

INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS



Open Access, Refereed Journal Multi-Disciplinary
Peer Reviewed

www.ijlra.com

DISCLAIMER

No part of this publication may be reproduced, stored, transmitted, or distributed in any form or by any means, whether electronic, mechanical, photocopying, recording, or otherwise, without prior written permission of the Managing Editor of the *International Journal for Legal Research & Analysis (IJLRA)*.

The views, opinions, interpretations, and conclusions expressed in the articles published in this journal are solely those of the respective authors. They do not necessarily reflect the views of the Editorial Board, Editors, Reviewers, Advisors, or the Publisher of IJLRA.

Although every reasonable effort has been made to ensure the accuracy, authenticity, and proper citation of the content published in this journal, neither the Editorial Board nor IJLRA shall be held liable or responsible, in any manner whatsoever, for any loss, damage, or consequence arising from the use, reliance upon, or interpretation of the information contained in this publication.

The content published herein is intended solely for academic and informational purposes and shall not be construed as legal advice or professional opinion.

**Copyright © International Journal for Legal Research & Analysis.
All rights reserved.**

ABOUT US

The *International Journal for Legal Research & Analysis (IJLRA)* (ISSN: 2582-6433) is a peer-reviewed, academic, online journal published on a monthly basis. The journal aims to provide a comprehensive and interactive platform for the publication of original and high-quality legal research.

IJLRA publishes Short Articles, Long Articles, Research Papers, Case Comments, Book Reviews, Essays, and interdisciplinary studies in the field of law and allied disciplines. The journal seeks to promote critical analysis and informed discourse on contemporary legal, social, and policy issues.

The primary objective of IJLRA is to enhance academic engagement and scholarly dialogue among law students, researchers, academicians, legal professionals, and members of the Bar and Bench. The journal endeavours to establish itself as a credible and widely cited academic publication through the publication of original, well-researched, and analytically sound contributions.

IJLRA welcomes submissions from all branches of law, provided the work is original, unpublished, and submitted in accordance with the prescribed submission guidelines. All manuscripts are subject to a rigorous peer-review process to ensure academic quality, originality, and relevance.

Through its publications, the *International Journal for Legal Research & Analysis* aspires to contribute meaningfully to legal scholarship and the development of law as an instrument of justice and social progress.

PUBLICATION ETHICS, COPYRIGHT & AUTHOR RESPONSIBILITY STATEMENT

The *International Journal for Legal Research and Analysis (IJLRA)* is committed to upholding the highest standards of publication ethics and academic integrity. All manuscripts submitted to the journal must be original, unpublished, and free from plagiarism, data fabrication, falsification, or any form of unethical research or publication practice. Authors are solely responsible for the accuracy, originality, legality, and ethical compliance of their work and must ensure that all sources are properly cited and that necessary permissions for any third-party copyrighted material have been duly obtained prior to submission. Copyright in all published articles vests with IJLRA, unless otherwise expressly stated, and authors grant the journal the irrevocable right to publish, reproduce, distribute, and archive their work in print and electronic formats. The views and opinions expressed in the articles are those of the authors alone and do not reflect the views of the Editors, Editorial Board, Reviewers, or Publisher. IJLRA shall not be liable for any loss, damage, claim, or legal consequence arising from the use, reliance upon, or interpretation of the content published. By submitting a manuscript, the author(s) agree to fully indemnify and hold harmless the journal, its Editor-in-Chief, Editors, Editorial Board, Reviewers, Advisors, Publisher, and Management against any claims, liabilities, or legal proceedings arising out of plagiarism, copyright infringement, defamation, breach of confidentiality, or violation of third-party rights. The journal reserves the absolute right to reject, withdraw, retract, or remove any manuscript or published article in case of ethical or legal violations, without incurring any liability.

CORPORATE SOCIAL RESPONSIBILITY, ESG: A LEGAL ANALYSIS OF SUSTAINABILITY FRAMEWORKS IN INDIA

AUTHORED BY - SIDDESH SVARNAJIT NIPPUN & DR. RACHI SINGH
Amity University Noida

ABSTRACT

The two terms that are currently very important in defining the role of businesses in modern society are Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG). The former concept implies the responsibility of companies to contribute to the well-being of society and the environment through socially oriented projects and philanthropy. The latter is an advanced system that helps investors and other interested parties to analyze a firm's sustainability, risks, and value creation potential.

Indian companies introduced a corporate social responsibility policy with the promulgation of the Companies Act, 2013. As per the legislation, some types of companies must spend at least 2% of their average net profit on such activities. It is important to note that unlike other countries, Indian law makes it mandatory for organizations to undertake CSR actions. Indian companies support education, healthcare, rural growth, and environmental protection initiatives.

However, CSR practices around the world may vary greatly in relation to the regulatory environment, cultural standards, and level of economic development of countries. For example, in the U.S., the UK, and other countries, CSR practices are largely defined by corporate culture, reputational concerns, and stakeholder pressure. At the same time, multinational corporations become increasingly inclined to incorporate CSR practices into their strategy and focus on sustainable supply chain management, human rights protection, and environmental conservation.

In contrast, ESG became one of the key indicators used in financial markets worldwide. Through ESG ratings, investors get additional information about corporate conduct outside of their balance sheets. Among factors considered in ESG ratings are corporate carbon emissions, employment practices, corporate governance, social diversity, and other aspects not directly related to the business performance.

Nowadays, the introduction of ESG criteria in India becomes increasingly popular thanks to the efforts made by such organizations as SEBI, which developed the BRSR. Companies from India increasingly understand the importance of ESG in terms of attracting foreign capital, mitigating risks, and building corporate reputation.

Internationally, ESG integration is well advanced, particularly in Europe. For example, European laws such as the EU Sustainable Finance Disclosure Regulation require companies to provide comprehensive sustainability reporting. There has been a lot of capital reallocation by international investors towards companies that are compliant with ESG requirements. Firms that are not aligned with ESG principles risk suffering from negative publicity, regulatory actions, and capital market sanctions.

Even though CSR and ESG differ, they complement each other in many ways. Whereas CSR forms the basis of corporate social responsibility efforts, ESG creates measurable indicators for assessing and communicating those efforts. Integrating CSR into an organization's ESG framework allows companies to combine their charitable giving with quantifiable sustainability metrics.

To summarize, CSR and ESG are two frameworks that have gained traction as corporate governance paradigms, both locally and internationally. India's legally required CSR policies are unique; however, ESG has allowed India-based firms to align themselves with internationally accepted sustainability metrics. As stakeholders become more demanding, companies need to incorporate CSR and ESG into their core strategies.

Keywords: Corporate Social Responsibility; ESG; sustainability; Companies Act 2013; BRSR.

1. Introduction

1.1 Background

Over the last few decades, there has been a marked change in the role of companies, shifting away from the concept of profit maximization towards one that goes further than that by including elements of corporate social responsibility. Corporate Social Responsibility and ESG have become essential parts of the new role of companies today. They are linked to the belief that companies should act not only for financial gains but should also ensure their activities are ethical, socially responsible, and environmentally sound.

Corporate social responsibility is defined as the obligation of companies to act in favor of

society while doing their regular business. At first, it was perceived primarily as a voluntary activity related to making charitable contributions. Nowadays, corporate social responsibility can be seen as a systematic activity involving social and environmental considerations in the operation of companies

ESG, however, involves a structured and quantifiable analysis of the way corporations operate. This concept is based on three fundamental elements, namely the environmental impact of corporations, their social responsibility, and the way they practice governance. Contrary to CSR, which is focused on ethical issues, ESG involves the use of quantifiable parameters for evaluating whether a corporation is sustainable and ethically correct.

Despite having similarities in terms of goals and principles, there are certain distinctions between CSR and ESG. While the former primarily refers to corporate activities that ensure the fulfillment of ethical responsibilities, the latter is deeply rooted in financial and legal aspects. Consequently, ESG has become one of the tools for the integration of sustainability into the functioning of companies.

The legal basis for the existence of CSR in India is formed by the legislation that has been passed in this country. In particular, the Indian government introduced the Companies Act, 2013, which obligates corporations that fall under certain criteria to spend some of their profit on socially oriented activities. Thus, the legislation makes CSR obligatory in India.

In addition to CSR, ESG has also attracted considerable attention in the Indian regulation structure. The launch of BRSR by SEBI is one such example that indicates a step towards making companies more transparent and accountable. By doing this, organizations are compelled to report on their performance in terms of several sustainability parameters, matching national requirements with international demands.

In the international arena, CSR and ESG have evolved by way of a number of factors. There have been various international frameworks that have had a major impact on how corporations behave in relation to sustainable development. Such frameworks have been successful in encouraging firms from all around the world to practice sustainability.

One of the major differences between India and many other foreign jurisdictions is how regulations have been put into place. India uses a mandatory system of CSR regulations, while other nations prefer to use a voluntary framework based on disclosures. The rise in sustainable investments has made the concept of ESG very popular all across the world.

Though much success has been registered in advocating for CSR and ESG, several obstacles are still present, preventing these concepts from being effectively applied. The lack of

consistency in reporting practices, problems with assessing social and environmental impacts, and the potential for greenwashing remain among such barriers. Moreover, in some instances, the adoption of CSR and ESG principles could be motivated less by sincerity and more by the need to comply with mandatory requirements, thus reducing their effectiveness.

Considering the aforementioned changes, it seems vital to conduct an in-depth investigation of the CSR and ESG policies in India and abroad. By doing so, one might better understand the advantages and disadvantages of the current framework and develop recommendations for further improvements. This paper attempts to contribute to that process by analyzing the issues related to CSR and ESG from the legal and regulatory perspectives.

1.2 Research Problem and Thesis

The concepts of CSR and ESG have gained prominence as frameworks for defining corporate social responsibilities in India and around the world. Specifically, CSR practices in India have evolved into statutory provisions, as per the Companies Act of 2013, which obligate firms to spend a certain percentage of their profits on social development projects. On the other hand, the concept of ESG has taken root as a wider investor-oriented framework based on issues such as sustainability, ethical practices, and creating long-term shareholder value. Genuinely, while ESG in India is mainly driven by statute, the global scenario is dominated by investor-led frameworks.

Incompatibility between the two approaches adopted by India – CSR, focused on compliance – and the world that is gradually moving towards ESG poses questions regarding their effectiveness, comparability, and overall impact. Many companies find it hard to incorporate CSR into business practices, while at the same time adhering to ESG requirements. The problems associated with greenwashing, absence of proper control systems, lack of stakeholders' involvement, among others, further contribute to the lack of legitimacy of these concepts. Considering growing importance of ESG for international investors, Indian firms face a challenge of reconciling their commitment to local social and economic realities with international regulations.

How can Indian companies combine CSR and ESG in an effective way?

1.3 Objectives and Research Questions

- To examine the conceptual differences and interlinkages between CSR and ESG frameworks in India and global contexts.

- To analyze the regulatory environment governing CSR in India and ESG practices internationally.
- To evaluate the effectiveness of CSR initiatives in contributing to ESG performance and sustainability outcomes.
- To identify the challenges faced by companies in aligning CSR activities with ESG reporting standards.
- To propose strategies for integrating CSR and ESG to enhance transparency, accountability, and long-term value creation.

Research Questions:

1. What are the key differences and similarities between CSR and ESG frameworks in India and globally?
2. How do regulatory requirements in India influence the integration of CSR with ESG practices?
3. What challenges do companies face in aligning CSR initiatives with ESG reporting and performance metrics?
4. How can organizations improve the effectiveness of CSR and ESG integration to achieve sustainable and measurable outcomes?

1.4 Methodology

The primary objective of this research is to identify and evaluate the relationship and convergence between CSR and ESG in the context of India and globally. It will review the regulatory frameworks for CSR and ESG practices that include the mandatory requirements for Indian companies and internationally accepted practices for ESG. The scope of this project will be restricted to examining the approaches and mechanisms employed by companies with respect to CSR and ESG in their organizational and financial policies and reporting standards. The study will consider various challenges and opportunities associated with aligning CSR and ESG and their integration into business strategy. In particular, the research will analyze such issues as difficulties related to the measurement of CSR and ESG activities, risks of compliance, as well as the roles of different stakeholders, such as shareholders and regulatory bodies, in promoting more responsible behavior on the part of corporations. Although this research will be based on data from listed companies only, it can also provide useful information about other types of enterprises.

2. Literature Review

Dathe, T., Dathe, R., Dathe, I., & Helmold, M. (2022) – The book helps one understand the concept of CSR in an organized way by relating the concept to ethics and sustainable approaches to doing business. The authors stress that CSR is no longer voluntary but is now essential and part and parcel of business strategy. Moreover, this book also looks at the relationship between CSR and the ESG approach. This helps in exploring how businesses can incorporate sustainability in the whole process of running a company. The book looks at the implementation of CSR from a practical point of view and gives tools that make it suitable not only for scholarly work but also as a tool in the business world.

Crowther, D., & Seifi, S. (2024) – This book provides an in-depth and interdisciplinary approach to understanding CSR, governance, and sustainability in terms of how they have changed over time because of globalization and other societal changes. The book discusses the concept of CSR as something more than simply an obligation for the company, as well as how CSR can be used to attain sustainable development. In addition, the book looks at CSR through the lens of the ESG framework, focusing on issues like transparency, accountability, and stakeholder involvement. The book also looks into how corporate governance works within the ESG framework in order to ensure that the activities of CSR and ESG are properly controlled. This is especially important since it takes an international perspective when discussing CSR and ESG in general.

Câmara, P., & Morais, F. (2022)– This guidebook explores the topic of ESG and corporate governance through the legal, financial, and economic aspects of sustainability. The authors present the role of ESG in the process of making investment decisions and assessing corporate performance in light of the global financial and environmental crises. This guidebook presents the principles and regulatory mechanisms behind ESG-related policies, including the issues of consistency and comparability that arise when implementing those policies. The authors also stress the need to integrate ESG factors into the corporate governance framework to mitigate risks and improve the company's performance. Integrating ESG with the concept of CSR will allow businesses to go beyond regulatory requirements and have a positive impact on society and the environment.

Binder, J.-H., Hopt, K. J., & Kuntz, T. (2024)– This book provides an overview of the changing nature of the purpose of corporate organizations in relation to CSR and ESG in a global setting. According to the authors, modern corporations are progressively moving away from the shareholder paradigm towards a stakeholder framework wherein social and environmental

considerations are essential for the success of a business organization. In this regard, the authors present an analysis of different regulatory frameworks, governance mechanisms, and policies that impact on CSR and ESG activities within corporations in developed countries. Moreover, issues such as the challenges faced by corporations in meeting their sustainability objectives alongside profitability as well as the importance of board and executive level support in this regard are also discussed in detail.

KB Akhilesh & RK Mishra (2020) This book focuses on the emerging significance of ESG within the Indian corporate landscape, tying it together with global sustainable trends and accounting for the realities of Indian business environments. It discusses the ways in which ESG principles can be utilized in conjunction with CSR efforts in order to craft comprehensive sustainability plans that are advantageous for both organizations and communities. The book offers practical knowledge regarding ESG reporting frameworks, risk management approaches, and stakeholder concerns in India, as well as the difficulties that enterprises encounter when implementing such models in accordance with mandatory CSR guidelines. With a number of illustrative examples of Indian enterprises, it illustrates how adopting ESG frameworks can improve organizational reputation, facilitate investment opportunities, and guarantee sustainable competitive advantage.

AkankshaJumde (2020) –“Law and the Challenges of Implementation”: In this study, Jumde examines the legality of India’s mandated CSR practice based on the Companies Act, 2013. The author explores the process by which the voluntary practice of CSR evolved into a mandatory requirement for companies within the Act. While the legislation is praised for its bold step towards incorporating CSR into company law, Jumde argues that the implementation of the legislation is fraught with legal uncertainties and excessive discretion granted to the companies themselves. According to the researcher, the flexibility of the CSR language has been interpreted by corporations, making it easy for corporations to perform token actions to comply with the law. As a result, CSR activities have become more procedural and less substantive. However, the author provides a legal analysis of the challenges of implementing CSR practice and recommends the formulation of a threshold for contributions, strict supervision of implementing agencies, and impact assessment.

Atasi Mohanty, V. Krishna Priya & UttaraNareshPaithe (2025) –This paper discusses the environmental aspect of ESG reporting in Indian corporate law, especially the BRSR reporting requirements laid down by SEBI. In particular, the authors observe certain flaws in the regulatory architecture, highlighting the fact that mandatory environmental information

provided by businesses through the BRSR reporting scheme often fails to provide a deep and standard industry-based legal yardstick. From a legal perspective, the authors argue that the absence of precise statutory definitions for critical environmental indicators is one of the reasons why it may be difficult to enforce and monitor compliance with the BRSR reporting requirements. They suggest adopting legislation to ensure that the BRSR reporting requirements dovetail with the provisions under central laws like the Environment (Protection) Act, 1986.

Dakshina Chandra & Navajyoti Samanta (2025) – This academic article studies the Indian ESG framework through a legal-theoretical lens, assessing the interaction of mandatory CSR spending under the Companies Act with the emerging ESG disclosure obligations like the BRSR. In the opinion of the writers, India's current approach is a mixed one because it involves mandatory CSR spending together with systematic non-financial disclosures but is still hindered by compliance-centeredness rather than sustainability-drivenness. The paper addresses the problems of the law with regard to the lack of clarity in disclosure requirements, absence of standard practices of verification, and lack of enforcement. These legal outputs result in the purely formal compliance with the rules and regulations rather than a true effort towards sustainability.

Monika Gupta & Arti Sharma (2026) – The latest article from India is an academic study of how the Indian laws on corporate governance have progressed to include CSR and ESG aspects. As an examination of the legal landscape, it gives a detailed account of the ways in which the laws of corporate governance are affected by the Company Act, SEBI (LODR) regulations, and evolving disclosure trends. In particular, the authors point out that even as there has been increasing integration of social responsibility and good governance into the law of India, many legal issues continue to remain unresolved, including non-compliance with board-level ESG oversight laws and lack of uniformity with global standards for reporting.

Latika Dnyaneshwar Gaikwad (2024) – In spite of being written for the publication Ecology, Environment and Conservation, this Indian journal is pertinent to the area of sustainability reporting laws within India. In his analysis, Gaikwad analyzes legal issues related to the requirements of mandatory ESG reporting by SEBI through its BRSR scheme. Legal issues associated with the BRSR scheme include non-uniformity in terms of standards, lack of data verification and legal enforceability. This work can be analyzed from the perspective of regulatory laws because of issues relating to mandatory legal compliance of companies for non-financial disclosure, especially for the purpose of reporting of environmental and social

information which are currently expected to be disclosed according to environmental and social legislation.

Pranesh Debnath (2022) –This Indian journal paper assesses BRSR as a major legal tool used for ESG reporting and analyses its importance in achieving greater corporate transparency beyond just financial results. According to Debnath, while BRSR can be seen as a revolutionary legal measure in the realm of corporate reporting in India, its success depends largely on stringent implementation, alongside the incorporation of BRSR with other mandatory provisions of the company and environmental laws. Legal issues that arise in this regard include the need for an independent verification process, the absence of any penalty for false ESG reporting in civil and administrative cases, as well as the vagueness in judicial review of sustainability reports.

2.1 Corporate Social Responsibility and ESG frameworks

The importance of using doctrine-based research in CSR and ESG can be attributed to its capacity to serve as an all-encompassing framework for the analysis of the topic. Doctrine-based research makes it easier for the researcher to pinpoint any inconsistencies, loopholes, or inadequacies present in the legislation or implementation thereof, enabling recommendations for policy reforms or adherence to sustainable practices across the globe. In addition, the use of doctrine-based research facilitates comparative studies of the situation within India versus other jurisdictions, contributing towards corporate strategy formulation. Corporate Social Responsibility can be described as the duty of corporations to make contributions towards social and environmental wellbeing in addition to pursuing their economic interests. Corporate Social Responsibility entails the realization that companies cannot operate in isolation from other factors but operate in a business environment. Corporate Social Responsibility can be carried out through charitable work, development projects, environmental protection measures, and socio-economic upliftment programs.

In India, Corporate Social Responsibility has attained mandatory status through Section 135 of the Companies Act, 2013. Companies that fulfill certain monetary requirements must dedicate a minimum of two percent of their net profits over the last three years to corporate social responsibility initiatives. The Companies Act also specifies various fields in which companies should carry out CSR spending. These include poverty alleviation, education, health, gender equality, and environmental sustainability.

The theory of corporate social responsibility goes beyond compliance. Today, CSR is regarded

as a means to gain brand equity, strengthen stakeholder confidence, and protect reputations. In addition, CSR is rooted in the moral aspect of sustainable development and socio-economic advancement. The question that arises within academic discourse is how CSR should be motivated by morality, legality, or competition—or perhaps even by all three.

ESG constitutes a comprehensive system of standards that determine how effectively a company operates in terms of its impact on the environment, social responsibility, and good corporate governance. Contrary to the previous model of CSR, which was more focused on corporate philanthropy, ESG stresses measurable outcomes. Nowadays, many investors around the world rely on ESG ratings when making decisions regarding corporate sustainability.

Environmental issues refer to a company's carbon footprint, energy consumption, waste management, and effect on natural resources

Social considerations involve labor practices, respect for human rights, community engagement, and employee diversity

Governance refers to board structure, rights of shareholders, ethical culture, risk management, etc.

ESG disclosures have been developed by various organizations such as GRI, SASB, and TCFD, which obligate firms to provide reports about their performance on specific indicators. This facilitates benchmarking on a global level. International financial institutions consider ESG performance when deciding to invest in a company.

2.2 Research Gap

Although CSR and ESG may have common aims to foster responsible business conduct, their distinctions lie in their scope, goals, measurement, and emphasis on stakeholders. It is important to recognize these distinctions, whether from an academic point of view or even an application-oriented one, especially when comparing cases of India with other countries.

3. Theoretical and Legal Framework

3.1. Stakeholder Theory

Stakeholder theory, most prominently articulated by Freeman, challenges the traditional doctrine of shareholder primacy by asserting that corporations must create value for a broader set of stakeholders, including employees, consumers, communities, and the environment. This approach recognizes that long-term corporate sustainability depends on balancing competing stakeholder interests rather than focusing exclusively on profit maximization.

The relevance of stakeholder theory in the Indian context is reflected in the statutory incorporation of CSR obligations and ESG disclosures, both of which require corporations to consider social and environmental consequences of their operations. By embedding accountability toward multiple stakeholders, these frameworks align corporate governance with broader societal objectives.

3.1.2 Stakeholder Focus and Motivation

Corporate social responsibility mainly involves stakeholders from the society and community levels, whereby the corporation takes part willingly in supporting the social welfare of the country. Ethical consideration, legal requirement, or improvement in reputation may be the underlying reason for adopting CSR practices. In India, the statutory element of Corporate Social Responsibility has expanded the category of stakeholders to include governmental departments and local communities, while still keeping the main reason as social welfare.

Environmental, Social, and Governance issues affect not only the society but also other stakeholders like shareholders, investors, governmental agencies, and even customers. An ESG score indicates to the shareholders that the company is ethically sound and well-governed and hence is worth investing in. ESG issues have been adopted for both financial and non-financial reasons.

3.2 Legal Framework in India

3.2.1 CSR under the Companies Act, 2013

In India, the concept of CSR and ESG is influenced by a mixture of legal requirements, culture, and global sustainable development norms. Even though India mandates companies to undertake CSR activities through Section 135 of the Companies Act, 2013, the ESG framework represents a relatively new trend that has become popular as a result of pressures from investors and changes in international norms. This section focuses on the discussion of the regulation of CSR and ESG practices in India.

Implementation Trends Across Indian Corporations

Indian companies adopt the practice of CSR with respect to the priority areas in their respective industries, their corporate strategies, and the demands of the communities around. Some typical areas which are considered important for CSR by companies in India are education and skills, health and nutrition, empowering women, and sustainability issues. The larger companies like Tata group, Infosys, and Reliance Industries usually have special teams for handling their CSR activities.

However, some small and medium-sized companies face difficulties in selecting projects, evaluating impacts, and aligning their CSR efforts with the business strategy. Research shows that while many companies adhere to regulations regarding CSR expenditures, there is inconsistency in the success and sustainability of their CSR practices.

3.2.2 Emergence of ESG Awareness and Reporting

Whereas the implementation of CSR in India has been mainly socially focused and based on compliance, the concept of ESG covers wider and performance-oriented aspects that can be more relevant today for investors and authorities. Indeed, the Securities and Exchange Board of India implemented the BRSR for India's top-listed companies to report ESG performance indicators as per 2021.

The Indian ESG framework is comprised of three areas, including environmental sustainability (e.g., lowering the company's carbon footprint and adopting renewable energy), social aspects (e.g., taking care of its employees and their diversity, engagement with communities), and governance practices (e.g., integrity, board accountability, ethics). Indian organizations start to adopt the guidelines and frameworks used globally such as GRI, SASB, and TCFD.

3.2.3 Challenges in CSR and ESG Adoption

In spite of legal requirements and rising consciousness, there are many issues related to CSR and ESG initiatives for Indian businesses. First, lack of expertise and resources, especially in small companies, can make it hard to initiate and implement successful practices. It may be challenging to measure the social and environmental effect of a CSR initiative, while ESG requires standardization of measures and skills.

Another problem relates to the integration of the two concepts into the business plan. While CSR is viewed as something that lies outside the core of an organization, ESG calls for strategic thinking. Moreover, SEBI and Companies Act requirements regarding financial reporting can complicate the work of managers.

4. ANALYSIS AND DISCUSSION

4.1 Statutory Framework for ESG in India

The ESG principles that are based on the constitution are enforced using numerous legislative acts. The said legislative acts place various duties on companies. All the laws are geared towards covering various aspects of ESG, which include social, environmental, and governance aspects.

4.1.2 Environmental Laws: Legal Foundations of the “E” Pillar

One of the most advanced areas of ESG legislation in India is environmental regulation.

The Environment Protection Act, 1986 acts as an overarching act and gives the government ample discretion to control environmental pollution, make standards, and ensure compliance. This act authorizes the creation of rules and notifications dealing with hazardous waste disposal, environmental impact assessment, and emissions from industries.

The Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 provide for the formation of regulatory authorities like Pollution Control Boards and ways to regulate the pollutants. These acts require strict adherence from industries to obtain permission, comply with emission norms, and attract penalties for non-compliance.

Overall, these pieces of legislation ensure that companies conduct their operations within ecologically sustainable limits, making environmental compliance an integral part of ESG responsibilities.

4.2 Social Laws: Strengthening the “S” Pillar

Social elements of ESG have been facilitated through legislation related to labour welfare, whose main purpose is to safeguard workers, ensure inclusivity, and guarantee equal and healthy employment practices.

The Factories Act of 1948 ensures worker safety and health through standardizing work environments and protecting employees from any harm due to industrial practices. Both Minimum Wages Act of 1948 and Code on Wages of 2019 ensure fair wages, whereas Social Security Code of 2020 offers provisions like pension and maternity benefits among others.

Moreover, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 covers issues of diversity and inclusion, which have gained significance in the ESG environment.

All these Acts together ensure that firms maintain good social practices.

4.2.1 Governance Laws: Corporate Accountability and the “G” Pillar

The aspect of governance under the ESG framework is regulated mainly by the Companies Act, 2013 and the regulations formulated by SEBI.

While the Companies Act provides provisions regarding the structure of the company's board, independent directors, audit committees, and disclosure requirements, the inclusion of CSR provisions indirectly helps fulfill ESG goals.

On the other hand, SEBI adds more regulations for listed entities through its listing obligations and disclosures that include the BRSR. This ensures the disclosure of ESG-related information by corporations.

This ensures that corporations remain accountable and transparent in their conduct, which is critical for sustainability.

5. Conclusion

Both CSR and ESG have gained importance in the discussion of sustainable business practices globally. Although traditionally the term 'CSR' referred to philanthropic, voluntary, and community-oriented approaches, ESG encompasses a wider framework which considers corporate activities from an environment, society, and governance perspective. Hence, CSR and ESG reflect a change of paradigm within the corporate sector which is focused on a new way of thinking where corporations have not only profit-making responsibilities but also social responsibilities and environmental concerns.

As regards India, its unique position with regard to the legal framework of CSR can be attributed to the legislation which was passed in 2013. Namely, some Indian companies have to spend at least 2% of their net profits on CSR programs. Such an initiative makes CSR obligatory since corporations cannot avoid investing money into socially-oriented activities aimed at education, healthcare, rural development, and other spheres.

In different parts of the world, there is variance in the practices of CSR. For instance, in countries such as the United States and the UK, CSR is voluntary since it relies on issues of ethics, organizational culture, branding, and stakeholders' demands. In addition, multinational organizations are embracing the idea of CSR in their business models not only due to legal reasons but also because they want to have a good reputation internationally and have sustainable business practices. However, this type of approach to CSR is innovative but may lack reporting standards.

Bibliography

Books

1. Dathe, et al, Corporate Social Responsibility (CSR): Practices, Strategies and Implementation (Springer, 2022)
2. K. B. Akhilesh & R. K. Mishra, Sustainable Business Practices and ESG in India (Sage Publications India, 2020).

3. Crowther & S. Seifi, CSR: Theory and Practices (Springer, 2024).
4. H. Binder, K. J. Hopt & T. Kuntz, Corporate Governance, ESG and Corporate Purpose (Oxford University Press, 2024).

Articles/Journals

1. Arvind Sharma, "Overview of CSR regime", India Business Law Journal, 18 Mar 2022
2. Atasi Mohanty, V. Krishna Priya&UttaraNareshPaithe, "“E” of Environmental, Social, and Governance (ESG) in India: Reporting, Review and Future Prospects’ (2025) 12 Indian Journal of Corporate Governance 45.
3. Barbara Ballan & Jason J. Czarnezki, Disclosure, Greenwashing, and the Future of ESG Litigation, 81 Washington & Lee Law Review 545 (2024)
4. Nayan Mitra, René S. ,CSR in India -Cases and Development of Legal Mandate , Springer Publishers ,2018
5. Kasmin Fernandes, Key Amendments to C.S.R Law in India, The C.S.R Journal- January 15, 2020
6. Rita Laura, Esg commitment and compliance: sustainability and risk exposure, Springer (2025)
7. Jámbor A, The diversity of environmental, social, and governance ratings and reports: measuring CSR as non-financial information, Sustainability 15(18):13958 (2023).
8. Amish Shroff (2023), ESG Laws and Regulations <https://www.lawstreetindia.com/experts/column?sid=774>