



A Critical Study On Environmental Sustainability Under Corporate Social Responsibility In India

Ms. Aditi Thakar & Dr Mayuri H Pandya*

¹Assistant Professor, Faculty of Law, GLS University, Ahmedabad

²*Dean, Faculty of Law, GLS University

*Corresponding Author: Dr Mayuri H Pandya

Dean, Faculty of Law, GLS University

Article History	Abstract
Received: Revised: Accepted:	<p>The key concern for business economic growth, environmental management, and community development is today environmental sustainability. Ignoring environmental issues can result in resource degradation and depletion, which could be harmful to society as a whole as well as the corporate sector's businesses. The scope of corporate social responsibility includes the endeavours made by businesses and corporations for the benefit of society and to ensure a healthy environment. CSR activities were previously carried out in a philanthropic and charitable manner, but they are now required for business industries. The CSR is now required by the recently passed Companies Act of 2013, which has established precise rules for its implementation. The Companies (Corporate Social Responsibility Policy) Rules, 2014, Section 135 of Schedule VI of the Companies Act, and their provisions went into effect on April 1, 2014, and they gave a list of CSR activities. In CSR. The welfare of human society benefits from the inclusion of environmental concerns, which, if fully implemented, can make a significant contribution to sustaining a healthy environment. This article attempts to address the duties that corporations have to the environment under the recently passed Companies Act of 2013 and Companies (Corporate Social Responsibility Policy) Rules of 2014. This article has covered the essential components of SR activities in relation to sustainability and environmental preservation.</p>
CC License CC-BY-NC-SA 4.0	<p>Keywords: Environmental Sustainability, Corporate Social Responsibility, Corporate Sustainability, Companies Act, Environment.</p>

INTRODUCTION

India is a nation filled with many contradictions. On the one hand, it has developed into one of the largest economies in the world and a prominent player in the new global order, but on the other hand, it continues to be home to the greatest proportion of people who live in absolute poverty and the greatest number of undernourished children. What shows up is a picture of unequal growth benefits distribution, which many believe is the main driver of societal unrest (CII 2014).

Companies' contributions to society are constantly being scrutinised as a result of their becoming the object of criticism for this unequal development. With more people becoming aware of the disparity between the

wealthy and the poor, societal expectations will rise along with the scrutiny. While some businesses only reacted when forced, many were quick to recognise this trend and took proactive measures. (PwC India website, retrieved on July 20, 2014)

The National Voluntary Guidelines for Social, Environmental, and Economic Responsibilities of Business, also known as the National Voluntary Guidelines (NVGs) (accompanied by the Business Responsibility Reports mandated by the SEBI for the top 100 companies), and the CSR clause within the Companies Act of 2013, are two examples of the actions taken by governments and regulators in response to this unrest.

Indian Institute of Corporate Affairs (IICA) estimates that at least 6,000 Indian enterprises will need to implement CSR activities in order to comply with the requirements of the Companies Act, 2013, many of which will be their first-ever attempts. Furthermore, according to some estimations, corporate SR pledges could total up to 20 billion IN. Companies now need to pursue their CSR operations more professionally due to the mix of societal and regulatory pressure.

Therefore, public welfare and environmental preservation are directly related to corporate sector sustainable growth. Long-term disregard for societal demands may result in public outrage, which could be harmful to the business's ability to operate successfully. Similar to how ignoring environmental issues and disregarding environmental sustainability can result in the destruction and depletion of natural resources, which could be harmful to both society and business. However, a business that makes investments in the advancement of society and the environment gets rewarded in a variety of ways (IFC, 2002).

Therefore, the corporate sector's actions for the benefit of society and the environment may now guarantee their sustainability. Corporate social responsibility encompasses all such endeavours made by businesses and corporations for the benefit of society and its citizens as well as for preserving the environment (CSR). Because of this, it is in the corporate and commercial houses' best interests to provide a portion of their profits and activities to the sustainability of the environment and the benefit of society.

CSR CLAUSE IN THE NEW COMPANIESACT, 2013

The Companies Act of 2013 would likely encourage many Small and Medium-Sized Enterprises (SMEs) to participate in CSR because companies with a minimum net profit of 5 crore are required to spend a minimum of 2% on CSR initiatives. This will provide a brand-new set of difficulties for an industry that is being expected more and more by its business-to-business (B2B) clients to meet environmental and social standards while yet maintaining price and quality competition. To enable their ability to comply with the SR clause of the Companies Act of 2013, SMEs will therefore need to learn to swiftly be compliant with this wide collection of criteria. Endowing institutions to actively take part in the freedom fight in India, with the concept of trusteeship ingrained. The practise of CSR in India has recently been noted to have transitioned from institutional building (educational, research, and cultural) to community development through a variety of programmes, albeit it still falls within the charitable umbrella. Additionally, while CSR is still primarily focused on community development and is becoming more strategically oriented (that is, becoming more connected to business) than philanthropic, there appears to be a discernible trend in this direction. Many businesses are disclosing the activities they are engaging in in this area in their official websites, annual reports, sustainability reports, and even public statements.

CORPORATE SUSTAINABILITY

The Brundtland Commission defined sustainable development as "development that fulfils the demands of the present without compromising the ability of future generations to meet their own needs." Corporate sustainability is a branch of this definition. Corporate sustainability, which includes a balanced approach to economic advancement, social improvement, and environmental stewardship, fundamentally refers to the role that businesses can play in achieving the goals of sustainable development.

In India, CSR frequently focuses on what happens to revenues once they are earned. On the other hand, sustainability focuses on taking into account the social and environmental effects of company operations, or how profits are generated. As a result, a significant portion of Indian CSR practise is an essential part of sustainability or responsible business, which is a bigger concept, as is clear from numerous sustainability frameworks. The NVGs for Social, Environmental, and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs in June 2011 are an intriguing case in point.

Ten principles that address social, environmental, human rights, and governance issues make up the UN Global Compact, a widely used sustainability framework. What is referred to as CSR is implied rather than stated explicitly in these principles. The many definitions of CSR put out by international organisations show that the concepts of CSR and sustainability appear to be convergent on a global scale. The preamble of the recently released draught rules relating to the SR clause in the Companies Act, 2013, which discusses stakeholders and

how to integrate them with social, environmental, and economic goals—all of which make up the concept of a triple bottom line approach—shows the origins of this convergence. The Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises, published by the DPE in April 2013, also make reference to it. The new recommendations, which have superseded two previous separate recommendations on SR and sustainable development, released in 2010 and 2011, respectively, mention the following:

“It can be said that corporate social responsibility and sustainability represent a company's commitment to its stakeholders to conduct business in a transparent, ethical, and economically, socially, and environmentally sustainable manner because they are so closely related.”

MEASURES UNDER CSR

Schedule VII, published by the Ministry of Corporate Affairs of the Government of India, describes the numerous actions that corporations operating in India may do in accordance with the SR (Schedule VII of the Companies Act, 2013 and Amendment 2014). Companies can invest in the region they want to support federal or state government funds for environmental and socioeconomic development (The Companies Act, 2013). Activities that are directly related to environmental protection and sustainability are included in the CSR activities recommended in schedule VII's item (iv) (Schedule VI of The Companies Act, 2013 and Amendment 2014).

Schedule VI's list of CSR activities included the following:

- ❖ putting an end to acute poverty and hunger;
- ❖ encouraging education
- ❖ encouraging gender equality and women's empowerment;
- ❖ ensuring environmental sustainability, ecological balance, flora and fauna protection, animal welfare, agroforestry, resource conservation, and soil, air, and water quality maintenance;
- ❖ protection of the nation's art, culture, and legacy, including the construction of public libraries and the restoration of important historical monuments and architectural structures.
- ❖ the development and promotion of traditional arts and crafts;
- ❖ Taking action for military veterans, war widows, and their dependents;
- ❖ training to advance Olympic, Paralympic, and national sports, as well as sports in rural areas;
- ❖ donation to the Prime Minister's National Relief Fund or any other Central Government-established fund for the socioeconomic development, relief, and welfare of the Scheduled Caste, Scheduled Tribes, other underprivileged classes, minorities, and women;
- ❖ contributions or financial support given to university institutions that house technological incubators that have received central government approval;
- ❖ projects for rural development.

ENVIRONMENTAL SUSTAINABILITY

The fourth of the 10 major CSR activity areas, referred to as direct environmental and environmental sustainability initiatives. 'Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources, and maintaining quality of soil, air, and water' are some of the major categories. Among the various planned initiatives under the SR, this is the one that gives me the most hope. The activity has a big potential to protect the ecology and environment. The other specified categories might look distinct, but in a wide and real sense, they are interconnected, thus the advantages of high performance indicators in one area may assist others. For a better understanding and application of SR regulations, the various environmental protection components and sustainability are taken into account.

The core tenet of sustainable development is environmental sustainability, which is a broad concept.

The ability to preserve the attributes that are cherished in the natural environment is known as environmental sustainability. For instance, most people desire to maintain:

- ❖ living beings
- ❖ The capacity of the natural environment to preserve liveable circumstances
- ❖ for both humans and other animals (viz. clean water and air, a suitable climate)
- ❖ environmental factors that result in renewable resources like water,
- ❖ fish, lumber, and solar power

- ❖ Despite the loss of non-renewable resources, society continues to function
- ❖ all people's quality of life, as well as the environment's liveability and beauty

There is a risk if these environmental features are threatened. For instance, the extensive exploitation of non-renewable resources (such as minerals, coal, and oil) or harm to the ecosystem can result in major quality declines, destruction, or even extinction risks.

Sustainable development is defined as "development that fulfils the requirements of the present without compromising the ability of future generations to satisfy their own needs" by Brundtland (1987), a term that is frequently used today. As stated in the Brundtland report, "Humanity has the power to make development sustainable - to ensure that it serves the requirements of the present without endangering the capacity of future generations to satisfy their own needs." This statement directs attention to what must be maintained, what requirements must be supplied for various generations, and what tactics must be used to achieve the intended results.

Development is about change, while sustainability is about consistency. There are many aspects of life that we wish to preserve (keep), as well as many that we wish to alter. As a result, it makes sense to develop the concept of "sustainable development," which combines desired change and desired continuity. For instance, we might change exploitation, unhappiness, poverty, destructiveness, etc. while preserving the rest of nature, trust, tolerance, honesty, happiness, health, etc.

People, planet, prosperity or Truly Better Living are two examples of alternative language that organisations use to convey the essence of the triple bottom line concept (TBL). Programs for corporate social responsibility are fundamentally the same as triple bottom line programmes when applied broadly to social, environmental, and economic challenges.

When environmental issues develop, environmental managers typically figure out how to minimise the harm or waste. However, predicting when and where threats will have an impact is not always simple, and the results are frequently difficult to undo. Therefore, environmental managers are increasingly implementing techniques meant to stop harm from occurring in the first place. A comprehensive sustainability programme must include measures to stop threats and impacts from happening, safeguard the environment from threats and harm, and restore any harm already done.

Anywhere there is a threat of difficult or irreparable loss of the things or environmental features that people value, sustainability challenges become evident. And if such hazards exist, there is some sense of urgency to respond. Actions to reduce the use of physical resources, the adoption of a "recycle everything/buy recycled" philosophy, the use of renewable resources as opposed to those that are finite, the redesign of production processes and products to stop the production of toxic materials, and the preservation and restoration of natural habitats and environments valued for their beauty or usability are all examples of environmental sustainability programmes. These sustainability initiatives must function at a sufficient size and must maintain dependability for as long as the threats exist. Among the problems that seriously threaten environmental sustainability are the following:

- ❖ destruction of native species' dwelling spaces (habitats)
- ❖ release of harmful substances and other items into the environment
- ❖ greenhouse gas emissions that may contribute to climate change
- ❖ dwindling supplies of cheap oil and other fossil fuels

Environmental sustainability entails making choices and taking action that are motivated by the desire to safeguard the environment, with a focus on conserving the ability of the environment to support human life. Environmental sustainability encompasses all attempts to preserve the integrity of the environment, but there is no standard definition of what it implies on an operational level (UNDAF, 2009). The components of environmental sustainability can change throughout time and space. Therefore, while engaging in SR activities, it is necessary to identify and work on issues that are pertinent to the region. In recent years, important issues relating to environmental sustainability have included the reduction of adverse effects of climate change, clean energy generation and supply, water resource augmentation and supply, public health, sustainable consumption and resource production, environmentally friendly transportation facilities, conservation and management of natural resources, and others.

The implementation of programmes promoting environmental innovation, the monitoring of environmental impacts and measures to mitigate those impacts, the promotion of an ethical and environmentally sustainable culture for enhancing human quality of life—all of these things can be greatly facilitated by CSR.

CSR Guidelines

There isn't a one, all-encompassing definition for CSR. Mahatma Gandhi emphasised the idea that corporations are trustees of the wealth of the society, not its owners, which is an age-old idea that has long existed in India. They are in charge of maintaining society in a sustainable manner. CSR refers to an organization's or business's accountability for its actions toward society.

India is the first nation to require CSR spending worldwide. Indian businesses have a long history of charitable giving. the triple bottom line approach to CSR, which aims to modernise these conventional operations and hold businesses accountable for the sustainable economic, social, and environmental growth of society.

Schedule VII

The Companies Act of 2013 provides measures for CSR (Section 135), including the firms required to spend money on CSR, the types of activities to choose, reporting requirements, and more. The Sustainable Development Goals (SDGs) of the UN are aligned with the list of activities that can be classified as CSR activities under Schedule VII of the Companies Act.

The environmental sustainability, ecological balance, protection of flora and wildlife, animal welfare, agroforestry, clean Ganga fund, conservation of natural resources, and upkeep of soil, air, and water quality are all highlighted in Schedule VII activities. Additional consideration is given to these actions as environmental CSR. Through their CSR duties, these initiatives seek to lessen the environmental harm caused by enterprises.

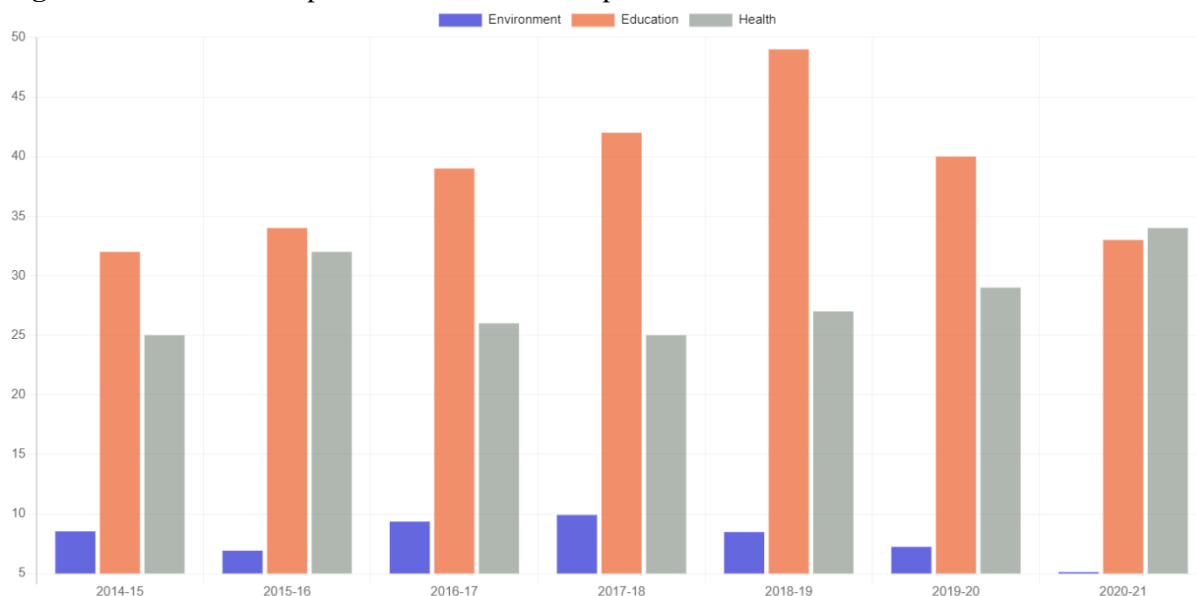
Environmental CSR

Table 1: CSR expenditure towards environmental sustainability activities against the total CSR expenditure.

Financial Year	Total CSR Expenditure (Rs. in Cr.)	Total Environmental CSR Expenditure (Rs.in Cr.)	Percentage of environmental CSR (%)
2014-15	10065.93	859.47	8.54
2015-16	14517.21	1003.88	6.92
2016-17	14344.00	1342.03	9.36
2017-18	17094.72	1694.36	9.91
2018-19	20150.13	1708.90	8.48
2019-20	24860.70	1799.83	7.24
2020-21	20358.89	1042.35	5.12

Source:

1. CSR Data Portal (Accessed at csr.gov.in)
2. Environmental CSR Expenditure includes expenditure towards environmental sustainability, conservation of natural resources, Agroforestry, Animal welfare and clean Ganga fund.

Figure 1 Sector-wise comparison of CSR amount spent from FY 2014-15 to FY 2020-21

Source: CSR Data Portal (Accessed at www.csr.gov.in)

The aforementioned trends show how Indian corporations prioritise industries like healthcare and education over environmental sustainability for a variety of reasons, but primarily because environmental activities typically have a longer gestation period and are more difficult to determine their precise effects. Due to many variables, they are less marketable than social activities that can be more visibly seen by beneficiaries and are easily quantified.

In addition to the issues listed above, businesses must contend with a lack of qualified implementing organisations with expertise in restoration and carbon sequestration projects, the absence of supportive policy interventions, approvals from various departments, red tape, and a lack of branding for forest initiatives.

The effects of ecological corporate social responsibility on company profitability were looked at by Khojasthepour, M., and Johns, R. (2014) in their study titled "The effect of environmental CSR concerns on corporate/brand reputation and corporate profitability." They discovered that environmental CSR had a favourable effect on corporate brand reputation and profitability.

The 68 largest multinational corporations in China and India were analysed by Lattemann, C. et al. (2009), who found that India's firms communicate about CSR more frequently than China's because their approach is compliance-based rather than relationship-based. Businesses in the manufacturing sector typically talk more about their CSR initiatives.

POLICY SOLUTIONS

One strategy for getting businesses to integrate their CSR objectives with environmental sustainability is branding. Giving the businesses trademark rights over the woodlands they maintain may encourage them to engage in forest restoration operations. A minimal area of land that the government has identified as having been subject to destruction as a forest may be adopted by businesses in order to cover it in forest cover and give it their brand name. For instance, ABC Forest.

Modern afforestation methods, like those employed in the Miyawaki Forests, can also be applied. Using this method, businesses can establish forests in a tiny plot of land nearby. A random mixture of 50 to 100 native plant species are chosen for this sort of afforestation, sown as seedlings, and allowed to grow naturally without the use of fertilisers or manures. Compared to commercial forestry, where seedlings are planted at a density of 1000 per hectare, this method uses an extremely high density of 20 000 to 30 000 per hectare. For two to three years, the place is regularly irrigated and observed. The plants battle with one another for resources like nutrients, light, and water while simulating the growth of a forest. As a result, they grow significantly more quickly than the traditional way. This method would assist businesses in more quickly and sustainably achieving their environmental goals.

Many Indian companies have undertaken effective CSR initiatives for the restoration of forests, such as Mahindra's Project Hariyali. The annual planting of 1 million trees is the goal of this endeavour. It addresses the issue of climate change and supports local residents' prospects for livelihood. This programme plants about 18 million trees, making it the programme with the most trees planted according to the Limca Book of World

Records. Through this project, more than 3.9 lakh tonnes of carbon have been sequestered. Their afforestation efforts also adhere to the Kyoto protocol rules of the UNFCCC.

ITC Ltd.'s sustainable agroforestry approach encouraged farmers to grow maize and chillies instead of eucalyptus plantings, which helped to restore groundwater and also increased farmers' income. Under ITC-CSR programmes, local farmers have received access to more over 1.11 lakh acres of agroforestry. 54.58 lakh tonnes of carbon have been stored as a result of these measures.

Evaluation of these environmental CSR initiatives' efficacy

GREEN COMPETITIVE ADVANTAGE

The green competitive advantage, according to Lin, Y.H. and Chen, Y.S. (2017), is the company's unique position with reference to ecological management or sustainable development. This study contends that ecological management provides a considerable green competitive advantage that is influenced by environmental CSR.

GREEN CORPORATE IMAGE

Bathmanathan and Hironaka (2016) described green corporate image as a driving element in the present, where businesses engage in environmentally friendly activities to cultivate a positive reputation among customers in an effort to become more competitive and win market share.

According to Widyastuti et al. (2019), a company's ability to develop a competitive green advantage depends on the strength and quality of its green corporate image. They further stated that in order to achieve sustainability, businesses must make adequate efforts to develop a green corporate image.

CONCLUSION

The healthy environment is essential and important to the corporate sector's sustainable and economic growth. It gives people the chance to produce goods and services while also assimilating wastes and contaminants. It is typically believed that the economy, ecology, and society cannot all prosper at the same time since they are in conflict with one another. One of the encouraging efforts to protect the environment, the economy, and society is to include environmental sustainability in SR operations in the Companies Act of 2013 and make it mandatory for the business sector. If this programme is effectively carried out, business establishments, the environment, and society will all prosper and everyone will live in peace. Through the implementation of the "three bottom line," there won't be any dangers to the company, its stakeholders, or the nation's advancement. Corporate entities and the general public must be made aware of the importance of achieving the goal for the benefit of the nation's future.

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