

**FROM VOLUNTARY TO MANDATORY: CSR AND ESG COMPLIANCE IN INDIAN  
CORPORATE LAW AND ITS GLOBAL IMPLICATIONS**

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**ABSTRACT**

*This research aims to critically examine the transition of Corporate Social Responsibility (CSR) in India from a voluntary initiative to a mandatory legal requirement under Section 135 of the Companies Act, 2013, and to analyse the evolving role of Environmental, Social, and Governance (ESG) compliance in corporate governance. The study investigates how statutory obligations have influenced corporate behaviour, compliance quality, and sustainable development outcomes. A comparative legal analysis method is employed, drawing on primary legal texts, regulatory guidelines (such as the SEBI-prescribed Business Responsibility and Sustainability Reporting), and secondary data from corporate disclosures and impact assessments. The paper also examines global CSR and ESG practices in jurisdictions like the European Union, United States, and South Africa to identify convergences and divergences.*

*Key findings indicate that while mandatory CSR provisions have increased corporate contributions to social development, significant challenges persist in terms of strategic alignment, impact measurement, and enforcement. ESG compliance, though increasingly emphasized, lacks a comprehensive legal framework in India. The implications of this research are twofold: first, it offers policy recommendations for strengthening CSR and ESG governance in India; second, it provides a legal roadmap for other emerging economies contemplating similar statutory models. The study concludes that India's experience represents a pioneering yet evolving model that must be continually refined to ensure meaningful corporate accountability and sustainability.*

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**Keywords:** Corporate Social Responsibility, ESG Compliance, Companies Act 2013, Corporate Governance, Emerging Economies, Comparative Corporate Law, Business Responsibility, Sustainable Development.

## INTRODUCTION

Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) have emerged as vital pillars of responsible business conduct in this era of liberalisation and growing global environmental awareness. This framework ensures that businesses contribute to inclusive and sustainable growth, rather than just economic expansion. It involves initiatives such as education, healthcare, environmental conservation, etc., where businesses assess and take responsibility for their impact on the environment and social welfare<sup>2</sup>. Corporate Social Responsibility (CSR) can be succinctly defined as a company's voluntary efforts and initiatives aimed at fostering social, environmental, and economic sustainability. Various forms of corporate social responsibility (CSR) encompass charity, volunteerism, and the ethical procurement of resources. These programs primarily focus on enhancing the company's societal reputation, fostering trust with stakeholders, and generating a beneficial impact on society<sup>3</sup>.

ESG refers to a framework of criteria employed by investors to examine a company's performance regarding environmental, governance, and social issues, hence evaluating its risks and prospects for sustainable long-term growth. Evaluation elements may encompass carbon impact, labour standards, and diversity among employees and board members, etc<sup>4</sup>. ESG expands upon CSR by transcending mere generosity, providing a quantifiable framework that enables investors and customers to comprehend a company's charitable, social, and governance actions. ESG is the measurable result pertaining to a company's comprehensive sustainability performance. It is a standard employed by investors to evaluate a company and ascertain its investment viability<sup>5</sup>.

## EVOLUTION OF CSR IN INDIA

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<sup>2</sup> Shikha Kumari, Exploring the Legal Debate on Corporate Social Responsibility: Mandatory vs Voluntary CSR Approach, *Int'l J. Innovative Rsch. in L.* (Jan. 17, 2025), <https://ijirl.com/wp-content/uploads/2025/01/EXPLORING-THE-LEGAL-DEBATE-ON-CORPORATE-SOCIAL-RESPONSIBILITY-MANDATORY-VS-VOLUNTARY-CSR-APPROACH.pdf> (accessed July 2, 2025).

<sup>3</sup> Singh U, Corporate Social Responsibility vs ESG, *Manupatra Academy Legal Post*, [https://www.manupatracademy.com/LegalPost/Corporate\\_Social\\_Responsibility\\_ESG](https://www.manupatracademy.com/LegalPost/Corporate_Social_Responsibility_ESG) (accessed July 6, 2025).

<sup>4</sup> *Ibid.*

<sup>5</sup> Shekhawat S.S., ESG & CSR – Two Sides of a Coin, *Times of India Readers' Blog* (Mar. 27, 2023), <https://timesofindia.indiatimes.com/readersblog/ethical-encouter/esg-csr-two-sides-of-a-coin-51923/> (accessed July 6, 2025).

Corporate Social Responsibility in India was shaped by familial values, traditions, culture, religion, and industrialization. During the 1900s, industrialist families such as the Tatas, Birla's, Modis, Godrej, Bajaj's, and Singhania's advanced this philosophy by establishing philanthropic foundations, educational and healthcare institutions, and trusts for community development. Mahatma Gandhi urged prominent industrialists to allocate their wealth for the welfare of the destitute populations. He presented the notion of trusteeship. The concept of trusteeship facilitated India's socio-economic advancement.<sup>6</sup> Gandhi considered Indian companies and industries as "Temples of Modern India." He convinced industry and corporations to create trusts for colleges, research, and training institutes.<sup>7</sup>

### TRANSITION FROM VOLUNTARY TO MANDATORY CSR

In a worldwide economy where company actions significantly impact social, economic, and environmental spheres, voluntary company Social Responsibility (CSR) has arisen as a flexible strategy driven by ethical principles and corporate self-interest, devoid of legal obligation. This model fosters innovation and autonomy, although it also prompts apprehensions over efficacy and accountability.<sup>8</sup> A contingency approach posits that the efficacy of CSR is contingent upon variables such as industry classification, organizational scale, and socio-political environment. Strategically executed voluntary CSR can improve corporate transparency, stakeholder trust, reputation, customer relations, and investor confidence.<sup>9</sup> Nonetheless, to guarantee equitable conditions and rectify possible deficiencies, government intervention may remain essential, suggesting that voluntary efforts and regulatory frameworks might serve as complementary instruments in advancing corporate responsibility and sustainability.

The obligatory CSR framework legally mandates firms to engage in social and environmental advancement, in contrast to the conventional voluntary model. India, as the first nation to enforce obligatory Corporate Social Responsibility under the Companies Act of 2013<sup>10</sup>, requires companies with a net profit of ₹5 crores or a turnover of ₹1,000 crores to allocate a minimum of

<sup>6</sup> SoulAce, How has CSR evolved in India? *SoulAce*, <https://www.soulace.in/how-has-csr-evolved-in-india.php> (accessed 8 July 2025).

<sup>7</sup> Sifat Khan & Rajkumari Jain, An Idea Beyond CSR: Trusteeship Theory of Mahatma Gandhi, *J. Emerging Tech. & Innovative Rsch.*, vol. 8, no. 7, at 151–54 (July 2021), <https://www.jetir.org/papers/JETIR2107148.pdf> (accessed July 8, 2025).

<sup>8</sup> Arshiya Banu & Jyotirmoy Banerjee, Exploring the Legal Debate on Corporate Social Responsibility: Mandatory vs Voluntary CSR Approach, 4 *Int'l J. Innovative Rsch. in L.* 1058, 1065 (2025).

<sup>9</sup> Ameeta Jain, Monica Keneley & Dianne Thomson, Voluntary CSR Disclosure Works! Evidence from Asia Pacific Banks, 11 *Social Responsibility J.* 2 (2015).

<sup>10</sup> *Companies Act*, No. 18 of 2013 (India).

2% of their average net earnings<sup>11</sup> towards initiatives like education, rural development, and slum enhancement.

The activities, which may be included by the companies in their CSR policies, are listed in Schedule VII of the Act.<sup>12</sup> This legal framework represents an endeavour to guarantee substantial corporate involvement in social welfare. Nevertheless, obstacles, including insufficient accountability, openness, and effective execution, persist. Amidst escalating globalization and economic advancement, there is a heightened necessity for systematic and genuine CSR initiatives that transcend mere corporate image enhancement and prioritize enduring social impact and sustainable development.

### INTRODUCTION OF ESG IN INDIA

ESG (Environmental, Social, Governance) is a comprehensive framework evaluating a company's sustainability across its environmental impact, social responsibility, and governance practices. Indian ESG reporting began with voluntary National Voluntary Guidelines (NVGs) in 2011, followed by SEBI's Business Responsibility Reports (BRR) in 2012, which later evolved into the mandatory Business Responsibility and Sustainability Report (BRSR) framework. Additionally, the Reserve Bank of India (RBI) has promulgated directives regarding green finance and climate risk assessment. ESG disclosures are consistent with international frameworks, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Enhancing enforcement and standardization is essential for guaranteeing corporate responsibility and sustainable business practices in India.<sup>13</sup> The disclosures as per the BRSR framework were made mandatory for the top 1000 listed companies (by market capitalisation) in India from FY 2022-23, while the disclosures were voluntary for FY 2021-22 for these companies.<sup>14</sup>

### IMPACT OF MANDATORY CSR AND ESG IN INDIA

Since the introduction of mandatory CSR and ESG in India, companies have spent a tremendous amount on the CSR initiative. There was a 16% rise in Corporate Social Responsibility (CSR)

<sup>11</sup> Bhavesh Sarna, Voluntary V/s Mandatory CSR—The Sound of Employees (Master's Thesis, Jyvaskeyla Univ. Sch. of Bus. & Econ., Aug. 2016).

<sup>12</sup> Comptroller & Auditor Gen. of India, *Corporate Social Responsibility, General Purpose Financial Report*, Report No. 5 (2021).

<sup>13</sup> D.M. Kharola, M.S. Goyal & D.S. Saxena, Mandatory ESG Reporting in India: Legal Obligations and Management Strategies, *J. Marketing & Soc. Rsch.*, vol. 2, no. 2, at 167–77 (2025).

<sup>14</sup> Taxmann, Guide to ESG in India – Features Principles Reporting Requirements (Mar. 6, 2024), <https://www.taxmann.com/post/blog/guide-to-esg-in-india> (last visited June 13, 2025).

expenditure amounting to Rs. 17,967 crores by listed companies in FY 2023-24.<sup>15</sup> A positive correlation can also be seen between CSR spending and the increase in profits of the companies. As per a report of Prime Infobase, the average 3-year net profit of companies listed on NSE has more than doubled from ₹4.18 lakh crore in 2014-15, the first year of this regulation, to ₹9.62 lakh crore in 2023-24.<sup>16</sup>

The impact is not limited only to quantitative change but also has other dimensions too. The Supreme Court of India has, in several landmark judgments, underscored the broader responsibility of corporations toward society and the environment, even though the cases did not directly address CSR under the Companies Act. In cases like *Rural Litigation and Entitlement Kendra vs. State of Uttar Pradesh (Dehradun Quarrying Case)*<sup>17</sup> and *Tata Iron & Steel Co. Ltd. v. State of Bihar*<sup>18</sup>, the Court emphasized that businesses must operate with a sense of social accountability, thereby reinforcing the spirit of CSR. The SC has not only stated the importance of CSR but has also imposed a fine for non-compliance. In *Sterlite Industries (India) Ltd. vs. Union of India*<sup>19</sup>, the SC court ordered the company to pay a hefty compensation of ₹100 crore for polluting the environment. The judgment highlighted the responsibility of companies to go beyond mere compliance with the law and proactively work to mitigate environmental harm. The Hon'ble Court in this case, citing *M.C. Mehta and Another vs. Union of India and Others*<sup>20</sup> stated that "The enterprise must be held to be under an obligation to provide that the hazardous or inherently dangerous activity in which it is engaged must be conducted with the highest standards of safety and if any harm results on account of such activity, the enterprise must be absolutely liable to compensate for such harm and it should be no answer to the enterprise to say that it had taken all reasonable care and that the harm occurred without any negligence on its part. The quantum of compensation must be co-related to the magnitude and capacity of the

<sup>15</sup> Banikinkar Pattanayak, CSR Spend Trebles in a Decade, Education & Health Get Lion's Share, *Econ. Times* (New Delhi, July 8, 2025), <https://economictimes.indiatimes.com/news/company/corporate-trends/csr-spend-trebles-in-a-decade-education-health-get-lions-share/articleshow/122326417.cms> (accessed July 12, 2025).

<sup>16</sup> Prime InfoBase, CSR Spend by NSE Listed Companies Jumps 16 Percent to ₹18,000 Crore in 2023–24, *Prime Database Group* (Apr. 2025), [http://www.primedatabasegroup.com/newsroom/CSR\\_SPEND\\_BY\\_NSE\\_LISTED\\_COMPANIES\\_JUMPS\\_16\\_PERCENT\\_TO\\_18000\\_CRORE\\_IN\\_2023\\_24\\_PRIMEINFOBASE.pdf](http://www.primedatabasegroup.com/newsroom/CSR_SPEND_BY_NSE_LISTED_COMPANIES_JUMPS_16_PERCENT_TO_18000_CRORE_IN_2023_24_PRIMEINFOBASE.pdf) (accessed July 12, 2025).

<sup>17</sup> *Rural Litig. & Entitlement Kendra v. State of Uttar Pradesh*, AIR 1985 SC 652 (India).

<sup>18</sup> *Tata Iron & Steel Co. Ltd. v. State of Bihar*, AIR 1985 SCR 1355 (India).

<sup>19</sup> *Sterlite Indus. (India) Ltd. v. Union of India*, (2013) 4 SCC 575 (India).

<sup>20</sup> *M.C. Mehta v. Union of India*, (1987) 1 SCC 395 (India).



enterprise because such compensation must have a deterrent effect, and the larger and more prosperous the enterprise, the greater must be the amount of compensation payable by it.”<sup>21</sup>

Apart from the judicial decisions, there has also been an increase in the social initiatives related to CSR, making a great impact on society. One such initiative is Project MANSI (Maternal and Newborn Survival Initiative) by TATA Steel Foundation. This project aims to address the problem of maternal and infant mortality in rural India.<sup>22</sup> The project made a huge impact, resulting in a significant reduction in mortality rates. The Infant Mortality Rate dropped from 43.9 per cent in 2015 to 24.8 per cent in 2020.<sup>23</sup> Another initiative is the Project “Nanhi Kali” by Mahindra Group, which aims to enhance educational opportunities for underprivileged girl children in India.<sup>24</sup> More than 1.5 Lakh girl children were supported in 20 districts spread across 7 states in the country.<sup>25</sup>

Such projects are not only limited to Indian companies, but MNCs like Apple are also contributing to CSR. Apple has partnered with the Malala Fund to provide education to girls in countries such as India, Afghanistan, and Pakistan.<sup>26</sup> Talking about its CSR to enhance educational opportunities in India, in FY 2022-23, Apple supported Akanksha Foundation to provide high-quality education to low-income communities. Apple has also been supporting the Akshaya Patra Foundation to ensure nutritious mid-day meals for school children in Puducherry, Telangana, and Karnataka.<sup>27</sup>

### GLOBAL IMPLICATIONS OF CSR AND ESG COMPLIANCE

Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) compliance have emerged as critical pillars of global business strategy, moving from voluntary corporate gestures to essential operational mandates. At a global scale, the impact of CSR and

<sup>21</sup> *Ibid.*

<sup>22</sup> Top CSR Projects Leaving an Impact in India and the World, *CSR J.*, <https://thecsrjournal.in/top-csr-projects-impact-india-world/> (accessed July 13, 2025).

<sup>23</sup> Tata Steel, Tata Steel’s MANSI Rural Healthcare Programme for Women and Children, *Tata.com Newsroom*, <https://www.tata.com/newsroom/community/tata-steel-mansi-rural-healthcare-women-child> (accessed July 13, 2025).

<sup>24</sup> K.C. Mahindra Education Trust, Girl Child Education – Project Nanhi Kali, *K.C. Mahindra Education Trust*, <https://www.kcmet.org/what-we-do-Girl-Child-Education.aspx> (accessed July 13, 2025).

<sup>25</sup> Mahindra Group, Project Nanhi Kali – Empowering Underprivileged Girls with Access to Quality Education, *Mahindra.com Blogs*, <https://www.mahindra.com/blogs/project-nanhi-kali-empowering-underprivileged-girls-with-access-to-quality-education> (accessed July 13, 2025).

<sup>26</sup> *CSR J.*, *supra* note 22.

<sup>27</sup> Apple India Pvt. Ltd., *Corporate Social Responsibility Annual Report FY 2019–20* (Sept. 2020), <https://www.apple.com/in/legal/more-resources/docs/Apple-India-CSR.pdf> (accessed July 13, 2025).

ESG compliance is far-reaching. Companies are no longer evaluated solely on financial performance but also on their social and environmental footprints. With 90–98% of S&P 500 companies now publishing ESG or sustainability reports, transparency has become a norm rather than an exception.<sup>28</sup> Financially, CSR and ESG practices have proven to be value enhancers. Institutional investors are integrating ESG criteria into decision-making, with ESG investments projected to reach \$33.9 trillion by 2026,<sup>29</sup> representing a significant share of global assets under management. Companies with strong ESG performance benefit from higher market value, increased profitability, and outperforming peers by 4.8% annually.

Consumer behaviour has also profoundly shifted. A significant 77% of consumers prefer to buy from companies actively engaged in CSR,<sup>30</sup> And around 88% demonstrate increased loyalty to businesses that advocate for social or environmental issues.<sup>31</sup> For talent acquisition and retention, CSR and ESG practices are paramount. 66% of executives consider employee morale the top benefit of CSR initiatives, and 77% of employees cited a sense of purpose as a factor in choosing their employer. Companies prioritising CSR experience a 35% increase in employee retention over a five-year period. Younger generations, including 94% of Gen Z, expect companies to address social and environmental issues, influencing their career choice.<sup>32</sup>

### CHALLENGES IN CSR AND ESG IMPLEMENTATION

The implementation of CSR and ESG frameworks faces several persistent challenges, both in India and globally. One major hurdle is the lack of standardized reporting mechanisms, which complicates impact assessment and makes it difficult for stakeholders to compare performance across companies or sectors.<sup>33</sup> For CSR in particular, many firms treat compliance as a tick-box exercise, leading to superficial engagement rather than strategic integration, often referred to as

<sup>28</sup> KEY ESG, 50 Sustainability Statistics You Need to Know in 2025, <https://www.keyesg.com/article/50-esg-statistics-you-need-to-know-in-2024> (accessed July 13, 2025).

<sup>29</sup> PwC, ESG Focused Institutional Investment Seen Soaring 84 Percent to US\$33.9 Trillion in 2026, Making Up 21.5 Percent of Assets Under Management, *PwC Newsroom* (London, Oct. 10, 2022), <https://www.pwc.com/gx/en/news-room/press-releases/2022/awm-revolution-2022-report.html> (accessed July 13, 2025).

<sup>30</sup> Marijn Overvest, Corporate Social Responsibility Statistics 2025 — 65 Key Figures, *Procurement Tactics* (Nov. 14, 2023), <https://procurementtactics.com/corporate-social-responsibility-statistics/> (accessed July 13, 2025).

<sup>31</sup> Solitaire Townsend, 88 Percent of Consumers Want You to Help Them Make a Difference, *Forbes* (Nov. 21, 2018), <https://www.forbes.com/sites/solitairetownsend/2018/11/21/consumers-want-you-to-help-them-make-a-difference/> (accessed July 13, 2025).

<sup>32</sup> Marijn, *supra* note 30.

<sup>33</sup> Mathews Sumba Mang'anyi & Kimani Chege, Challenges Facing the Implementation of Corporate Social Responsibility Programs in Education Sector: A Survey of Private Primary Schools in Busia County, Kenya, 3(4) *Int'l J. Innovative Rsch. & Dev.* 410 (2014), <https://www.ijird.com> (accessed July 12, 2025).

“CSR washing”.<sup>34</sup> The absence of consistent metrics and third-party verification makes it difficult to distinguish meaningful CSR contributions from those undertaken merely for regulatory compliance.<sup>35</sup>

In the ESG context, data collection and quality remain a critical issue. Many companies lack the internal capacity or expertise to track ESG indicators effectively, especially in complex areas like Scope 3 emissions, human rights impacts, or supply chain ethics.<sup>36</sup> A 2023 EY report noted that over 70% of companies in emerging markets identified ESG data quality and regulatory uncertainty as major barriers to compliance.<sup>37</sup> Additionally, regulatory fragmentation with different jurisdictions applying varying disclosure standards creates compliance burdens for multinational firms.<sup>38</sup>

In India, while CSR spending has increased, challenges remain in aligning CSR projects with business strategy, measuring long-term social impact, and ensuring accountability through audits or public disclosures.<sup>39</sup> Moreover, resource constraints among small and medium enterprises (SMEs) prevent robust ESG integration, even as large firms increasingly respond to investor and regulatory pressure.<sup>40</sup> Finally, there is a shortage of skilled professionals in the CSR and ESG domains, affecting implementation quality across sectors. Addressing these issues requires harmonized global standards, better ESG literacy, and stronger oversight mechanisms.

### **SUSTAINABLE TRANSFORMATION: OPPORTUNITIES BEYOND REGULATION**

The evolving landscape of CSR and ESG brings numerous opportunities for businesses. Businesses can use these opportunities to their advantage and turn them into their USP (Unique Selling Point). As already discussed, businesses that are actively engaged in CSR and ESG

<sup>34</sup> Chandan Kumar Roy, Overcoming Challenges in Corporate Social Responsibility (CSR) Implementation, *TechCSR* (Aug. 23, 2024), <https://techcsr.com/blog/overcoming-challenges-in-corporate-social-responsibility-csr-implementation> (accessed July 13, 2025).

<sup>35</sup> Charity Miles, What Is Social Responsibility? *Charity Miles*, <https://charitymiles.org/social-responsibility/> (accessed July 13, 2025).

<sup>36</sup> Bedford Consulting, The 5 Main Challenges of ESG Reporting and Best Practice, *Bedford Consulting*, <https://bedfordconsulting.com/the-5-main-challenges-of-esg-reporting-and-best-practice/> (accessed July 13, 2025).

<sup>37</sup> EY, As ESG Reporting Becomes Mainstream, Complex Challenges Persist, *EY India*, [https://www.ey.com/en\\_in/insights/climate-change-sustainability-services/as-esg-reporting-becomes-mainstream-complex-challenges-persist](https://www.ey.com/en_in/insights/climate-change-sustainability-services/as-esg-reporting-becomes-mainstream-complex-challenges-persist) (accessed July 13, 2025).

<sup>38</sup> EcoActiveTech, The 5 Main Challenges of ESG Reporting and Best Practices, *EcoActiveTech*, <https://ecoactivetech.com/the-5-main-challenges-of-esg-reporting-and-best-practices/> (accessed July 13, 2025).

<sup>39</sup> UNDP Belarus, ESG Challenges and Opportunities, <https://www.undp.org/belarus/stories/esg-challenges-opportunities> (accessed July 13, 2025).

<sup>40</sup> Lucy Carvalho, Challenges for ESG, *Lok Jack Glob. Sch. of Bus., Univ. of the W. Indies*, <https://lokjackgsb.edu.tt/challenges-esg/> (accessed July 13, 2025).



receive a good response from environmentally conscious customers. Moreover, there is also an increase in loyal customers. These mere compliances can turn out to be a marketing tool for the businesses, eventually leading to increased profitability. As sustainability becomes central to stakeholder expectations and investor decision-making, companies that integrate ESG into their business models benefit from improved access to green finance, ESG-linked loans, and increased consumer trust.<sup>41</sup> In India, frameworks such as SEBI's Business Responsibility and Sustainability Reporting (BRSR) and rising green bond markets are encouraging greater ESG transparency.<sup>42</sup>

The Green Bond market is one such rapidly growing area in the field of Green Finance.<sup>43</sup> According to Bloomberg, green bond sales from corporates and governments, which climbed to \$575 billion, a step up from 2022 and just beating 2021's \$573 billion figure.<sup>44</sup> Not only green bonds, but issuance of social bonds<sup>45</sup> are closely related to it. Its sales in 2023 were about \$135 billion.<sup>46</sup> Apart from this, organisations such as the International Bank of Reconstruction & Development (IBRD)<sup>47</sup> are also major contributors to the issuance of sustainability bonds. In fact, the IBRD was responsible for the largest sustainability bonds issued in 2023, at \$5 billion.<sup>48</sup> India also has made its debut in Sovereign Green Bonds in the year 2023 with the maiden Sovereign Green Bond (SGrB) auction of Rs. 8,000 crores held in January 2023, got oversubscribed owing to robust demand from various market participants, primarily banks.<sup>49</sup> Moreover, companies are leveraging CSR not just for compliance but to strengthen community relations, promote employee engagement, and embed ethical supply chain practices, thereby

<sup>41</sup> Earth5R, ESG Opportunities for Indian Business Growth, <https://earth5r.org/esg-opportunities-for-indian-business-growth/> (accessed July 13, 2025).

<sup>42</sup> EY, Evolving CSR: Integrating Change Management in ESG Strategies, [https://www.ey.com/en\\_lu/insights/sustainability/evolving-csr-integrating-change-management-in-esg-strategies](https://www.ey.com/en_lu/insights/sustainability/evolving-csr-integrating-change-management-in-esg-strategies) (accessed July 13, 2025).

<sup>43</sup> Dr. Nannette Lindenberg, Definition of Green Finance, *Convention on Biological Diversity* (Apr. 2014), <https://www.cbd.int/financial/gcf/definition-greenfinance.pdf> (accessed July 13, 2025).

<sup>44</sup> Bloomberg, Green Bonds Reached New Heights in 2023, *Bloomberg Professional* (Apr. 2024), <https://www.bloomberg.com/professional/insights/trading/green-bonds-reached-new-heights-in-2023/> (accessed July 13, 2025).

<sup>45</sup> Int'l Cap. Mkt. Ass'n (ICMA), *Social Bond Principles* (June 2020), <https://www.icmagroup.org/assets/documents/regulatory/green-bonds/june-2020/social-bond-principlesjune-2020-090620.pdf> (accessed July 17, 2025).

<sup>46</sup> Bloomberg, *supra* note 44.

<sup>47</sup> World Bank, International Bank for Reconstruction and Development (IBRD), <https://www.worldbank.org/en/who-we-are/ibrd> (accessed July 17, 2025).

<sup>48</sup> Bloomberg, *supra* note 44.

<sup>49</sup> Indian Inst. of Banking & Fin., Green Bonds – Role and Scope in India's Financial and Fiscal Landscape, *Bank Quest* (July–Sept. 2023), <https://www.iibf.org.in/documents/BankQuest/6.%20.pdf> (accessed July 17, 2025)

aligning social impact with profitability.<sup>50</sup> Globally, businesses are tapping into new ESG-driven markets through climate innovation, digital ESG platforms, and sustainable product development. For example, IT departments are evolving to integrate sustainability metrics and ethical AI governance, positioning ESG not as a compliance task but as a core operational strategy.<sup>51</sup> This shift has also created new demand for ESG consultancy, auditing, and compliance software as firms seek to align with stakeholder capitalism.<sup>52</sup> The global ESG market is projected to grow from USD 9.8 billion in 2023 to USD 20.3 billion by 2028, at a CAGR of 15.7 per cent.<sup>53</sup> The ESG consultants in India has accelerated with companies racing to earn a sustainability tag and navigate complex disclosure requirements.<sup>54</sup> The large and mid-sized firms are engaging ESG service providers not only for compliance but also for strategic sustainability transformation.<sup>55</sup>

Globally, the ESG consulting landscape is evolving from reporting assistance to data-driven services, with AI, materiality mapping, and sector-specific benchmarking gaining traction.<sup>56</sup> Investor expectations are also fuelling demand, especially for ESG-aligned data frameworks and climate-risk assessments.<sup>57</sup> In 2024, a UK-based company, Verdantix, estimated that over 40% of ESG consultancy clients are now requesting help with decarbonization strategies and net-zero planning.<sup>58</sup> Moving forward, businesses that approach CSR and ESG as strategic enablers rather than regulatory burdens are likely to lead the way in fostering inclusive growth and environmental resilience.

<sup>50</sup> ESGPro, ESG and Corporate Social Responsibility: A New Business Paradigm, <https://esgpro.co.uk/esg-and-corporate-social-responsibility-a-new-business-paradigm/> (accessed July 13, 2025).

<sup>51</sup> TechTarget, 10 Key ESG and Sustainability Trends for Business IT, *TechTarget* (2024), <https://www.techtarget.com/searchcio/feature/10-key-ESG-and-sustainability-trends-for-business-IT> (accessed July 13, 2025).

<sup>52</sup> ESGPro, *supra* note 50.

<sup>53</sup> MarketsandMarkets, ESG Advisory Services Market – Global Forecast 2023–2028, *MarketsandMarkets* (2023), <https://www.marketsandmarkets.com/Market-Reports/esg-advisory-market-130676561.html> (accessed July 13, 2025).

<sup>54</sup> Inductus Group, Consulting in ESG Strategy in 2025 and Beyond, *Inductus* (2024), <https://inductusgroup.com/consulting-in-esg-strategy-in-2025-and-beyond/> (accessed July 13, 2025).

<sup>55</sup> ET Bureau, ESG Consultancies on the Rise as Companies Rush to Get Sustainability Tag, *Econ. Times* (June 28, 2024), <https://economictimes.indiatimes.com/small-biz/sustainability/esg-consultancies-and-services-on-the-rise-as-companies-rush-to-get-sustainability-tag/articleshow/111101890.cms> (accessed July 13, 2025).

<sup>56</sup> KindLink, How the ESG Consultancy Sector Is Evolving, <https://www.kindlink.com/news/blog/esg-consulting-how-esg-consultancy-sector-evolving> (accessed July 13, 2025).

<sup>57</sup> A-Team Insight, ESG Consultancy Growth Driven by Investor Data Demand, <https://a-teaminsight.com/blog/esg-consultancy-growth-driven-by-investor-data-demand/> (accessed July 13, 2025).

<sup>58</sup> Verdantix, The ESG and Sustainability Consulting Market: The Road Ahead, *Verdantix* (2024), <https://www.verdantix.com/insights/blog/the-esg-and-sustainability-consulting-market-the-road-ahead> (accessed July 13, 2025).

A multi-pronged policy approach is required to strengthen the CSR and ESG ecosystem in India. The government should introduce a unified regulatory framework that integrates CSR and ESG principles to eliminate overlaps and inconsistencies between existing guidelines issued by regulatory bodies such as the Ministry of Corporate Affairs and SEBI.<sup>59</sup> This would offer businesses a coherent and consistent roadmap for responsible practices and compliance. Mandatory impact assessments for high-value CSR initiatives and ESG disclosures should be institutionalised to ensure that expenditure results in measurable and outcome-oriented development aligned with national goals and global benchmarks like the SDGs.<sup>60</sup> Capacity building programs focused on ESG literacy, ethical governance, and sustainability reporting are essential to equip corporates and implementing agencies with the tools needed for effective execution.<sup>61</sup> Incentivising responsible behaviour through tax benefits or preferential treatment in public procurement or green finance could further encourage companies to go beyond minimum compliance.<sup>62</sup> Strengthening public disclosure systems would improve transparency and allow stakeholders, including investors and civil society, to engage meaningfully with corporate sustainability efforts. Aligning ESG and CSR indicators with India's socio-economic priorities while ensuring compatibility with global frameworks like the GRI and UN Global Compact can improve both relevance and global competitiveness.<sup>63</sup> These reforms will help close implementation gaps and foster a culture of genuine corporate responsibility, enabling inclusive growth and environmental sustainability.

## CONCLUSION

The transformation of Corporate Social Responsibility (CSR) from a voluntary initiative to a mandatory statutory obligation under Section 135 of the Companies Act, 2013, has marked a

<sup>59</sup> Ministry of Corporate Affairs, *Report of the High-Level Committee on Corporate Social Responsibility 2018* (2019), [https://www.mca.gov.in/Ministry/pdf/CSRHLC\\_13092019.pdf](https://www.mca.gov.in/Ministry/pdf/CSRHLC_13092019.pdf) (accessed July 17, 2025).

<sup>60</sup> Securities & Exchange Bd. of India, *Business Responsibility and Sustainability Reporting by Listed Entities* (SEBI Circular, 2021), [https://www.sebi.gov.in/legal/circulars/apr-2021/business-responsibility-and-sustainability-reporting-by-listed-entities\\_49721.html](https://www.sebi.gov.in/legal/circulars/apr-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_49721.html) (accessed July 17, 2025).

<sup>61</sup> UN Global Compact Network India, *Corporate Sustainability in India: An Overview* (2020), <https://www.globalcompact.in/> (accessed July 17, 2025).

<sup>62</sup> Roy C.K., *Overcoming Challenges in Corporate Social Responsibility (CSR) Implementation*, *TechCSR* (Aug. 23, 2024), <https://techcsr.com/blog/overcoming-challenges-in-corporate-social-responsibility-csr-implementation> (accessed July 17, 2025).

<sup>63</sup> Carvalho L., *Challenges for ESG*, *Lok Jack Glob. Sch. of Bus., Univ. of the W. Indies*, <https://lokjackgsb.edu.tt/challenges-esg/>

significant shift in India's corporate governance landscape. This legal mandate has institutionalised corporate contributions to societal development, steering businesses towards more structured, accountable, and impactful engagement with social and environmental concerns. The empirical evidence suggests a substantial rise in CSR spending, not only in monetary terms but also in the depth and diversity of initiatives undertaken. These initiatives now span across education, healthcare, skill development, gender equality, rural development, environmental protection, and support for marginalised communities. Judicial pronouncements have further reinforced the ethos of CSR by holding corporations accountable for environmental and social damage, thus signalling the judiciary's commitment to fostering corporate responsibility beyond mere statutory compliance.

Simultaneously, the emergence of Environmental, Social, and Governance (ESG) frameworks has broadened the scope of corporate accountability. ESG compliance, though currently not uniformly regulated in India, has gained significant momentum due to investor pressure, global best practices, and regulatory developments like SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework. ESG performance is increasingly becoming a determinant of access to capital, investor confidence, brand equity, and long-term business sustainability. The global integration of ESG norms has also triggered a rise in ESG-related consulting services, impact assessment tools, and data analytics, offering new growth avenues for businesses, professionals, and policymakers alike.

However, the path ahead is not without challenges. Issues such as lack of standardised reporting frameworks, inadequate impact assessment mechanisms, regulatory fragmentation, low ESG literacy, and the absence of reliable data continue to hinder the full potential of CSR and ESG frameworks. Addressing these concerns requires harmonisation of reporting standards across sectors, robust monitoring and evaluation systems, institutional capacity-building, stakeholder engagement, and a deeper alignment of sustainability goals with long-term business strategies.

India's experience with mandatory CSR and its evolving ESG landscape presents a unique model that other emerging economies can study, customise, and adapt to their own socio-economic contexts. Going forward, CSR and ESG must be seen not just as compliance tools but as integral components of a company's core value system and strategic vision. With the right mix of regulation, innovation, public-private partnerships, and stakeholder participation, these

frameworks can effectively drive inclusive growth, environmental resilience, social equity, and global competitiveness.

