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Importance of CSR Participation in Corporate Environmental Planning: A Critical Empirical and Doctrinal Analysis of India's Mandatory Regime

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ABSTRACT

Corporate Social Responsibility (CSR) in India was institutionalised through the mandatory regime under Section 135 of the Companies Act, 2013, which requires qualifying companies to spend at least two per cent of their average net profits on activities listed in Schedule VII, including environmental sustainability. Despite CSR expenditure reaching approximately ₹35,000 crore annually by FY 2023–24, the extent to which this spending translates into genuine integration between CSR and corporate environmental planning remains contested. This paper critically examines the importance, effectiveness, and governance challenges of CSR participation in corporate environmental planning in India through a mixed-methods design that combines doctrinal analysis of constitutional and statutory environmental jurisprudence with a structured survey of 247 senior corporate professionals from companies covered by Section 135. The study develops and validates the CSR–Environmental Planning Integration Model (CEPIM), a conceptual framework identifying the antecedents, catalysts, inhibitors, and outcomes of integration. Findings show that regulatory compliance remains the dominant driver of CSR environmental activity (41.3 per cent of respondents), that adoption of a certified Environmental Management System is the single strongest predictor of integration depth (mean 4.12 versus 2.41 for firms without one), and that stakeholder consultation frequency correlates strongly with integration quality ($r = 0.61$, $p < 0.001$). Measurement deficiency and fraud or greenwashing risk emerge as systemic governance failures that enable decoupling between reported CSR commitments and verified environmental outcomes. The judiciary, through the doctrines of absolute liability, the Polluter Pays and Precautionary Principles, and an expansive reading of Article 21, has supplied a substantive content to corporate environmental obligation that the expenditure-focused statutory regime has not. The paper concludes with legislative, regulatory, and governance recommendations aimed at converting India's compliance-anchored CSR regime into a strategically embedded instrument of environmental sustainability.

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Keywords: *Corporate Social Responsibility, Environmental Planning, Companies Act 2013, Mandatory CSR, Environmental Management Systems, Corporate Governance, Judicial Activism, India*

I. INTRODUCTION

A. Background and rationale

The relationship between corporate enterprise and environmental stewardship has moved, over the past four decades, from a peripheral matter of corporate philanthropy to a central question of governance, regulation, and constitutional obligation. In India, this shift acquired a distinctive statutory form with the enactment of Section 135 of the Companies Act, 2013, which made India the first major jurisdiction to mandate a minimum level of corporate social responsibility (CSR) expenditure by law. Companies meeting specified thresholds of net worth, turnover, or net profit are required to spend at least two per cent of their average net profits of the preceding three years on activities enumerated in Schedule VII, a list that includes ensuring environmental sustainability, ecological balance, conservation of natural resources, and the protection of flora and fauna.¹

The scale of resources this mandate has mobilised is considerable: aggregate CSR expenditure reported by qualifying Indian companies reached approximately ₹35,000 crore in FY 2023–24,² a substantial share of which is nominally directed toward environmental objectives. Yet the existence of a legal spending floor does not, by itself, establish that CSR functions as a genuine instrument of corporate environmental planning, that is, as a mechanism through which companies systematically scan their environment, set environmental objectives, formulate strategy, and monitor outcomes as an integrated part of governance, rather than as a discrete, compliance-driven line item. This distinction between expenditure and integration lies at the heart of the present inquiry.

The urgency of the inquiry is sharpened by two further developments. First, India's environmental burden (air pollution in major urban centres, groundwater depletion, biodiversity loss in ecologically sensitive regions, and mounting climate vulnerability) requires substantial and well-targeted private-sector participation if national and international commitments, including the Sustainable Development Goals and India's Nationally Determined Contributions

¹ The Companies Act, No. 18 of 2013, INDIA CODE (2013), § 135, sch. VII.

² Press Release, PRESS INFO. BUREAU, MINISTRY OF CORPORATE AFFAIRS, *Annual Filings by Companies on Development CSR Expenditure Totals over 1,44,159 Crores in Last Five FYs (2019-20 to 2023-24)* (Feb. 10, 2026), <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2226018> (reporting CSR expenditure of ₹34,908.75 crore in FY 2023-24, on the basis of companies' filings in the MCA21 registry).

under the Paris Agreement, are to be met. Second, the last decade has produced a series of high-profile governance failures in Indian companies and financial institutions, including the IL&FS crisis and the Yes Bank, PMC Bank and DHFL collapses, alongside press reports in 2025 of investigations into CSR implementing agencies alleged to have diverted funds. These episodes illustrate that, absent robust verification and governance safeguards, reported figures can diverge from reality, and a mandatory CSR regime is correspondingly exposed to symbolic adoption and misappropriation, with real opportunity costs for the communities and ecosystems the regime was designed to benefit.

Against this backdrop, this paper asks a central question: to what extent, and through what mechanisms, does CSR participation translate into substantive corporate environmental planning in India, and what governance reforms would strengthen that translation?

B. Research gap

A considerable body of scholarship has examined CSR compliance patterns under Section 135 in isolation,³ and a separate literature has examined environmental management systems and green supply chains largely independently of CSR mandates.⁴ Comparatively few studies have undertaken an interdisciplinary, empirically grounded analysis of how, and how deeply, CSR obligations are embedded within the formal processes of corporate environmental planning in Indian firms, or of how statutory CSR interacts with the substantive environmental obligations articulated by the judiciary through constitutional and common-law doctrine. This paper addresses that gap by combining a validated empirical instrument administered to senior CSR and environmental decision-makers with a doctrinal analysis of the relevant constitutional, statutory, and case law, synthesised into an original conceptual model.

C. Objectives of the study

The study is guided by the following objectives:

1. To provide a conceptual understanding of corporate environmental planning and the legal and ethical context within which it is formed, including the influence of CSR law-making on sustainable environmental strategy.

³ See, e.g., Hariom Manchiraju & Shivaram Rajgopal, *Does Corporate Social Responsibility (CSR) Create Shareholder Value? Evidence from the Indian Companies Act 2013*, 55 J. ACCT. RSCH. 1257 (2017), <https://doi.org/10.1111/1475-679X.12174>.

⁴ See, e.g., Nicole Darnall, G. Jason Jolley & Robert Handfield, *Environmental Management Systems and Green Supply Chain Management: Complements for Sustainability?*, 17 BUS. STRATEGY & ENV'T 30 (2008), <https://doi.org/10.1002/bse.557>.

2. To examine the process by which Indian companies develop environmental policy and the extent to which this process is integrated with the CSR mandate under the Companies Act, 2013.
3. To evaluate practices of environmental scanning by Indian companies, including the identification of risks such as CSR fraud and greenwashing that undermine planning outcomes.
4. To analyse how Indian companies set environmental objectives at the organisational and functional level, including safeguards against CSR-related fraud.
5. To examine how Indian companies develop organisational strategy consistently with corporate law, including provisions of the Memorandum and Articles of Association, with attention to fraud prevention in environmental CSR.
6. To assess the influence of international frameworks, including the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, on Indian CSR practice.
7. To investigate emerging challenges in CSR implementation, including fraud, greenwashing, and governance failure, and to propose reforms that strengthen integrity in corporate environmental planning.

II. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

A. The evolution of corporate governance and CSR

Contemporary corporate governance emerged from the separation of ownership and control identified by Berle and Means and was, for much of the twentieth century, dominated by shareholder-primacy thinking, later formalised by Jensen and Meckling's agency-theoretic account of the firm as a nexus of contracts.⁵ The globalisation of capital markets, a succession of corporate scandals, and the rise of stakeholder thinking from the 1990s onward produced a decisive 'stakeholder turn' in governance codes worldwide, and contemporary governance increasingly incorporates environmental, social, and governance (ESG) considerations as a matter of fiduciary and strategic concern rather than peripheral philanthropy. India's own governance trajectory, from colonial-era company law, through post-independence state-led regulation, to liberalisation-era reform and the comprehensive re-codification effected by the Companies Act, 2013, mirrors this global arc while retaining distinctive features, most notably the statutory CSR mandate that has no direct global equivalent.

⁵ Michael C. Jensen & William H. Meckling, *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*, 3 J. FIN. ECON. 305 (1976), [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X).

B. Theoretical lenses

This paper draws on four theoretical frameworks. Stakeholder theory, as formulated by Freeman, holds that firms owe obligations to a range of constituencies (employees, communities, regulators, and the environment among them) beyond shareholders alone, and that genuine stakeholder engagement improves both legitimacy and outcome quality.⁶ Agency theory, in Jensen and Meckling's formulation, draws attention to the risk that CSR expenditure, like any discretionary corporate resource, is vulnerable to managerial capture or diversion absent robust monitoring,⁷ a risk discussed in Part VII.C below. Institutional and decoupling theory explains how organisations may adopt the formal trappings of CSR and environmental management (policies, certifications, disclosures) without corresponding substantive change, particularly where measurement and verification mechanisms are weak.^{8,9} Carroll's pyramid of corporate social responsibility, distinguishing economic, legal, ethical, and philanthropic responsibilities,¹⁰ and Matten and Moon's distinction between 'explicit' CSR (voluntary, corporate-led policies and programmes) and 'implicit' CSR (responsibilities embedded in a society's formal and informal institutions),¹¹ together provide a vocabulary for characterising India's regime, which turns the programme-based spending that Matten and Moon associate with explicit CSR into a statutory requirement. The attendant risk, anticipated by Kitzmueller and Shimshack, is that legal mandates crowd out the intrinsic, ethically motivated CSR associated with deeper strategic integration.¹²

C. CSR, environmental management systems, and planning integration

A distinct strand of literature examines the institutional infrastructure through which CSR commitments are translated into operational environmental practice. Darnall, Jolley and Handfield's foundational work on environmental management systems (EMS) and green supply chain management proposes that formal, certifiable systems such as ISO 14001¹³ function as

⁶ R. EDWARD FREEMAN, *STRATEGIC MANAGEMENT: A STAKEHOLDER APPROACH* (1984).

⁷ See Jensen & Meckling, *supra* note 5.

⁸ John W. Meyer & Brian Rowan, *Institutionalized Organizations: Formal Structure as Myth and Ceremony*, 83 AM. J. SOCIO. 340 (1977), <https://doi.org/10.1086/226550>.

⁹ Iñaki Heras-Saizarbitoria & Olivier Boiral, *ISO 9001 and ISO 14001: Towards a Research Agenda on Management System Standards*, 15 INT'L J. MGMT. REVS. 47 (2013), <https://doi.org/10.1111/j.1468-2370.2012.00334.x>.

¹⁰ Archie B. Carroll, *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, 34 BUS. HORIZONS 39 (1991), [https://doi.org/10.1016/0007-6813\(91\)90005-G](https://doi.org/10.1016/0007-6813(91)90005-G).

¹¹ Dirk Matten & Jeremy Moon, *"Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility*, 33 ACAD. MGMT. REV. 404 (2008), <https://doi.org/10.5465/amr.2008.31193458>.

¹² Markus Kitzmueller & Jay Shimshack, *Economic Perspectives on Corporate Social Responsibility*, 50 J. ECON. LITERATURE 51 (2012), <https://doi.org/10.1257/jel.50.1.51>.

¹³ INTERNATIONAL ORGANIZATION FOR STANDARDIZATION, *ISO 14001:2015, Environmental Management Systems: Requirements with Guidance for Use* (2015).

the infrastructural platform through which environmental commitments become systematic organisational practice rather than symbolic gesture,¹⁴ a proposition this paper tests empirically in Part V. Orlitzky, Schmidt, and Rynes's meta-analysis of the CSR–financial performance relationship,¹⁵ and Walls, Berrone, and Phan's study linking governance structure to environmental performance,¹⁶ together suggest that the business case for environmental CSR is real but contingent on governance quality rather than automatic.

D. Comparative perspective: India and global CSR regimes

India's mandatory model contrasts with the voluntary or disclosure-based regimes prevalent elsewhere. The European Union's Corporate Sustainability Reporting Directive requires 'double materiality' assessment, obliging firms to evaluate both their financial exposure to environmental risk and their impact on the environment, backed by assurance requirements that extend to far more of the reported information¹⁷ than India's current disclosure architecture under the SEBI Business Responsibility and Sustainability Reporting (BRSR) framework, in which third-party assurance or assessment is required only for a core subset of indicators (BRSR Core) for the largest listed companies.¹⁸ Voluntary regimes in economies such as Brazil, South Africa, and Australia have not generated a comparably guaranteed quantum of private environmental investment, underscoring a genuine comparative strength of the Indian model; at the same time, the absence of mandatory third-party verification of CSR outcomes (beyond impact assessment of larger projects) and of standardised impact metrics leaves India's regime structurally more exposed to the decoupling and greenwashing risks discussed below.¹⁹

¹⁴ Darnall, Jolley & Handfield, *supra* note 4.

¹⁵ Marc Orlitzky, Frank L. Schmidt & Sara L. Rynes, *Corporate Social and Financial Performance: A Meta-Analysis*, 24 ORG. STUD. 403 (2003), <https://doi.org/10.1177/0170840603024003910>.

¹⁶ Judith L. Walls, Pascual Berrone & Phillip H. Phan, *Corporate Governance and Environmental Performance: Is There Really a Link?*, 33 STRATEGIC MGMT. J. 885 (2012), <https://doi.org/10.1002/smj.1952>.

¹⁷ Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 Amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as Regards Corporate Sustainability Reporting, 2022 O.J. (L 322) 15.

¹⁸ SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562, *Business Responsibility and Sustainability Reporting by Listed Entities* (May 10, 2021); SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, *BRSR Core: Framework for Assurance and ESG Disclosures for Value Chain* (July 12, 2023); SECURITIES & EXCHANGE BOARD OF INDIA, Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 (Mar. 28, 2025) (permitting assessment in place of assurance of BRSR Core).

¹⁹ OECD, SUSTAINABILITY POLICIES AND PRACTICES FOR CORPORATE GOVERNANCE IN ASIA 33, 41 (2023), <https://doi.org/10.1787/c937a2d9-en> (noting that in India independent assurance is mandatory only for the BRSR Core subset of disclosures of the largest listed companies).

III. LEGAL AND REGULATORY FRAMEWORK

A. The statutory mandate: Section 135 and Schedule VII

Section 135 of the Companies Act, 2013 applies to companies with 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 in the immediately preceding financial year. Qualifying companies must formulate a CSR Policy, constitute a CSR Committee (except where the amount to be spent does not exceed ₹50 lakh), and spend at least two per cent of average net profits of the preceding three years on Schedule VII activities, which include ‘ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water’.²⁰ The Companies (Amendment) Act, 2019 and the Companies (Amendment) Act, 2020, whose CSR provisions came into force on 22 January 2021, together with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, converted the regime from a ‘comply-or-explain’ model to one of mandatory spending with defined carry-forward and transfer mechanisms for unspent amounts, backed by a civil penalty, and introduced mandatory impact assessment for larger projects. These reforms respond directly to the measurement and verification concerns examined empirically in this paper.²¹

B. Constitutional and judicial foundations of environmental obligation

Parallel to, and substantially predating, the statutory CSR regime, the Indian judiciary has constructed a body of environmental jurisprudence under Article 21 of the Constitution, which guarantees the right to life and personal liberty.²² Beginning with *Maneka Gandhi v. Union of India* and its expansive reading of the right to life and personal liberty,²³ the Supreme Court

²⁰ Companies Act, 2013, § 135(1), (3), (5), (9), sch. VII, item (iv). Sub-section (9), inserted in 2020, dispenses with the CSR Committee where the amount to be spent does not exceed ₹50 lakh; the Board then discharges the Committee’s functions.

²¹ The Companies (Amendment) Act, No. 22 of 2019, INDIA CODE (2019), § 21 (amending § 135(5) and inserting § 135(6)–(8), including the Unspent Corporate Social Responsibility Account); The Companies (Amendment) Act, No. 29 of 2020, INDIA CODE (2020), § 27 (permitting excess spending to be set off, substituting § 135(7) and inserting § 135(9)). Both sets of amendments came into force on 22 January 2021. Section 135(7), as substituted in 2020, replaced the criminal sanction enacted in 2019, which therefore never operated, with a civil penalty on the company of twice the amount required to be transferred or ₹1 crore, whichever is less, and on every officer in default of one-tenth of that amount or ₹2 lakh, whichever is less. Impact assessment is required by the Companies (Corporate Social Responsibility Policy) Rules, 2014, G.S.R. 129(E) (Feb. 27, 2014), r. 8(3), as inserted by the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, G.S.R. 40(E) (Jan. 22, 2021): a company with an average CSR obligation of ₹10 crore or more in the three preceding financial years must have its projects with outlays of ₹1 crore or more, completed at least one year earlier, assessed by an independent agency.

²² See generally SHYAM DIVAN & ARMIN ROSENCRAZ, ENVIRONMENTAL LAW AND POLICY IN INDIA: CASES AND MATERIALS (3d ed. 2022); P. LEELAKRISHNAN, ENVIRONMENTAL LAW IN INDIA (5th ed. 2019); P.B. SAHASRANAMAN, HANDBOOK OF ENVIRONMENTAL LAW (2d ed. 2012).

²³ *Maneka Gandhi v. Union of India*, AIR 1978 SC 597 (India).

extended Article 21 in *Rural Litigation and Entitlement Kendra v. State of Uttar Pradesh* (the Doon Valley case)²⁴ and *Subhash Kumar v. State of Bihar*²⁵ to encompass a fundamental right to a clean and healthy environment, reinforced interpretively by the Directive Principle in Article 48A and the fundamental duty in Article 51A(g).²⁶

The Court's most distinctive contribution is the principle of absolute liability, developed in *M.C. Mehta v. Union of India* (the Oleum Gas Leak case),²⁷ which departed from the qualified strict-liability standard of *Rylands v. Fletcher*²⁸ by holding that an enterprise engaged in a hazardous or inherently dangerous activity owes an absolute and non-delegable duty to the community and is absolutely liable for resulting harm, without recourse to the traditional defences of act of God, third-party conduct, or consent. This principle was reaffirmed and extended in *Indian Council for Enviro-Legal Action v. Union of India*.²⁹ In *Vellore Citizens' Welfare Forum v. Union of India*, the Court held that the Polluter Pays Principle and the Precautionary Principle are part of the environmental law of the country and flow from Article 21, requiring that the financial burden of preventing and remedying environmental damage fall on the polluter and that lack of full scientific certainty not justify postponing preventive measures.³⁰

The 1984 Bhopal Gas Tragedy and the Supreme Court's handling of the resulting litigation in *Union Carbide Corporation v. Union of India*³¹ remain a defining reference point, exposing both the scale of harm hazardous industry can inflict and the practical difficulty of enforcing accountability against multinational corporate structures. More recent comparative developments, notably the UK Supreme Court's decision in *Vedanta Resources plc v. Lungowe*, which recognised that a parent company may owe a duty of care for harm caused by a foreign subsidiary's operations where it has taken over, intervened in, controlled, supervised or advised the management of those operations,³² carry persuasive relevance for Indian corporate groups with complex ownership structures and extend the logic of environmental accountability along the corporate value chain. The National Green Tribunal, established under the National Green Tribunal Act, 2010,³³ has meanwhile developed a specialised, comparatively fast enforcement track, frequently directing polluting companies to apply CSR-eligible funds

²⁴ *Rural Litigation and Entitlement Kendra v. State of Uttar Pradesh*, AIR 1985 SC 652 (India).

²⁵ *Subhash Kumar v. State of Bihar*, AIR 1991 SC 420 (India).

²⁶ INDIA CONST. arts. 21, 48A, 51A(g).

²⁷ *M.C. Mehta v. Union of India*, AIR 1987 SC 1086 (India) (Oleum Gas Leak case).

²⁸ *Rylands v. Fletcher*, (1868) LR 3 HL 330 (appeal taken from Eng.).

²⁹ *Indian Council for Enviro-Legal Action v. Union of India*, AIR 1996 SC 1446 (India).

³⁰ *Vellore Citizens' Welfare Forum v. Union of India*, AIR 1996 SC 2715 (India).

³¹ *Union Carbide Corp. v. Union of India*, AIR 1992 SC 248 (India).

³² *Vedanta Resources plc v. Lungowe* [2019] UKSC 20 (appeal taken from Eng.).

³³ The National Green Tribunal Act, No. 19 of 2010, INDIA CODE (2010).

toward environmental restoration: an emerging, if informal, point of convergence between the judicial and statutory regimes.

C. The coordination gap between judicial and statutory regimes

Despite this convergence in practice, the statutory CSR framework remains substantially expenditure-focused and does not explicitly incorporate the substantive principles (absolute liability, Polluter Pays, Precautionary) articulated by the courts. Section 135 asks whether a company has spent the mandated amount; it does not ask whether that spending is consistent with, or contributes to discharging, the company's constitutional and common-law environmental obligations. This paper's empirical findings (Part V.E) indicate that corporate practitioners themselves perceive this coordination gap and regard stronger legal frameworks for stakeholder rights as necessary, a perception that motivates the reform proposals developed in Part VIII.

IV. RESEARCH METHODOLOGY

A. Design

The study adopts a mixed-methods design combining doctrinal legal analysis with a predominantly quantitative survey supplemented by open-ended qualitative responses. A purely doctrinal or purely empirical approach would each capture only part of the research problem: the doctrinal component identifies the substantive legal content of corporate environmental obligation, while the empirical component measures how that obligation is actually operationalised within firms. The mixed-methods approach allows for triangulation between the two.³⁴

B. Population, sampling, and response rate

The target population comprised senior professionals (CEOs, Managing Directors or Directors responsible for CSR, CSR Heads or Managers, Environmental or Sustainability Managers, and Company Secretaries or Legal Officers with CSR responsibility) in Indian companies meeting the Section 135 thresholds, drawn from the manufacturing, information technology, energy, mining, financial services, and fast-moving consumer goods sectors. Purposive sampling targeted respondents with direct involvement in CSR policy or environmental management. Of 320 questionnaires distributed, 247 usable responses were obtained, a response rate of 77.2 per cent, which is high for surveys of senior corporate professionals and comparable to established benchmarks in institutional CSR research.

³⁴ JOHN W. CRESWELL & J. DAVID CRESWELL, *RESEARCH DESIGN: QUALITATIVE, QUANTITATIVE, AND MIXED METHODS APPROACHES* (5th ed. 2018).

C. Instrument development and validation

A 25-item questionnaire across eight thematic sections was developed through review of comparable empirical CSR instruments,³⁵ alignment with Section 135 and Schedule VII, and the theoretical constructs of stakeholder, agency, and decoupling theory. Face validity was established through review by three academic experts, and content validity through cognitive pre-testing with five practitioners. Cronbach's alpha for the multi-item Likert scales was 0.83, comfortably exceeding the conventional 0.70 threshold. Five-point Likert scales were used for attitudinal items, with forced-choice and ranking formats for categorical and priority items, and open-ended items for qualitative enrichment.

D. Data collection and analysis

Data were collected between October 2024 and February 2025 in three phases (pilot administration to 25 respondents; primary collection through physical and electronic administration, assisted by Confederation of Indian Industry member networks and BSE/NSE-listed company contacts; and follow-up reminders), with ethics clearance from the Faculty of Law research ethics committee and full respondent anonymisation. Analysis, conducted in SPSS 26.0 and MS Excel, comprised descriptive statistics, weighted-mean and cross-tabulation analysis, one-way ANOVA for differences across industry sectors and company size, chi-square tests for categorical associations, and Braun and Clarke's thematic analysis framework for qualitative responses,³⁶ with statistical significance reported at $p < 0.05$.

V. EMPIRICAL FINDINGS

The respondent pool ($N = 247$) was drawn predominantly from designated CSR Heads/Managers (38.5%) and Environmental/Sustainability Managers (24.7%), with the balance comprising CEOs/Directors, Company Secretaries, and legal officers, spanning manufacturing, IT, energy/mining, financial services, and FMCG firms of varying size. Findings are organised below by theme.

A. Legal awareness and drivers of CSR environmental activity

Respondents reported a high overall level of familiarity with Section 135 (mean 3.87, SD 0.94), with 70.5 per cent rating themselves at level 4 or 5, though a residual 10.9 per cent, concentrated in manufacturing SMEs, reported minimal or no knowledge. Familiarity varied significantly by

³⁵ See Orlitzky, Schmidt & Rynes, *supra* note 15; Ioannis Ioannou & George Serafeim, *What Drives Corporate Social Performance? The Role of Nation-Level Institutions*, 43 J. INT'L BUS. STUD. 834 (2012), <https://doi.org/10.1057/jibs.2012.26>.

³⁶ Virginia Braun & Victoria Clarke, *Using Thematic Analysis in Psychology*, 3 QUALITATIVE RSCH. PSYCH. 77 (2006), <https://doi.org/10.1191/1478088706qp063oa>.

sector ($F(4,242) = 6.82, p < 0.001$), being highest in Energy/Mining (4.21) and lowest among manufacturing SMEs (3.49). Asked to rank the drivers of their CSR environmental initiatives, respondents placed regulatory compliance first by a clear margin (weighted score 398; ranked first by 41.3%), ahead of stakeholder pressure (313) and business incentives such as ESG ratings and cost savings (298), with ethical or moral motivation ranked last (161; first-ranked by only 9.3%). Domestic, judicially enforceable norms commanded markedly higher awareness than voluntary international frameworks: mean awareness of National Green Tribunal guidelines was 4.23 and of the Polluter Pays Principle 4.01, against 3.42 for the UN Global Compact. On the core spending mandate, 68.2% of applicable respondents ($n = 217$) reported consistently meeting or exceeding the 2% threshold, 23.5% reported occasional shortfalls, and 8.3% reported chronic non-compliance, figures broadly consistent with Ministry of Corporate Affairs aggregate data.

Indicator	Metric	Value
Familiarity with Section 135	Mean (SD), 1–5 scale	3.87 (0.94)
Top driver: Regulatory compliance	Weighted rank score	398
Driver: Stakeholder pressure	Weighted rank score	313
Driver: Business incentives	Weighted rank score	298
Driver: Ethical/moral reasons	Weighted rank score	161
Awareness: NGT guidelines	Mean, 1–5 scale	4.23
Awareness: Polluter Pays Principle	Mean, 1–5 scale	4.01
Awareness: UN Global Compact	Mean, 1–5 scale	3.42
Consistently meets 2% mandate	% of applicable firms ($n=217$)	68.2%

Table 1: Legal Awareness and Drivers of CSR Environmental Initiatives ($N = 247$). Source: Primary survey data, 2024–25.

B. Integration depth and institutional infrastructure

The central measure of the study, the degree of integration between CSR and corporate environmental planning, rated 1 (Not Integrated) to 5 (Fully Integrated), produced a mean of 3.45 (SD 1.02), with 52.6% of respondents rating integration at level 4 or 5 but 18.3% rating it at level 1 or 2. Integration varied significantly by sector ($\chi^2(16) = 42.7, p < 0.001$): it was highest in Energy/Mining (3.89), lowest in Financial Services (2.97), and internally heterogeneous within manufacturing (range 1–5, mean 3.38). Integration was also higher where CEOs/Directors themselves responded (mean 3.91) than where CSR Managers (3.42) or Environmental Managers (3.28) did, suggesting that top-management ownership is a structural precondition for deep integration.

The single strongest predictor of integration depth identified in the study is the presence of a certified Environmental Management System. Only 37.7% of firms held ISO 14001 or equivalent certification, 32.0% operated an uncertified internal system, 17.0% had a system under development, and 13.4% had no formal EMS at all; a chi-square test confirmed a highly significant association between EMS status and integration score ($\chi^2(8) = 67.3$, $p < 0.001$), with certified firms averaging 4.12 against 3.31 for uncertified internal systems and 2.41 for firms with no EMS. A related governance indicator, whether environmental objectives are explicitly stated in the company's Memorandum or Articles of Association, showed that only 28.7% of firms had done so, with 45.3% covering them only implicitly and 25.9% not at all, indicating that environmental responsibility has not yet been constitutionalised within most Indian companies' formal governing documents.

Indicator	Metric	Value
CSR–environmental integration score	Mean (SD), 1–5 scale	3.45 (1.02)
Integration: Energy/Mining sector	Mean	3.89
Integration: Financial Services sector	Mean	2.97
ISO 14001-certified EMS	% of firms	37.7%
No formal EMS	% of firms	13.4%
Integration score: certified EMS firms	Mean	4.12
Integration score: no EMS firms	Mean	2.41
Environmental objectives explicit in MOA/AOA	% of firms	28.7%

Table 2: CSR–Environmental Integration and Institutional Infrastructure ($N = 247$). Source: Primary survey data, 2024–25.

C. Stakeholder engagement

Stakeholder consultation frequency in CSR environmental planning averaged 3.39 (SD 1.11), with 51.4% of respondents reporting frequent or constant consultation but 23.1% reporting that stakeholders were never or rarely consulted. Consultation frequency correlated strongly and significantly with integration depth (Pearson $r = 0.61$, $p < 0.001$), the strongest bivariate relationship identified in the dataset. This empirically supports Freeman's instrumental stakeholder proposition within the Indian mandatory CSR context and indicates that the current Section 135 framework's silence on consultation process (unlike the public-consultation

requirements of the Environment Impact Assessment Notification, 2006³⁷) represents a specific, addressable regulatory gap.

D. Effectiveness of environmental initiatives and operational challenges

Among specific initiative areas, waste management and recycling were rated most effective (mean 3.72), followed by water conservation (3.58), emissions reduction (3.41), community environmental training (3.23), and biodiversity protection, which received the lowest effectiveness rating (3.09, with 29.9% rating it 1 or 2) despite being an explicit Schedule VII category. Asked to identify their single greatest operational challenge, respondents cited regulatory ambiguity most frequently (29.6%), followed by cost constraints (24.7%) and lack of technical expertise (21.1%); a further 12.1% cited fraud risk, greenwashing, or measurement difficulty, corroborating the integrity concerns examined in Part VII.C.

Environmental Initiative Area	Mean Effectiveness (1–5)
Waste management / recycling	3.72
Water conservation	3.58
Emissions reduction	3.41
Community environmental training	3.23
Biodiversity protection	3.09

Table 3: Mean Effectiveness Scores by Environmental Initiative Area (N = 247). Source: Primary survey data, 2024–25.

E. Outcomes: reputation, financial performance, and governance perceptions

A strong majority of respondents (70.9%) agreed or strongly agreed that CSR environmental initiatives had enhanced organisational reputation (mean 3.84), though disagreement was disproportionately concentrated in Financial Services ($\chi^2(4) = 11.3$, $p = 0.023$), plausibly reflecting reputational spillover from high-profile governance failures in the financial sector. Financial impact perceptions were more equivocal: only 35.2% perceived a net positive ROI, 25.1% perceived a neutral or break-even effect, 17.4% perceived a net negative short-term effect, and 22.3% reported that the financial impact was simply too difficult to measure. That measurement gap is itself a governance vulnerability, since without reliable impact data, CSR committees, auditors, and regulators cannot distinguish substantive contribution from symbolic compliance or outright misrepresentation. On governance perception items, respondents most strongly endorsed the statement that greenwashing risk significantly undermines CSR credibility in India (mean 4.24, with 78.1% agreement, and notably higher among

³⁷ MINISTRY OF ENVIRONMENT AND FORESTS, Notification S.O. 1533(E) (Sept. 14, 2006) (Environment Impact Assessment Notification, 2006), issued under The Environment (Protection) Act, No. 29 of 1986, INDIA CODE (1986), § 3.

manufacturing and energy respondents), followed by the view that stronger legal frameworks are needed for stakeholder rights (4.12) and that judicial activism drives better CSR environmental outcomes (3.91).

Outcome / Governance Statement	Mean (1–5)	SD
Enhanced organisational reputation	3.84	0.98
Greenwashing significantly undermines CSR credibility	4.24	0.79
Stronger legal frameworks needed for stakeholder rights	4.12	0.87
Judicial activism drives better CSR environmental outcomes	3.91	0.93
CSR should prioritise local over national programmes	3.67	1.04

Table 4: Outcome and Governance Perception Scores ($N = 247$). Source: Primary survey data, 2024–25.

Looking forward, 75.3% of respondents expected CSR environmental investment to increase over the next five years (36.0% significantly, 39.3% moderately), reflecting anticipated regulatory tightening, growing ESG-linked investor demand, and increasing internalisation of climate risk. Asked to prioritise reform, respondents ranked clearer regulatory guidelines first (weighted score 337), stronger enforcement mechanisms second (291), and standardised impact measurement frameworks third (263), ahead of business-strategy integration, tax incentives, and capacity-building programmes. This sequencing has direct implications for the reform agenda developed in Part VIII.

VI. THE CSR–ENVIRONMENTAL PLANNING INTEGRATION MODEL (CEPIM)

Synthesising the findings in Part V, this paper proposes the CSR–Environmental Planning Integration Model (CEPIM) as a theoretically grounded, empirically derived framework for analysing CSR–environmental integration in mandatory-CSR jurisdictions. The model identifies four categories of variable operating in sequence: antecedent pressures that create the initial impetus for environmental CSR activity; institutional catalysts that mediate whether that impetus translates into deep or shallow integration; governance inhibitors that moderate and can substantially weaken this translation; and, finally, environmental and governance outcomes. EMS adoption and stakeholder consultation function as the critical mediating variables in this model, while regulatory ambiguity, measurement deficiency, and fraud/greenwashing risk function as moderating inhibitors that attenuate the relationship between institutional catalysts and integration depth.

Component	Key Variables (Empirically Identified)	Theoretical Foundation
Antecedents	Regulatory mandate (s.135); ESG investor pressure; judicial activism; board commitment	Agency theory; Stakeholder theory; Institutional theory
Institutional catalysts	EMS adoption (ISO 14001); CSR committee expertise; stakeholder consultation; BRSR reporting	Darnall et al.; Carroll
Integration depth (outcome 1)	Mean 3.45; highest Energy/Mining (3.89); lowest Financial Services (2.97)	Heras-Saizarbitoria & Boiral (substantive vs. symbolic); Meyer & Rowan (decoupling)
Governance inhibitors	Regulatory ambiguity (29.6%); measurement deficiency (22.3% unable to assess ROI); fraud/greenwashing risk (mean 4.24)	Jensen & Meckling; Delmas & Burbano ³⁸
Environmental outcomes (outcome 2)	Waste mgmt. (3.72); water (3.58); emissions (3.41); biodiversity (3.09)	Orlitzky et al.; OECD
Governance outcomes (outcome 3)	Reputational gain (70.9% agree); constitutional alignment (Art. 21); judicial oversight	Freeman

Table 5: CEPIM Component Summary. Source: Developed by the author from primary survey data and theoretical synthesis.

VII. DISCUSSION

A. Theoretical synthesis

The findings engage productively with each theoretical framework introduced in Part II. The dominance of compliance over ethical motivation (Part V.A) confirms Kitzmueller and Shimshack's concern that mandatory CSR regimes risk crowding out intrinsic motivation,³⁹ and suggests that turning explicit, programme-based CSR into a legal requirement produces a predominantly formalistic compliance culture. The strong empirical association between EMS adoption and integration depth directly supports Darnall et al.'s theoretical proposition in the specific context of a mandatory CSR regime,⁴⁰ and constitutes one of the study's most policy-relevant results: institutional infrastructure, not merely expenditure, is the binding constraint on integration quality. The fraud and greenwashing evidence, both the 4.24 mean perceived-risk score and the qualitative testimony clustering under 'Other' operational challenges, provides direct empirical support for the decoupling account in the management-standards literature,⁴¹ with the measurement deficiency identified in Part V.E constituting the informational

³⁸ Magali A. Delmas & Vanessa Cuerel Burbano, *The Drivers of Greenwashing*, 54 CALIF. MGMT. REV. 64 (2011), <https://doi.org/10.1525/cmr.2011.54.1.64>.

³⁹ Kitzmueller & Shimshack, *supra* note 12.

⁴⁰ Darnall, Jolley & Handfield, *supra* note 4.

⁴¹ Heras-Saizarbitoria & Boiral, *supra* note 9.

precondition within which such decoupling can occur. This is consistent with Meyer and Rowan's foundational insight that symbolic adoption of formal structures is facilitated by ambiguous performance metrics.⁴² Finally, the strong correlation between stakeholder consultation and integration depth ($r = 0.61$) offers robust empirical support for Freeman's stakeholder theory,⁴³ demonstrating that multi-stakeholder engagement carries measurable instrumental value even where firms' primary orientation remains compliance-driven.

B. Comparative reflection: Indian and global practice

Placed against the comparative literature reviewed in Part II.D, Indian CSR–environmental planning displays both a distinctive strength and specific vulnerabilities. On the positive side, the mandatory framework has generated a guaranteed and growing volume of private CSR investment (approximately ₹35,000 crore in FY 2023–24⁴⁴) that voluntary regimes elsewhere have not matched, and domestic, judicially enforced norms (NGT guidelines, Polluter Pays) command markedly higher practitioner awareness than voluntary international soft-law instruments, reflecting a genuinely operative domestic accountability culture. Set against advanced practice, however, the gaps are significant: the European Union's double-materiality and third-party assurance requirements under the Corporate Sustainability Reporting Directive⁴⁵ would be largely unattainable for the majority of surveyed Indian firms, 77.7% of which either lack a certified EMS or have not embedded environmental objectives in their constitutional documents, and the 22.3% of firms unable to assess CSR environmental ROI would fall well short of the Directive's assurance standards. India's regime has therefore succeeded in mobilising resources but has not yet, for most firms, achieved the strategy-embedded, verifiable integration that characterises leading global practice.

C. Integrity risk: CSR fraud and greenwashing as a systemic governance threat

The empirical findings on measurement deficiency and greenwashing risk should be read alongside the governance failures that Indian companies and financial institutions have experienced over the past decade. The collapse of IL&FS (2018) and the failures of Yes Bank (2020), PMC Bank (2019) and DHFL (2019) showed, in different ways, how weak board oversight, inadequate internal controls and limited independent verification can allow reported figures to diverge sharply from underlying reality. Although the proceedings that followed concerned lending and financial reporting rather than CSR as such, they are a reminder that

⁴² Meyer & Rowan, *supra* note 8.

⁴³ Freeman, *supra* note 6.

⁴⁴ Press Release, PRESS INFO. BUREAU, *supra* note 2.

⁴⁵ See Directive (EU) 2022/2464, *supra* note 17.

disclosures, including CSR disclosures, carry little assurance value unless they are independently verified. More recently, press reports in August 2025 described income-tax searches in six states into trusts alleged to have received CSR funds for education, health and welfare work that, according to those reports, was never carried out. Episodes of this kind illustrate the structural vulnerability this paper's survey data identify: a regime in which measurement and verification infrastructure has not kept pace with the scale of mandated expenditure, leaving a governance vacuum that both facilitates deliberate diversion and makes it difficult to distinguish diversion from genuine but poorly documented environmental effort.

VIII. RECOMMENDATIONS

A. Legislative and regulatory reform

- Amend the Companies (Corporate Social Responsibility Policy) Rules, 2014 to mandate standardised environmental impact reporting metrics for CSR projects, aligned with the SEBI BRSR framework and international standards such as GRI and SASB.
- Require demonstration of additionality and verifiable environmental outcomes for Schedule VII environmental projects, moving beyond expenditure reporting alone.
- Mandate stakeholder consultation processes for environmental CSR projects above a specified threshold, drawing on the procedural model of the EIA Notification, 2006.
- Require disclosure of environmental objectives in the CSR policy or, where appropriate, the Memorandum/Articles of Association, to constitutionalise environmental responsibility within corporate governance.

B. Strengthening enforcement and oversight

- Establish a dedicated CSR Environmental Projects Oversight Mechanism, within the Ministry of Corporate Affairs or an independent body, empowered to audit project outcomes and penalise misrepresentation.
- Create a public registry of CSR environmental projects with verified outcome data to enable transparency and benchmarking.
- Strengthen coordination between the Ministry of Corporate Affairs, the Ministry of Environment, Forest and Climate Change, and the National Green Tribunal to ensure coherent enforcement of corporate environmental obligations.

C. Building institutional infrastructure

- Mandate or fiscally incentivise adoption of ISO 14001 or equivalent Environmental Management Systems for companies undertaking significant environmental CSR, given its demonstrated status as the strongest predictor of integration depth.
- Require environmental expertise on CSR committees and integrate environmental risk assessment into board-level governance structures, particularly for medium-sized qualifying firms that currently lag in institutional capacity.

D. Judicial–statutory coordination

- Enable courts and the National Green Tribunal, where appropriate, to direct that CSR environmental spending be aligned with judicially mandated remediation or restoration requirements.
- Provide legislative clarification on the relationship between judicial environmental orders and statutory CSR obligations, to avoid double-counting or conflicting requirements.
- Empower the National Green Tribunal to monitor and enforce the environmental components of CSR policies in cases involving industrial pollution.

IX. CONCLUSION

This paper has examined the importance of CSR participation in corporate environmental planning in India through a mixed-methods lens combining doctrinal analysis of constitutional and statutory environmental law with an empirically validated survey of 247 senior corporate professionals. The central conclusion is that India's mandatory CSR regime has succeeded, in a decade, in institutionalising a substantial and growing flow of private capital toward environmental objectives, but has not yet, for the majority of qualifying firms, translated that flow into the deep, strategy-embedded, and verifiable environmental planning that characterises leading global practice. A mean integration score of 3.45 out of 5 signifies genuine progress beyond the purely symbolic compliance that critics of mandatory CSR anticipated, but the finding that the single strongest predictor of integration depth (certified Environmental Management System adoption) is present in fewer than two in five firms identifies a concrete and addressable institutional gap. Three structural inhibitors, namely regulatory ambiguity, measurement deficiency, and fraud or greenwashing risk, emerge consistently across the empirical and doctrinal analysis as the principal constraints on CSR's contribution to environmental sustainability, and each is reflected in documented governance weaknesses, from inconsistent Schedule VII interpretation to the fund-diversion risks examined in Part VII.C.

At the same time, the Indian judiciary has emerged as an indispensable complement to the statutory regime, articulating through Article 21, absolute liability, and the Polluter Pays and Precautionary Principles a substantive content of corporate environmental obligation that the expenditure-focused Companies Act framework does not itself supply, a role that corporate practitioners themselves empirically recognise (mean 3.91). The CSR–Environmental Planning Integration Model proposed in Part VI offers a framework through which future research and policy design can identify where, in the causal chain from regulatory mandate to environmental outcome, integration is most likely to break down, and where intervention is likely to be most effective. As India moves toward greater ESG convergence, expanded CSR applicability, and mandatory sustainability reporting, converting the compliance foundation the 2013 Act has built into genuine strategic integration (through standardised impact measurement, mandatory stakeholder consultation, incentivised EMS adoption, and closer coordination between statutory CSR and judicial environmental principles) represents the central unfinished task of India’s corporate environmental governance project.

A. Limitations and directions for future research

The study’s cross-sectional design captures perceptions and self-reported practice at a single point in time and cannot establish causal direction between, for example, EMS adoption and integration depth; longitudinal research tracking firms across successive amendment cycles would strengthen causal inference. The purposive sampling strategy, while appropriate to the specialist knowledge required, may under-represent smaller qualifying firms with less-developed CSR functions. Future research could usefully extend the CEPIM framework through firm-level panel data linking self-reported integration scores to independently verified environmental outcome metrics, and could examine in greater doctrinal depth the emerging jurisprudence on parent-company liability as it develops in Indian courts.
