevance and sustainability.

4. Leverage disclosures for investor engagement: Use BRSR data to communicate material ESG risks and metrics to capital providers.

### Conclusion:

India's hybrid approach — statutory CSR obligations plus market-driven disclosure (BRSR) and voluntary guidelines (NGRBC) — creates a unique ecosystem for sustainable business. Progress has been rapid: statutory rules institutionalized funding, and SEBI-led reporting has professionalized disclosure. Yet challenges remain in converting CSR spend into measurable social outcomes and integrating ESG fully into corporate strategy. Continued reforms to reporting, oversight, and impact measurement will be critical to ensure that corporate resources translate into genuine and lasting sustainable development outcomes.

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