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Corporate Social Responsibility in Emerging Markets: Balancing Profit with Purpose

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ABSTRACT

In today's business environment, stakeholders such as governments, customers and investors no longer evaluate companies solely on financial performance but also on how responsibly they engage on social, environmental and technological fronts. In emerging markets, the pursuit of profit often coexists with deep social and environmental challenges. Howard R. Bowen, widely regarded as the "Father of Corporate Social Responsibility (CSR)," argued that businesses bear a responsibility to undertake activities that advance the interests and values of society. CSR is not merely about donations or responsible corporate citizenship but about keeping solutions viable over the long term. This paper examines how CSR has evolved from peripheral philanthropy into a strategic instrument for sustainable growth. Within these rapidly growing yet institutionally fragile economies, CSR serves both as a risk-management tool and as a driver of innovation. By examining strategic frameworks such as the Adaptive Stakeholder Integration Model and the Tech-Enabled Transparency and Impact Model, this paper outlines how corporations can align profitability with social progress, promoting stakeholder trust, reducing costs, and expanding into new markets so as to balance reputation and profit. It concludes that in emerging markets CSR is not merely ethical but essential for resilience, stakeholder trust and long-term value creation.

Keywords: *Corporate Social Responsibility, emerging markets, sustainable management, profit, stakeholder trust.*

I. INTRODUCTION

"There is no right way to do the wrong thing. Ethical choices sometimes require sacrifice. This may not always lead to positive feelings for the decision-maker, but it should always lead to positive feelings for those affected by the decision-maker." — Christopher Gilbert

In an era in which corporate operations extend well beyond mere profit-making, the role of business in society has transformed to encompass social, environmental and technological dimensions. In emerging markets, corporations are increasingly expected to contribute to

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sustainable development rather than solely to financial growth. Corporate Social Responsibility (CSR) is a concept whereby organisations serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment across all aspects of their operations. CSR is not about giving randomly but about bringing benefits to all stakeholders, including customers, employees and the community at large.¹ India, as one of the world's fastest-growing economies, reflects these market changes. CSR broadens the focus from shareholder wealth to wider societal impact, signalling a changing stakeholder landscape in which companies are judged not only on financial metrics but on how responsibly they conduct themselves.

A. From voluntary action to mandatory compliance in India

The evolution of CSR in India reflects a broader global shift from discretionary benevolence to institutionalised obligation. Historically, the term Corporate Social Responsibility implied philanthropic or voluntary activities undertaken by firms, such as community service, charity and employee welfare initiatives. In recent years, however, the concept has evolved, and CSR is now framed as the integration of ethical, social and environmental concerns into business strategy and operations. In India this transition took legal form: what began as a voluntary business practice was transformed into a statutory obligation through Section 135 of the Companies Act, 2013, marking a new era in which corporate responsibility is embedded in law and not merely in goodwill.²

The link between profitability and social responsibility is more pronounced now, as companies that invest in community welfare, environmental duties and ethical governance not only fulfil legal obligations but also benefit from reduced operational costs, increased sales and customer loyalty, higher productivity and quality, improved access to capital, and an enhanced brand image and reputation.

B. Section 135 of the Companies Act, 2013: a brief background

Section 135 of the Companies Act, 2013 marks a change in the Indian corporate governance landscape by mandating CSR for companies that meet a certain size threshold. Applicable to companies with a net worth of ₹500 crore or more, a turnover of ₹1,000 crore or more, or a net

¹ Institute of Company Secretaries of India, *Corporate Social Responsibility under the Companies Act, 2013* (Feb. 2, 2015), <https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2020222015.pdf>.

² Kiran Sharma & Anita Singh, *A Critical Analysis of Corporate Social Responsibility in Context to the Provisions of the Companies Act, 2013 of India*, 27 J. ACAD. BUS. STUD. 16703 (2023), <https://www.abacademies.org/articles/a-critical-analysis-of-corporate-social-responsibility-in-co>.

profit of ₹5 crore or more during any financial year, the provision requires the allocation of at least 2 per cent of average net profits to the CSR activities outlined in Schedule VII.³

The law requires the constitution of a CSR Committee comprising at least three directors, including one independent director, tasked with formulating and monitoring CSR policy. These regulatory shifts show how business profitability is now understood to coexist with ethical duty. Beyond mere compliance, Section 135⁴ represents a policy innovation that aligns corporate growth with national development priorities, ranging from poverty alleviation and education to environmental sustainability and rural development. From 2014 to 2022, Indian companies collectively spent ₹1.53 lakh crore on CSR initiatives, with spending in the last three years of that period constituting more than 50 per cent of the total.⁵ These developments transform CSR from a voluntary goodwill gesture into a non-negotiable component of business strategy, fostering accountability and measurable social impact.

C. Importance of CSR in the Indian business context

In the Indian business context, CSR takes on special importance owing to rapid economic growth alongside persistent social and environmental challenges. CSR initiatives bridge gaps in public service delivery, particularly in underserved rural and semi-urban regions where government reach remains limited. The institutional infrastructure may be less robust than in mature economies, making corporate responsibility vital for bridging gaps in development, governance and stakeholder welfare.⁶

For businesses, CSR offers strategic advantages such as a licence to operate within communities, mitigation of regulatory and reputational risks, the ability to attract socially conscious investors, and enhanced employee engagement and retention. Compliance remained high in FY 2023-24, with 98 per cent of the 1,394 eligible companies fulfilling their CSR obligations and 49 per cent exceeding their mandated spending, reflecting a proactive approach.⁷

Moreover, as Indian enterprises become more closely connected with global value chains, adherence to international Environmental, Social and Governance (ESG) and CSR standards

³ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, sch. VII (India).

⁴ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135 (India).

⁵ *Economic Survey 2023-24: CSR Spending Reaches Rs 1.53 Lakh Crore from 2014 to 2022 (8 Years)*, INDIA CSR (Feb. 2024), <https://indiacr.in/economic-survey-2023-24-csr-spending-reaches-rs-1-53-lakh-crore-from-2014-to-2022-8-years/>.

⁶ Jeremy Moon et al., *The Impact of Corporate Social Responsibility on Sustainable Development: Evidence and Implications* (White Rose ePrints No. 183551, 2022), <https://eprints.whiterose.ac.uk/id/eprint/183551/>.

⁷ *CSR Spending in India Grows 16% in FY24*, VAJIRAM & RAVI CURRENT AFFAIRS (July 2024), <https://vajiramandravi.com/current-affairs/csr-spending-in-india-grows-16-in-fy24/>.

has become a strategic necessity. Such alignment enables companies to gain investor confidence, mitigate potential risks, and strengthen their credibility in both national and global markets.

D. CSR and stakeholder trust: building reputation and sustainability

The modern corporation operates within an ecosystem of interdependent stakeholders, namely shareholders, employees, customers, communities, governments and civil society, each wielding significant influence over business outcomes. CSR serves as the connective tissue that aligns corporate behaviour with stakeholder expectations, thereby shaping reputation, ensuring sustainability and building trust. According to the Triple Bottom Line framework introduced by John Elkington in 1997, business entities must do more than make profits for the owners of capital: they must balance People (human capital), Planet (natural capital) and Profit.⁸ In emerging economies, where institutional trust is often uncertain, organisations that integrate CSR into their core strategies convey a strong message of commitment to values that extend beyond mere profit. Such initiatives enhance organisational resilience, minimise stakeholder-related risks and reinforce sustainable business growth over the long term.

II. LEGAL FRAMEWORK UNDER SECTION 135 OF THE COMPANIES ACT, 2013

A. Statutory foundation of CSR in India

Corporate Social Responsibility found its legal footing in India through the enactment of the Companies Act, 2013. Prior to this, CSR was primarily a voluntary initiative guided by ethical norms and the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (2011).⁹ The introduction of Section 135 of the Companies Act institutionalised CSR as a statutory requirement, transforming a moral expectation into a legal obligation.¹⁰ The objective was to ensure that profitable enterprises actively contribute to national development priorities such as environmental sustainability, poverty reduction, education and social equity.¹¹ This framework reflects a convergence between global sustainable development principles and domestic corporate law. By embedding CSR obligations within legislation, India became the first country in the world to mandate corporate responsibility

⁸ John Elkington, *Enter the Triple Bottom Line* 2-3, <https://www.johnelkington.com/archive/TBL-elkington-chapter>.

⁹ Institute of Company Secretaries of India, *Corporate Social Responsibility* 3 (2015), <https://www.icsi.edu/media/website/Corporate%20Social%20Responsibility.pdf>.

¹⁰ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135(1) (India).

¹¹ Ministry of Corporate Affairs, The Companies (Corporate Social Responsibility Policy) Rules, 2014, r. 2(b) (India).

through law.¹² This development aligns with international commitments such as the Paris Agreement, which encourages sustainable industrial practices and the reduction of environmental degradation through private-sector participation.¹³

B. Applicability, CSR Committee formation and the mandatory 2 per cent contribution rule

Section 135(1)¹⁴ applies to companies that meet any one of the following financial thresholds during a financial year: a net worth of ₹500 crore or more, a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more. Every qualifying company must constitute a Corporate Social Responsibility Committee of the Board comprising at least three directors, including one independent director.¹⁵ The CSR Committee is entrusted with formulating and recommending to the Board a CSR policy outlining the activities to be undertaken by the company in accordance with Schedule VII.¹⁶ The Committee also monitors policy implementation and ensures that the company fulfils its CSR obligations transparently and efficiently.¹⁷ The law mandates that every eligible company spend at least 2 per cent of its average net profits over the preceding three financial years on CSR activities.¹⁸ The Companies (CSR Policy) Rules, 2014 further define the framework for implementation, emphasising measurable outcomes, governance oversight and public disclosure through the annual Board Report.¹⁹

C. Compliance mechanisms and implications

Section 135(5)²⁰ provides that if a company fails to spend the prescribed amount, the Board must clearly state the reasons for such non-spending in its report. Amendments introduced the concept of an Unspent CSR Account, requiring companies to transfer unutilised funds to a special account within 30 days and to utilise them within three financial years, failing which the amount must be remitted to a fund specified under Schedule VII.²¹ In addition, the Board's

¹² Responsenet Developments Foundation, *CSR Compliance & Implementation: Your Complete Guide to Navigating Corporate Social Responsibility in India* (2023), <https://www.responsenet.org/csr-compliance-implementation-your-complete-guide-navigating-corporate-social-responsibility-in-india/>.

¹³ Paris Agreement, Dec. 12, 2015, T.I.A.S. No. 16-1104, 55 I.L.M. 740 (2016).

¹⁴ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135(1) (India).

¹⁵ *Corporate Social Responsibility (Meaning, Objectives & Applicability)*, CLEAR TAX (2023), <https://cleartax.in/s/corporate-social-responsibility>.

¹⁶ The Companies (CSR Policy) Rules, 2014, r. 5 (India).

¹⁷ DPNC India, *Corporate Social Responsibility under Section 135 of the Companies Act, 2013* (Mar. 2023), <https://dpncindia.com/wp-content/uploads/2023/03/corporate-social-responsibility-under-section-135-of-companies-act-2013.pdf>.

¹⁸ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135(5) (India).

¹⁹ Institute of Company Secretaries of India, *CSR and Social Governance* 7 (2019), https://www.icsi.edu/media/webmodules/Academics/CSR_Social_Governance.pdf.

²⁰ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135(5) (India).

²¹ The Companies (Amendment) Act, 2019, No. 22, Acts of Parliament, 2019 (India).

Report under Section 134(3)(o)²² mandates disclosure of CSR policy details, the composition of the CSR Committee and the extent of compliance. Failure to comply attracts penalties under Section 135(7),²³ which provides for fines ranging from ₹50,000 to ₹25 lakh for the company and imprisonment or fines for officers in default. The Ministry of Corporate Affairs has initiated penal action against non-compliant companies, underscoring the seriousness of enforcement.²⁴ Empirical studies show that legal regulation and its enforcement have led to a rise in CSR spending and disclosures.²⁵ Companies increasingly view CSR not as a cost but as a strategic investment that strengthens goodwill, mitigates reputational risks and enhances stakeholder relations.

D. CSR spending, Schedule VII activities, penalties and the link to sustainability and governance

The spending requirement under Section 135(5)²⁶ obligates companies to contribute at least 2 per cent of their average net profits over the preceding three years to CSR activities. Schedule VII²⁷ of the Act provides an illustrative list of permitted CSR areas, including education, gender equality, environmental sustainability, rural development, healthcare and the protection of national heritage. This list aligns with national and global Sustainable Development Goals (SDGs), enabling corporations to integrate CSR with Environmental, Social and Governance (ESG) standards.²⁸ Successive amendments have expanded its scope to include disaster relief, technology incubation and rural sports. Non-compliance results in monetary penalties and reputational harm. The "comply or explain" principle ensures that CSR performance remains a matter of public record, promoting transparency and accountability. From a governance standpoint, CSR marks a shift toward stakeholder-centric corporate management, embedding sustainability within board-level decision-making and aligning long-term profitability with ethical and social objectives.²⁹

²² The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 134(3)(o) (India).

²³ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135(7) (India).

²⁴ Press Information Bureau, Gov't of India, *Cabinet Approves Amendments to CSR Provisions under Companies Act, 2013* (Sept. 20, 2017), <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1522762>.

²⁵ Priya Nair, *Effect of Corporate Social Responsibility (CSR) and Its Impact on Stakeholders* (2022), <https://scispace.com/pdf/effect-of-corporate-social-responsibility-csr-and-its-3ikozb68.pdf>.

²⁶ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, § 135(5) (India).

²⁷ The Companies Act, 2013, No. 18, Acts of Parliament, 2013, sch. VII (India).

²⁸ Ropes & Gray LLP, *India Substantially Revamps CSR Requirements: The Impact on Compliance at Indian Subsidiaries* (July 27, 2021), <https://www.ropesgray.com/en/insights/alerts/2021/07/india-substantially-revamps-csr-requirements-the-impact-on-compliance-at-indian-subsidiaries>.

²⁹ Jeremy Moon et al., *The Impact of Corporate Social Responsibility on Sustainable Development: Evidence and Implications* (White Rose ePrints No. 183551, 2022), <https://eprints.whiterose.ac.uk/id/eprint/183551/>.

III. EVOLUTION AND ETHICAL DIMENSIONS OF CSR

A. Historical background of CSR in India and globally

The roots of corporate social responsibility extend far deeper than modern regulatory frameworks might suggest. In India, these principles find their origins in ancient texts, where Vedic philosophy emphasised collective survival over individual gain, recognising that while humans may live individually, survival requires communal effort.³⁰ The concept of *sarva loka hitam*, the well-being of all stakeholders, shaped early Indian commerce, with merchants building educational institutions and temples as expressions of responsibility toward society.³¹

Globally, the evolution of CSR can be traced through distinct historical phases. The philanthropic era preceding the 1950s saw business tycoons engaging in charity while often maintaining exploitative labour practices, a pattern of selective benevolence that established troubling precedents.³² The watershed moment came in 1953, when Howard R. Bowen published *Social Responsibilities of the Businessman*, earning him recognition as the "father of CSR."³³ Bowen's central question, "What responsibilities to society may business people reasonably be expected to assume?", continues to drive CSR discourse seven decades later.³⁴ He defined social responsibility as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."³⁵

Since the 1960s, both the scholarship and the practice of CSR have expanded exponentially.³⁶ The 1970s witnessed the introduction of the "social contract" concept by the Committee for Economic Development, positing that companies function through public consent and therefore bear obligations to society.³⁷ The discourse evolved significantly through the 1990s with increasing globalisation, as international agreements such as the Rio Earth Summit and the

³⁰ Institute of Company Secretaries of India, *Corporate Social Responsibility - An Engine for Inclusive Growth* 5 (2015).

³¹ Institute of Company Secretaries of India, *Corporate Social Responsibility - An Engine for Inclusive Growth* 1, 5 (2015).

³² *Corporate Social Responsibility - Business Ethics and Social Responsibility*, Open Textbooks for Hong Kong (last visited Nov. 2024).

³³ Grinnell College, *President Howard Bowen & Corporate Social Responsibility* (Nov. 2024), <https://www.grinnell.edu/about/history/howard-bowen>.

³⁴ *Id.*

³⁵ Howard R. Bowen, *Social Responsibilities of the Businessman* 6 (1953).

³⁶ Grinnell College, *President Howard Bowen & Corporate Social Responsibility* (Nov. 2024).

³⁷ *A Brief History of Corporate Social Responsibility (CSR)*, THOMASNET (Oct. 25, 2023), <https://www.thomasnet.com/articles/other/brief-history-of-corporate-social-responsibility/>.

Kyoto Protocol shifted CSR concerns from local harm minimisation to addressing global challenges.³⁸

B. From philanthropy to legal obligation: constitutional and international linkages

The transformation of CSR from voluntary philanthropy to legal mandate represents a fundamental shift in corporate governance philosophy. This evolution was catalysed by growing environmental consciousness following the 1972 UN Conference on the Human Environment at Stockholm, which declared that environmental preservation is essential to life itself.³⁹

In India, constitutional recognition came through the 42nd Amendment of 1976, which inserted Article 48-A among the Directive Principles of State Policy, directing the State to "endeavour to protect and improve the environment and to safeguard the forests and wild life of the country."⁴⁰ Simultaneously, Article 51-A(g) was added to the Fundamental Duties, making it "the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers and wild life, and to have compassion for living creatures."⁴¹ Judicial interpretation has clarified that Article 51-A(g) was inserted to ensure that "the spirit and message of Articles 48 and 48A is honoured as a fundamental duty of every citizen."⁴²

These constitutional provisions interconnect with the right to life under Article 21, which the Supreme Court has interpreted to include the right to a healthy environment.⁴³ This constitutional framework laid the groundwork for subsequent environmental legislation, including the Water (Prevention and Control of Pollution) Act, 1974,⁴⁴ the Air (Prevention and Control of Pollution) Act, 1981,⁴⁵ and, crucially, the Environment (Protection) Act, 1986.⁴⁶ This legislative architecture ultimately paved the way for the Companies Act, 2013, transforming CSR from a moral obligation into a legal requirement and making India the first country worldwide to mandate CSR spending.⁴⁷

³⁸ *The Evolution of Corporate Social Responsibility*, ECOLYTICS (Nov. 2024), <https://www.ecolytics.io/post/the-evolution-of-csr>.

³⁹ Declaration of the United Nations Conference on the Human Environment, princ. 1, U.N. Doc. A/CONF.48/14/Rev.1 (June 16, 1972).

⁴⁰ INDIA CONST. art. 48-A; Institute of Company Secretaries of India, *Corporate Social Responsibility - An Engine for Inclusive Growth* 6 (2015).

⁴¹ INDIA CONST. art. 51-A(g).

⁴² *Animal Welfare Board of India v. A. Nagaraja*, (2014) 7 SCC 547 (India).

⁴³ *Subhash Kumar v. State of Bihar*, (1991) 1 SCC 598, 605 (India).

⁴⁴ The Water (Prevention and Control of Pollution) Act, 1974, No. 6, Acts of Parliament, 1974, §§ 3-4 (India).

⁴⁵ The Air (Prevention and Control of Pollution) Act, 1981, No. 14, Acts of Parliament, 1981, §§ 3-4 (India).

⁴⁶ The Environment (Protection) Act, 1986, No. 29, Acts of Parliament, 1986, § 3 (India).

⁴⁷ Institute of Company Secretaries of India, *Corporate Social Responsibility* (Ministry of Corporate Affairs Pamphlet) 1 (2015).

C. CSR as an ethical business model

Corporate social responsibility transcends regulatory compliance to embody an ethical framework recognising the interdependence between corporate success and societal welfare. The business case for CSR manifests across multiple dimensions: operational cost reduction through resource efficiency, enhanced customer loyalty from socially responsible practices, improved productivity through better working conditions, increased access to capital as lenders incorporate CSR metrics, and strengthened brand reputation among stakeholders.⁴⁸

The ethical imperative underlying CSR stems from the recognition that corporations derive resources from society and the environment, creating inherent obligations to contribute positively to sustaining ecosystems. This understanding aligns with Michael Hopkins' definition of CSR as "treating the stakeholders of a company or institution ethically or in a responsible manner," where ethical treatment means conduct "deemed acceptable according to international norms."⁴⁹

Contemporary CSR extends beyond charity to the strategic integration of social goals into business operations. This perspective rejects the narrow view that corporate responsibility is limited to the direct consequences of business decisions. Rather, it embraces a broader understanding in which companies must consider their comprehensive impact on society, anticipating social and environmental challenges proactively as sources of both responsibility and competitive advantage.⁵⁰

D. CSR and sustainable development: the Triple Bottom Line framework

The concept of sustainable development provides the theoretical foundation connecting CSR to long-term societal welfare. Following the Rio Earth Summit of 1992, sustainable development gained prominence as "development which meets the needs of current generations without compromising the ability of future generations to meet their own needs."^{51,52} This principle found corporate expression through the Triple Bottom Line (TBL) framework introduced by John Elkington in 1997, which proposes that business entities must account for three pillars: People, Planet and Profit.⁵³

⁴⁸ Matteo Tonello, *The Business Case for Corporate Social Responsibility*, HARV. L. SCH. F. ON CORP. GOVERNANCE (June 26, 2011), <https://corpgov.law.harvard.edu/2011/06/26/the-business-case-for-corporate-social-responsibility/>.

⁴⁹ Int'l Org. for Standardization, *ISO 26000: Guidance on Social Responsibility* (2010), <https://www.iso.org/iso-26000-social-responsibility>.

⁵⁰ Howard R. Bowen, *Social Responsibilities of the Businessman* (1953); Grinnell College, *President Howard Bowen & Corporate Social Responsibility* (Nov. 2024).

⁵¹ World Comm'n on Env't & Dev., *Our Common Future* 43 (1987).

⁵² Rio Declaration on Environment and Development, princ. 3, U.N. Doc. A/CONF.151/26 (Vol. I) (Aug. 12, 1992).

⁵³ John Elkington, *Enter the Triple Bottom Line* 9, <https://www.johnelkington.com/archive/TBL-elkington-chapter>.

People (social sustainability).⁵⁴ The social dimension encompasses fair labour practices, community development, education initiatives, healthcare programmes and measures addressing inequality. Companies must recognise that their operations significantly affect human capital development, with responsibilities extending to employees, communities and consumers whose well-being directly correlates with long-term business sustainability.

Planet (environmental sustainability).⁵⁵ Environmental responsibility requires minimising ecological footprints through reduced emissions, resource conservation, the maintenance of biodiversity and responsible waste management. This pillar directly aligns with the constitutional mandates under Articles 48A and 51A(g), which impose environmental protection duties on both the State and citizens. Companies must preserve natural capital not only for present operations but for future generations, recognising resource limitations and ecosystem fragility.

Profit (economic sustainability). The economic dimension acknowledges that profitability remains essential for business survival while redefining profit as value distributed among all stakeholders rather than concentrated among shareholders exclusively. Sustainable profit generation involves creating shared value, ensuring long-term viability through ethical practices, generating meaningful employment and contributing to broader developmental objectives. Research demonstrates that companies emphasising all three TBL dimensions achieve superior financial performance; studies show that sustainability-focused corporations experience sales growth four times greater and employment growth eight times greater than shareholder-first companies.⁵⁶

The integration of these three dimensions requires active stakeholder engagement, transparent reporting, measurable outcomes and alignment with international frameworks such as the UN Global Compact's ten principles and the ISO 26000 standard.⁵⁷ Effective CSR implementation demands that companies balance economic imperatives with social responsibilities and environmental stewardship, recognising these elements as mutually reinforcing rather than conflicting priorities.

⁵⁴ Archie B. Carroll, *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, 34 BUS. HORIZONS 39, 43-46 (1991).

⁵⁵ Robert W. Kates, Thomas M. Parris & Anthony A. Leiserowitz, *What Is Sustainable Development? Goals, Indicators, Values, and Practice*, 47 ENV'T 8 (2005).

⁵⁶ Kelsey Miller, *The Triple Bottom Line: What It Is & Why It's Important*, HARV. BUS. SCH. ONLINE (Dec. 8, 2020), <https://online.hbs.edu/blog/post/what-is-the-triple-bottom-line>.

⁵⁷ United Nations Global Compact, *The Ten Principles of the U.N. Global Compact*, <https://unglobalcompact.org/what-is-gc/mission/principles> (last visited June 17, 2026).

IV. JUDICIAL INTERVENTIONS: LANDMARK SUPREME COURT CASES

A. Vellore Citizens' Welfare Forum v. Union of India (1996)

Facts. The Vellore Citizens' Welfare Forum, a non-governmental organisation, filed a public interest litigation under Article 32 of the Constitution challenging the massive environmental degradation caused by tanneries and allied industries in Tamil Nadu. The petition documented that tanneries were discharging enormous quantities of untreated effluent into agricultural fields, roadsides and waterways, and ultimately into the river Palar, which served as the primary water source for the region's residents.⁵⁸

A survey by the Tamil Nadu Agricultural University Research Centre revealed that approximately 35,000 hectares of agricultural land in the tanneries belt had become partially or totally unsuitable for cultivation. The tanning process used about 170 types of chemicals, including sodium chloride, lime, chromium sulphate, ammonia and sulphuric acid, with approximately 35 litres of water required to process one kilogram of finished leather, resulting in dangerously large quantities of toxic effluent. These pollutants degraded the physico-chemical properties of the soil and contaminated groundwater through percolation, rendering both the surface and sub-soil water of the river Palar polluted and non-potable.

Constitutional and statutory framework. The Supreme Court's analysis centred on the intersection of constitutional mandates and environmental legislation. The Court emphasised that Articles 21 (right to life), 47 (the State's duty to improve public health), 48A (the State's obligation to protect the environment) and 51A(g) (citizens' fundamental duty toward the environment) collectively establish comprehensive environmental protection obligations. The Court observed that these constitutional provisions recognise every person's right to fresh air, clean water and a pollution-free environment.

Landmark principles established. This judgment achieved seminal importance by explicitly recognising the Precautionary Principle and the Polluter Pays Principle as essential components of sustainable development and integral to India's environmental law. The Court articulated these principles with clarity.

The Precautionary Principle: in the context of municipal law, the Court held that (i) environmental measures by the State Government and statutory authorities must anticipate, prevent and attack the causes of environmental degradation; (ii) where threats of serious and irreversible damage exist, a lack of scientific certainty should not postpone measures to prevent

⁵⁸ *Vellore Citizens' Welfare Forum v. Union of India*, (1996) 5 SCC 647 (India).

environmental degradation; and (iii) the onus of proof lies on the actor or developer/industrialist to show that the proposed activity will not cause environmental harm.

The Polluter Pays Principle: the Court interpreted this principle to mean that absolute liability for environmental harm extends beyond compensating the victims of pollution to encompass the complete cost of restoring environmental degradation, with remediation forming an integral component of sustainable development.

Judicial directions. The Supreme Court issued comprehensive directions to operationalise these principles. The Central Government was directed to constitute an authority under Section 3(3) of the Environment (Protection) Act, 1986,⁵⁹ headed by a retired High Court judge and empowered to deal with pollution from tanneries and other industries in Tamil Nadu. This authority was tasked with applying the precautionary and polluter pays principles while computing compensation under two categories: payments to affected individuals and measures for ecological restoration.

The Court imposed a pollution fine of ₹10,000 on each tannery in specified districts, payable by 31 October 1996, failing which operations would cease. Funds collected were designated for the environment protection fund to reimburse affected persons and restore the damaged ecology. The Court directed that the Total Dissolved Solids (TDS) guidelines established by the Tamil Nadu Pollution Control Board be followed by all companies, and mandated the Madras High Court to form a special "Green Bench" to handle environmental matters.

Significance in environmental jurisprudence. This judgment represents a watershed moment in India's environmental jurisprudence, integrating international environmental principles into domestic law while establishing stringent enforcement mechanisms.⁶⁰ The decision underscores the judiciary's proactive stance that development cannot proceed at the cost of environmental degradation and public health, balancing industrial growth with environmental sustainability through legally enforceable principles.⁶¹

V. CASE STUDIES: PROFIT AND PURPOSE IN ACTION

The following case studies show how major Indian corporations integrate Corporate Social Responsibility (CSR) with business profitability and sustainable purpose, in alignment with Section 135 of the Companies Act, 2013.

⁵⁹ The Environment (Protection) Act, 1986, No. 29, Acts of Parliament, 1986, § 3(3) (India).

⁶⁰ *Vellore Citizens' Welfare Forum v. Union of India*, (1996) 5 SCC 647 (India).

⁶¹ *Vellore Citizens' Welfare Forum v. Union of India*, (1996) 5 SCC 647 (India).

A. Tata Steel Ltd.

In accordance with Section 135 of the Companies Act, 2013, Tata Steel⁶² follows all the required CSR norms. To strengthen its business and benefit society, the company maintains a Corporate Social Responsibility and Sustainability (CSR&S) Committee that governs sustainability activities, makes recommendations within annual business plans, monitors performance and initiates activities in areas such as health, livelihoods and infrastructure to improve quality of life. Tata Steel also follows the National Guidelines on Responsible Business Conduct (NGRBC) and operates under the Tata Code of Conduct (TCoC) to ensure fair and ethical practices for the company and its employees. According to the Tata Steel Business Responsibility and Sustainability Report (BRSR), Integrated Report and Annual Accounts 2023-24, the company benefited approximately 5.7 million people through its CSR initiatives.

B. Infosys Ltd.

Infosys⁶³ believes that Environmental, Social and Governance (ESG) principles inspire sustainable, inclusive and equitable prosperity. The company has been carbon neutral for five consecutive years and was the first Indian company to participate in the Renewable Energy (RE) 100 initiative. Its approach to reducing emissions is divided into (a) energy efficiency, (b) renewable energy and (c) carbon offsets, giving clients a positive impact on their ESG metrics. In rural India, Infosys installed biogas units for small and marginal farmers, replacing traditional stone stoves. The company also adheres to its Science Based Targets initiative (SBTi) commitments, reducing environmental impact, mitigating risk and promoting stewardship across its supply chains.

C. Hindustan Unilever Ltd. (HUL)

HUL⁶⁴ firmly upholds Section 135 of the Companies Act, 2013, integrating sustainability through its business strategy "ASPIRE: Unlocking a Billion Aspirations," which focuses on four main pillars: Climate, Nature, Plastics and Livelihoods. By FY 2024-25, HUL had reduced CO2 emissions by 99 per cent (per tonne of production) and water usage by 50 per cent compared with 2008. Its "Suvidha" initiative focuses on urban hygiene and provides sanitation centres serving more than 5 lakh people in Mumbai. HUL's research and development team has

⁶² Tata Steel Ltd., *Business Responsibility & Sustainability Report (BRSR), Integrated Report & Annual Accounts 2023-24* (2024), <https://www.tatasteel.com/investors/integrated-report-2023-24/pdf/business-responsibility-and-sustainability-report.pdf>.

⁶³ Infosys Ltd., *ESG Report 2023-24* (2024), <https://www.infosys.com/sustainability/documents/infosys-esg-report-2023-24.pdf>.

⁶⁴ Hindustan Unilever Ltd., *Business Responsibility & Sustainability Report 2024-25 (BRSR)* (2025), https://www.hul.co.in/investor-relations/annual-reports/HUL-IR-24-25_BRSR_Final.pdf.

developed innovative products such as Total Fatty Matter (TFM) soap bars, cutting greenhouse gas emissions by up to 25 per cent across the value chain while delivering superior products to consumers.

D. Mahindra & Mahindra Ltd.

Mahindra & Mahindra⁶⁵ believes that sustainability should go beyond legal compliance to become a restorative and inclusive business practice. The company has promoted afforestation and biodiversity, planting more than 25 million trees. Its project "Jal Samridhhi" has created water-harvesting capacity of 376 million litres, covering 15,000 hectares and benefiting over 50,000 farmers. In 2024, Mahindra & Mahindra became the first Indian automobile company to secure Dow Jones Sustainability Index (DJSI) World Leader status. The company's Board CSR Committee oversees governance and strategy, while the CSR Council ensures maximum social impact within the legal framework, aligning profit with purpose.

VI. RECOMMENDATIONS

As CSR evolves and contributes increasingly to value creation, companies should make CSR objectives part of their business model, since doing so contributes to innovation and long-term growth while aligning social goals with profit. In today's emerging markets, companies face numerous challenges, and CSR helps to address societal needs such as healthcare, skill development, the environment and livelihoods, thereby building trust between business and stakeholders. By viewing CSR through the lens of shared value, companies can turn social and environmental challenges into business opportunities, such as new markets, improved supply chains and greater resource efficiency. This approach helps companies adapt to competitive pressures, align with global ESG expectations and build sustainable business models.

VII. CONCLUSION

In emerging markets such as India, the shift from voluntary CSR to a legally mandated framework underlines that corporations must go beyond profit and embed social, environmental and governance concerns within their core strategy. Recent developments show that transparency in CSR is being strengthened, for example through a new registration form for CSR entities in India. At the same time, the global context is a reminder that failure to respect CSR and ESG commitments can damage reputation and value. CSR is therefore no longer optional; it is essential for resilience, stakeholder trust and long-term value creation. Companies

⁶⁵ Mahindra & Mahindra Ltd., *Sustainability Report 2024-25* (2025), <https://www.mahindra.com/sites/default/files/2025-07/Mahindra-and-Mahindra-Sustainability-Report-2025.pdf>.

that integrate sustainable practices, measure impact, engage stakeholders and align with global standards will be better placed to thrive in a complex global market.
