Page 2577 - 2594 **DOI:** *https://doi.org/10.63108/IJLMH.13043*

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 9 | Issue 5

2026

© 2026 *International Journal of Law Management & Humanities*

Follow this and additional works at: https://www.ijlmh.com/
Under the aegis of VidhiAagaz – Inking Your Brain (https://www.vidhiaagaz.com/)

This article is brought to you for free and open access by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact **support@vidhiaagaz.com**.

To submit your Manuscript for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to **submission@ijlmh.com.**

Corporate Responsibility for Environmental Protection in India: A Critical Study of Corporate and Legal Obligations

ANKIT BIDHURI*

ABSTRACT

Environmental degradation has emerged as one of the most significant challenges accompanying rapid industrialisation, urbanisation and economic development. Corporate enterprises, while contributing substantially to economic growth, employment generation and technological advancement, may also cause environmental harm through industrial emissions, hazardous waste, excessive resource consumption, deforestation, water pollution and greenhouse-gas emissions. Consequently, the traditional understanding of corporate responsibility, which primarily focused on profit maximisation and shareholder interests, has gradually expanded to include responsibilities towards society and the environment. In India, this transformation is reflected in constitutional provisions, environmental legislation, corporate governance requirements, judicial principles and the statutory Corporate Social Responsibility (CSR) framework under the Companies Act, 2013. The Indian legal framework imposes environmental obligations on corporations through various statutes, including the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, environmental impact assessment regulations and waste-management rules. The Companies Act, 2013 further incorporates environmental sustainability within Schedule VII and establishes CSR obligations under Section 135 for qualifying companies. Schedule VII expressly recognises environmental sustainability, ecological balance, protection of flora and fauna, conservation of natural resources and maintenance of the quality of soil, air and water as CSR activities. Indian environmental jurisprudence has also significantly strengthened corporate accountability. The Supreme Court has recognised principles such as sustainable development, the precautionary principle, the polluter pays principle and absolute liability as important components of environmental law. The polluter pays principle extends beyond compensation to include the cost of restoring environmental degradation. This research paper critically examines the nature and extent of corporate responsibility for environmental protection in India. It analyses the constitutional, statutory and judicial framework, evaluates the role of CSR and corporate governance, identifies practical and regulatory shortcomings, and proposes reforms for strengthening corporate

* Author is a Student at Maharshi Dayanand University, Rohtak, Haryana, India.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

environmental accountability. The paper argues that environmental protection should not be treated merely as philanthropic CSR expenditure but as an integral component of corporate governance, risk management and sustainable business conduct.

Keywords: *Corporate Responsibility, Environmental Protection, Corporate Social Responsibility, Companies Act 2013, Environmental Law, Sustainable Development, Polluter Pays Principle, Precautionary Principle, Corporate Governance, Environmental Accountability*

I. INTRODUCTION

Economic development and environmental protection are closely interconnected. Modern corporations play a central role in economic development through investment, industrial production, infrastructure development, employment generation and technological innovation. At the same time, corporate activities may have significant environmental consequences. Industries involved in mining, manufacturing, chemicals, energy, construction, transportation and infrastructure can contribute to air pollution, water contamination, soil degradation, biodiversity loss and the generation of hazardous waste.

Historically, corporate law was primarily concerned with incorporation, management, capital, shareholder rights and the maximisation of corporate profits. Environmental protection was largely regarded as a governmental responsibility enforced through regulatory legislation. This traditional approach has increasingly become inadequate because environmental damage caused by corporate activities may have long-term consequences for communities, natural resources and future generations.

The concept of corporate responsibility has therefore expanded beyond the relationship between a company and its shareholders. Modern corporate governance increasingly recognises stakeholders such as employees, consumers, local communities, governments and the environment. Sustainable corporate activity requires companies to consider not only immediate financial returns but also the social and ecological consequences of their operations.

India has developed a comparatively extensive framework for corporate environmental responsibility. The Constitution provides the fundamental foundation for environmental protection through Article 21, Article 48-A and Article 51-A(g).[1] Article 21 has been interpreted by the judiciary to include the right to a clean and healthy environment.[2] Article 48-A directs

[1] INDIA CONST. arts. 21, 48A, 51A(g).

[2] *See Vellore Citizens Welfare Forum v. Union of India*, (1996) 5 SCC 647, ¶¶ 13, 16 (India) (holding that the constitutional and statutory provisions protect a person's "right to fresh air, clean water and pollution free environment"); *Indian Council for Enviro-Legal Action v. Union of India*, (1996) 3 SCC 212 (India) (entertaining the petition because the authorities' failure to act against the polluting industries was undermining the right to life

© 2026. International Journal of Law Management & Humanities

the State to protect and improve the environment, while Article 51-A(g) imposes a fundamental duty on citizens to protect and improve the natural environment.

The statutory framework is equally significant. The Environment (Protection) Act, 1986 was enacted to provide for the protection and improvement of the environment and for matters connected therewith, including the prevention of hazards to human beings, other living creatures, plants and property.[3] The legislation provides the Central Government with extensive powers concerning environmental protection and pollution control.[4]

The Companies Act, 2013 represents another important development. Section 135 introduced statutory CSR obligations for qualifying companies.[5] India is widely recognised for adopting a statutory approach to CSR rather than leaving CSR entirely voluntary. Environmental sustainability is expressly included within Schedule VII of the Companies Act.[6]

Thus, corporate environmental responsibility in India operates through multiple and overlapping legal mechanisms. A company may simultaneously have obligations under environmental statutes, pollution-control regulations, environmental-clearance requirements, corporate-governance principles and CSR provisions.

The central question is whether this framework is sufficient to ensure meaningful environmental accountability or whether corporate environmental responsibility continues to operate primarily as a compliance-oriented exercise.

II. OBJECTIVES OF THE STUDY

The major objectives of this research are:

1. To examine the concept and evolution of corporate responsibility towards environmental protection.
2. To analyse the constitutional foundations of corporate environmental responsibility in India.
3. To study the major environmental laws regulating corporate activities.

---

of the affected villagers guaranteed by Article 21).

[3] The Environment (Protection) Act, No. 29 of 1986, INDIA CODE (1986), long title & pmbl.

[4] *Id.* §§ 3, 5.

[5] The Companies Act, No. 18 of 2013, INDIA CODE (2013), § 135(1), (5) (applying to every company with a net worth of rupees five hundred crore or more, a turnover of rupees one thousand crore or more, or a net profit of rupees five crore or more during the immediately preceding financial year, and requiring it to spend in every financial year at least two per cent of its average net profits of the three immediately preceding financial years in pursuance of its CSR policy).

[6] *Id.* sch. VII, item (iv).

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

4. To examine the environmental obligations of companies under the Companies Act, 2013.
5. To analyse the role of Corporate Social Responsibility in environmental protection.
6. To examine the contribution of the Indian judiciary in developing corporate environmental accountability.
7. To critically evaluate the principles of sustainable development, the precautionary principle and the polluter pays principle.
8. To identify deficiencies in the existing regulatory and enforcement framework.
9. To examine the relationship between corporate governance and environmental sustainability.
10. To suggest measures for strengthening corporate environmental responsibility in India.

III. RESEARCH METHODOLOGY

This research paper adopts a doctrinal and analytical research methodology. The study relies primarily upon primary and secondary legal sources.

A. Primary sources

The primary sources include:

- the Constitution of India;
- the Companies Act, 2013;
- the Environment (Protection) Act, 1986;
- the Water (Prevention and Control of Pollution) Act, 1974;
- the Air (Prevention and Control of Pollution) Act, 1981;
- the Environmental Impact Assessment framework;
- rules and regulations relating to waste management; and
- decisions of the Supreme Court and High Courts.

B. Secondary sources

Secondary materials include:

- books;
- research articles;
- law journals;

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

- government reports;
- academic publications;
- regulatory materials; and
- reports concerning CSR and environmental governance.

The study follows a critical and comparative analytical approach to evaluate whether the existing legal framework adequately addresses the environmental consequences of corporate activities.

IV. CONCEPT OF CORPORATE ENVIRONMENTAL RESPONSIBILITY

Corporate environmental responsibility refers to the obligation of business enterprises to conduct their activities in a manner that prevents, minimises and remedies environmental harm.

It includes both legal obligations and ethical responsibilities.

A corporation may be environmentally responsible by:

- complying with environmental legislation;
- obtaining necessary environmental approvals;
- controlling industrial emissions;
- treating wastewater;
- managing hazardous and solid waste;
- reducing carbon emissions;
- conserving water and energy;
- protecting biodiversity;
- adopting cleaner technologies;
- conducting environmental audits;
- undertaking environmental CSR projects;
- providing transparent environmental disclosures; and
- compensating for and remediating environmental damage.

Corporate environmental responsibility should therefore not be understood merely as expenditure on tree plantation or environmental CSR projects. It extends to the entire lifecycle of corporate operations.

A company that spends money on environmental CSR while simultaneously violating pollution-control standards cannot reasonably be regarded as environmentally responsible.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

Consequently, there is a need to distinguish between corporate environmental compliance and corporate environmental responsibility.

Compliance involves fulfilling legally prescribed standards, whereas responsibility has a broader dimension involving prevention, sustainability, stakeholder welfare and long-term ecological protection.

V. CONSTITUTIONAL FRAMEWORK

The Constitution of India provides the foundational basis for environmental protection.

A. Article 21

Article 21 protects life and personal liberty.[7] Judicial interpretation has expanded the meaning of life to include the right to live with dignity and in a healthy environment.

The Supreme Court has repeatedly recognised environmental protection as connected with the constitutional guarantee of life and personal liberty.[8]

Thus, environmental degradation caused by corporations can have implications for fundamental rights.

B. Article 48-A

Article 48-A provides:

> "The State shall endeavour to protect and improve the environment and to safeguard the forests and wild life of the country."[9]

Although contained in the Directive Principles of State Policy, the provision provides important constitutional guidance for environmental legislation and governance.

C. Article 51-A(g)

Article 51-A(g) imposes a fundamental duty upon citizens to protect and improve the natural environment, including forests, lakes, rivers and wildlife, and to have compassion for living creatures.[10]

Although corporations are not citizens in the constitutional sense, companies operate through directors, employees and other human actors. Corporate conduct must therefore be understood within the broader constitutional environmental framework.

---

[7] INDIA CONST. art. 21.
[8] *See Vellore Citizens Welfare Forum*, *supra* note 2, ¶¶ 13, 16; *Indian Council for Enviro-Legal Action*, *supra* note 2.
[9] INDIA CONST. art. 48A.
[10] INDIA CONST. art. 51A(g).

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

D. Constitutional environmental jurisprudence

Indian courts have used Articles 21, 48-A and 51-A(g) together to develop a strong environmental jurisprudence.[11] The principles of sustainable development, precaution and polluter pays have consequently become significant components of environmental decision-making.

VI. Statutory framework governing corporate environmental responsibility

India has enacted several statutes regulating industrial and commercial activities affecting the environment.

A. Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 is one of India's principal environmental statutes. Its stated objective is the protection and improvement of the environment and the prevention of hazards to human beings, other living creatures, plants and property.[12]

The Act provides extensive powers to the Central Government concerning:[13]

- environmental standards;
- regulation of pollutants;
- hazardous substances;
- industrial activities;
- environmental safeguards; and
- prevention and control of environmental pollution.

Corporate entities conducting activities covered by environmental regulation must comply with applicable standards and directions.[14]

B. Water (Prevention and Control of Pollution) Act, 1974

The Water Act seeks to prevent and control water pollution and to maintain or restore the wholesomeness of water.[15]

---

[11] *See Vellore Citizens Welfare Forum*, *supra* note 2, ¶¶ 13–14 (reading Articles 21, 47, 48A and 51A(g) with the Water, Air and Environment (Protection) Acts and holding that the precautionary principle and the polluter pays principle are part of the environmental law of the country).
[12] The Environment (Protection) Act, *supra* note 3, pmbl.
[13] *Id.* § 3(1)–(2).
[14] *Id.* §§ 5, 7; *see also id.* § 16 (offences by companies).
[15] The Water (Prevention and Control of Pollution) Act, No. 6 of 1974, India Code (1974), long title.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

Industries discharging effluents are required to comply with prescribed standards and regulatory requirements.[16]

Industrial discharge without appropriate treatment may cause serious consequences for:

- rivers;
- groundwater;
- agricultural land;
- aquatic ecosystems; and
- human health.

C. Air (Prevention and Control of Pollution) Act, 1981

The Air Act establishes a regulatory framework for preventing and controlling air pollution.[17]

Industrial establishments may be required to obtain consent from pollution-control authorities and to comply with emission standards.[18]

Corporate responsibility under the Air Act therefore includes the prevention and control of emissions generated by industrial operations.

D. Environmental impact assessment

Environmental Impact Assessment is an important preventive mechanism.

Before certain categories of projects commence, their environmental consequences are required to be assessed through the applicable environmental-clearance framework.[19]

The objective is to identify potential environmental impacts before irreversible damage occurs.

This reflects the precautionary principle, under which environmental risks should be addressed before harm occurs.[20]

VII. Corporate social responsibility under the Companies Act, 2013

One of the most significant developments in Indian corporate law is the statutory recognition of CSR.

---

[16] *Id.* §§ 24, 25.
[17] The Air (Prevention and Control of Pollution) Act, No. 14 of 1981, India Code (1981), long title.
[18] *Id.* §§ 21(1), 22 (consent of the State Board to establish or operate an industrial plant in an air pollution control area; emissions not to exceed the standards laid down by the State Board).
[19] Ministry of Environment and Forests, Notification S.O. 1533(E), ¶ 2 (Sept. 14, 2006) (Environment Impact Assessment Notification, 2006), Gazette of India, Extraordinary, pt. II sec. 3(ii) (requiring prior environmental clearance for the projects and activities listed in its Schedule).
[20] *See Vellore Citizens Welfare Forum*, *supra* note 2, ¶ 11.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

Section 135 of the Companies Act, 2013 establishes CSR requirements for companies satisfying the prescribed statutory criteria.[21]

A company's CSR policy must indicate the activities to be undertaken by it in the areas or subjects specified in Schedule VII.[22]

Environmental sustainability is expressly included within Schedule VII. The provision covers activities relating to environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water.[23]

This is important because environmental protection has been formally incorporated into the corporate social responsibility framework.

Major environmental CSR activities may include:

- afforestation;
- biodiversity conservation;
- water conservation;
- restoration of water bodies;
- waste management;
- renewable energy initiatives;
- ecological restoration;
- environmental awareness;
- conservation of natural resources;
- sustainable agriculture; and
- pollution-control initiatives.

However, CSR expenditure should not be regarded as a substitute for compliance with environmental law.[24]

A corporation cannot legitimately argue that environmental damage is permissible merely because it has undertaken environmental CSR activities.

---

[21] The Companies Act, *supra* note 5, § 135(1), (5).
[22] *Id.* § 135(3)(a), (4).
[23] *Id.* sch. VII, item (iv).
[24] *See* MINISTRY OF CORPORATE AFFAIRS, The Companies (Corporate Social Responsibility Policy) Rules, 2014, G.S.R. 129(E) (Feb. 27, 2014), r. 2(1)(d)(vi) (as substituted by G.S.R. 40(E) (Jan. 22, 2021)) (excluding from CSR "activities carried out for fulfilment of any other statutory obligations under any law in force in India").

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

VIII. CORPORATE GOVERNANCE AND ENVIRONMENTAL RESPONSIBILITY

Corporate governance refers to the system through which companies are directed, controlled and held accountable.

Environmental considerations are increasingly becoming part of corporate governance because environmental risks can directly affect:

- corporate reputation;
- profitability;
- regulatory compliance;
- investor confidence;
- operational continuity;
- insurance costs;
- litigation exposure; and
- long-term business sustainability.

Boards of directors should therefore integrate environmental considerations into corporate decision-making.

Environmental risk should be considered while:

- approving new projects;
- selecting suppliers;
- investing in infrastructure;
- developing production processes;
- managing waste;
- adopting technologies; and
- assessing business risks.

The Companies Act, 2013 places significant responsibility on directors concerning corporate governance.[25] Environmental sustainability can therefore be integrated into broader board-level risk management and stakeholder governance.

[25] The Companies Act, *supra* note 5, § 166(2) (requiring a director to act in good faith "in the best interests of the company, its employees, the shareholders, the community and for the protection of environment").

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

IX. JUDICIAL APPROACH TOWARDS CORPORATE ENVIRONMENTAL RESPONSIBILITY

The Indian judiciary has played an important role in transforming environmental principles into enforceable legal standards.

A. Absolute liability

In *M.C. Mehta v. Union of India*, popularly known as the Oleum Gas Leak case, the Supreme Court developed the principle of absolute liability for enterprises engaged in hazardous or inherently dangerous activities.[26]

Under this principle, an enterprise carrying on a hazardous or inherently dangerous activity is strictly and absolutely liable to compensate all those affected by an accident in the operation of that activity, and the liability is not subject to any of the exceptions to strict liability under the rule in *Rylands v. Fletcher*.[27]

This principle significantly strengthens corporate accountability because it is no answer for the enterprise to show that it took all reasonable care and that the harm occurred without negligence on its part.[28]

B. Polluter pays principle

The polluter pays principle requires the person responsible for pollution to bear the cost associated with environmental harm.[29]

Importantly, the principle is not restricted to compensation to individual victims. Indian jurisprudence has recognised that restoration of damaged ecology may also form part of the cost payable by the polluter.[30]

---

[26] *M.C. Mehta v. Union of India*, (1987) 1 SCC 395, AIR 1987 SC 1086 (India) (Oleum Gas Leak case).

[27] *Id.* (holding that such an enterprise "is strictly and absolutely liable to compensate all those who are affected by the accident and such liability is not subject to any of the exceptions which operate vis-a-vis the tortious principle of strict liability under the rule in *Rylands v. Fletcher*").

[28] *Id.* ("it should be no answer to the enterprise to say that it had taken all reasonable care and that the harm occurred without any negligence on its part").

[29] *Indian Council for Enviro-Legal Action*, *supra* note 2 (adopting the polluter pays principle, which "demands that the financial costs of preventing or remedying damage caused by pollution should lie with the undertakings which cause the pollution"); *Vellore Citizens Welfare Forum*, *supra* note 2, ¶ 12.

[30] *Vellore Citizens Welfare Forum*, *supra* note 2, ¶ 12 ("the absolute liability for harm to the environment extends not only to compensate the victims of pollution but also the cost of restoring the environmental degradation"); *Indian Council for Enviro-Legal Action*, *supra* note 2 (holding the polluting industries bound to remove the sludge and other pollutants and to defray the cost of the remedial measures required to restore the soil and the underground water); *see also S. Pugazhendhi v. Tamil Nadu State Pollution Control Board*, Original Application No. 34 of 2015 (SZ) (National Green Tribunal, Southern Zone, Mar. 5, 2021) (India) (directing a study and action plan for remediation of the contaminated groundwater around the SIPCOT industrial complex at Cuddalore, and directing the Pollution Control Board to impose environmental compensation on the industries identified), https://indiankanoon.org/doc/74803916/.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

Thus, corporate responsibility can include:

1. compensation to affected persons;
2. restoration of damaged ecosystems;
3. removal of pollutants;
4. remediation of contaminated land;
5. restoration of water resources; and
6. other environmental restoration costs.

C. Precautionary principle

The precautionary principle requires environmental risks to be addressed even where complete scientific certainty concerning the extent of damage may not exist.[31]

For corporations, this means that lack of complete scientific certainty cannot automatically justify postponing preventive environmental measures.

D. Sustainable development

Sustainable development seeks to balance economic development, environmental protection and social welfare.

Corporate activities should therefore satisfy present economic requirements without compromising the ability of future generations to meet their own needs.[32]

The Supreme Court has recognised sustainable development as an important component of Indian environmental jurisprudence.[33]

X. CORPORATE ENVIRONMENTAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Sustainable development has become central to modern corporate responsibility.

Corporations depend upon natural resources such as:

- land;

[31] *Vellore Citizens Welfare Forum*, *supra* note 2, ¶ 11 (holding that, in the context of municipal law, the precautionary principle means among other things that where there are threats of serious and irreversible damage, lack of scientific certainty should not be used as the reason for postponing measures to prevent environmental degradation).

[32] *Id.* ¶ 10 (adopting the Brundtland Report's definition of sustainable development as "[d]evelopment that meets the needs of the present without compromising the ability of the future generations to meet their own needs").

[33] *Id.* ¶¶ 10, 15 (holding that sustainable development, as a balancing concept between ecology and development, has been accepted as part of customary international law, which is deemed incorporated into domestic law where not contrary to it).

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

- water;
- minerals;
- forests;
- energy; and
- biodiversity.

Unsustainable exploitation of these resources ultimately threatens both ecological systems and business continuity.

Corporate sustainability therefore requires companies to shift from a short-term profit model towards long-term value creation.

Important measures include the following.

A. Renewable energy

Corporations can reduce dependence on fossil fuels by adopting solar, wind and other renewable energy sources.

B. Energy efficiency

Energy-efficient machinery and production systems can reduce both costs and environmental impacts.

C. Circular economy

Companies should minimise waste through:

- reuse;
- recycling;
- repair;
- recovery; and
- resource efficiency.

D. Sustainable supply chains

Environmental responsibility should extend beyond the company's own premises to suppliers and contractors.

E. Green technology

Investment in cleaner production technologies can reduce emissions and resource consumption.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

XI. Major challenges in corporate environmental accountability

Despite a comprehensive legal framework, several challenges remain.

A. Weak enforcement

One of the principal problems is inadequate enforcement of environmental standards.

The existence of legislation does not automatically ensure compliance.

B. Regulatory fragmentation

Corporate environmental obligations are spread across numerous statutes, rules, notifications and regulatory authorities.

This may create:

- overlapping jurisdiction;
- administrative complexity;
- inconsistent enforcement; and
- compliance uncertainty.

C. Compliance-oriented CSR

Some corporations may treat CSR primarily as a statutory expenditure requirement rather than as a genuine environmental responsibility.

This creates a risk that environmental CSR becomes a box-ticking exercise.

D. Inadequate environmental disclosure

Corporate environmental disclosures may not always provide stakeholders with sufficient information regarding:

- emissions;
- waste;
- environmental risks;
- resource consumption;
- ecological damage; and
- remediation measures.

E. Lack of effective monitoring

Environmental violations may continue because of inadequate inspection and monitoring mechanisms.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

F. Conflict between profit and environment

Corporations naturally seek profitability and growth. Environmental protection may sometimes increase short-term operational costs.

The legal framework must therefore ensure that environmental compliance cannot simply be treated as an optional business expense.

XII. Critical analysis of the existing legal framework

The Indian framework has several strengths:

1. Environmental protection has constitutional recognition.
2. India has enacted comprehensive environmental legislation.
3. The Companies Act, 2013 recognises environmental sustainability within CSR.
4. The judiciary has developed strong environmental principles.
5. The polluter pays principle provides a mechanism for assigning environmental costs to responsible enterprises.

However, important limitations remain.

The first major problem is the distinction between CSR and environmental liability. CSR is primarily concerned with social and developmental activities, whereas environmental liability concerns responsibility for environmental harm.

A company should not be allowed to treat CSR expenditure as a substitute for compliance with environmental law.

The second issue is enforcement. Environmental laws can be effective only when regulatory authorities have adequate resources, technical expertise and independence.

The third issue is transparency. Stakeholders should be able to understand the environmental consequences of corporate operations.

The fourth issue concerns restoration. Compensation alone may not adequately address ecological damage. Environmental restoration should form an essential part of corporate liability.

The fifth issue is preventive regulation. Environmental law should not operate merely after pollution has occurred. Risk assessment and preventive mechanisms are equally important.

XIII. Suggestions and recommendations

The following reforms may strengthen corporate environmental responsibility in India.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

A. Environmental responsibility at board level

Environmental risks should be incorporated into board-level corporate governance.

Boards should regularly review:

- environmental compliance;
- pollution risks;
- climate risks;
- environmental litigation;
- resource consumption; and
- sustainability performance.

B. Strengthening environmental audits

Independent environmental audits should be encouraged, particularly for industries with significant environmental impacts.

C. Greater transparency

Companies should provide clear information concerning:

- emissions;
- waste generation;
- water consumption;
- energy consumption;
- environmental violations;
- environmental expenditure; and
- remediation activities.

D. Stronger monitoring

Pollution-control authorities should be provided with adequate:

- financial resources;
- technical personnel;
- laboratory facilities;
- digital monitoring systems; and
- enforcement powers.

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

E. Linking CSR with local environmental needs

Environmental CSR should be directed towards areas experiencing environmental stress, particularly communities located around industrial projects.

F. Environmental restoration

Where corporations cause environmental damage, regulatory authorities should ensure actual restoration rather than relying exclusively upon monetary compensation.

G. Promotion of green technology

Government incentives should encourage companies to invest in:

- renewable energy;
- low-carbon technologies;
- pollution-control equipment;
- waste recycling;
- water conservation; and
- sustainable production.

H. Stronger stakeholder participation

Local communities should have meaningful opportunities to participate in environmental decision-making concerning projects affecting their lives and natural resources.

I. Integration of environmental risk into corporate reporting

Environmental performance should become an integral component of corporate reporting rather than a separate philanthropic activity.

XIV. Conclusion

Corporate environmental responsibility has become an essential component of modern corporate governance in India. The transformation from a purely profit-oriented conception of corporate activity towards a stakeholder-oriented and sustainability-based approach reflects the growing recognition that corporations cannot operate independently of the environment and the communities in which they function.

India has established an extensive legal framework for environmental protection through constitutional provisions, environmental statutes, regulatory mechanisms and judicial principles. The Environment (Protection) Act, 1986 provides a central statutory foundation for

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]

environmental regulation, while the Water Act and the Air Act regulate important forms of industrial pollution.

The Companies Act, 2013 has added an important corporate dimension by recognising environmental sustainability within Schedule VII and establishing statutory CSR obligations. Environmental sustainability under Schedule VII includes ecological balance, protection of flora and fauna, conservation of natural resources and maintenance of the quality of soil, air and water.

The judiciary has further strengthened corporate accountability through principles such as absolute liability, sustainable development, the precautionary principle and the polluter pays principle. Particularly important is the recognition that environmental liability can include the cost of restoring ecological damage rather than merely compensating individual victims.

Nevertheless, significant challenges remain. Environmental regulation continues to suffer from enforcement gaps, regulatory fragmentation, insufficient monitoring and inadequate transparency. CSR can also become a compliance exercise unless environmental responsibility is integrated into the core business model.

Therefore, the future of corporate environmental responsibility in India lies in moving from "CSR as expenditure" to "environmental responsibility as corporate governance". Companies should view environmental protection not merely as a statutory burden but as an essential component of sustainable business.

Ultimately, economic development and environmental protection should not be regarded as competing objectives. Responsible corporate conduct can promote both economic prosperity and ecological sustainability. The objective should be to establish a corporate culture in which prevention of environmental harm, sustainable resource use, environmental transparency and restoration of ecological damage become integral elements of corporate decision-making.

A corporation that derives economic benefit from society and natural resources must also accept responsibility for protecting those resources. Effective environmental corporate governance is therefore not merely a matter of corporate ethics; it is an essential requirement of sustainable development, constitutional governance and inter-generational justice.

*****

© 2026. International Journal of Law Management & Humanities [ISSN 2581-5369]