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A STUDY OF LEGAL FRAMEWORK FOR CSR IN INDIA

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INTRODUCTION

Like companies from other countries, Indian companies have a long history of taking part in social projects that go beyond their main business goals. But as worries about governance grew in the late 1990s, lawmakers and business leaders started to pay more attention to corporate social responsibility (CSR) projects. The Corporate Social Responsibility (CSR) movement began in India in 2009 when the Ministry of Corporate Affairs released the Corporate Social Responsibility Voluntary Guidelines. The Companies Act 2013 (MCA, 2013) was made law, and it requires certain types of businesses to set aside money for corporate social responsibility. Section 135 of Act was made law. India was the first country to make it a rule that big, well-known companies have to do corporate social responsibility (CSR).

Even though corporate social responsibility (CSR) problems are becoming more important around the world, this fact still stands. Indian was the only country to have done this at the time this piece was written. Companies don't have to report on their corporate social responsibility (CSR) actions in many countries. In those that do, most of the time, companies can choose not to. It's not a surprise that people in India from different backgrounds had different ideas about Section 135. This includes businesses, business groups, government workers, and social sector organizations. India has a big chance to change by making corporate social responsibility (CSR) mandatory. This is seen as a turning point in history. [3]

Companies would work with the government and non-profits to adopt strategies for sustainable growth that would help with "national regeneration." This is how people who work in politics have praised it. Some people think that enforcing corporate social

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[3] Biswanath Ghosh, Ethics in management and Indian Ethos., 2nd edn, p 179-180.

responsibility (CSR) could help India, which is still a growing country, find a balance between being a liberal state and a regulated state. India would find a balance between social unity and economic growth. Companies and business groups often fight against corporate social responsibility (CSR) rules, saying that they put social responsibilities on the private sector and make companies pay for mistakes made by the government. If corporations are required to have social responsibility, they might not share publicly how they are trying to follow the law or figure out unclear legal requirements. The point of this study is to look into how needed corporate social responsibility (CSR), as outlined in Section 135 and the rules that go with it, could help close the welfare gap in a developing country like India. This is because people have different ideas about required Corporate Social Responsibility (CSR), as mentioned in MCA, 2014a.how Section 135 changed the incentives for businesses and the responses, resources, social goods created, and problems that came up when the required CSR spending rules were put into place. [4]

These issues are made clear by looking at the CSR plans of 500 large companies traded on the Bombay Stock Exchange between 2003 and 2011. The format of the paper is shown below. the main parts of the Companies Act of 2013's required Corporate Social Responsibility (CSR)[5]. This sets the stage for a discussion of the important problems that were brought up in the first part. In Section 3, the motivations for CSR are summed up from both theoretical and empirical research. In Section 4, the costs and benefits of required CSR are looked at in relation to different legislative measures. In Section 5, an empirical study of the top 500 listed companies in India's voluntary CSR efforts from 2003 to 2011 was done to start the conversation about required CSR after Section 135 was passed.

CSR IN INDIA – THE LEGAL FRAMEWORK

The Indian government's first public move to deal with CSR was the release of the Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs. The Report of the Task Force on Corporate Excellence (MCA, 2000) from the Ministry of Corporate Affairs looked at the role of CSR in improving corporate governance. The paper mostly talked about suggestions for how corporate social responsibility can help businesses

[4] V P Agarwala,' Forests in India', 1985, p 5.

[5] M.H. Hirani, "The Company Law Related to Social Responsibility of Company Directors", (New Delhi: A.P.H. Publishing Corporation), p. 21.

and society, with not much focus on how to put these suggestions into action. The 2009 Voluntary Guidelines gave a basic outline of a strategy for corporate social responsibility (CSR). These actions pushed for moral behavior, human rights, social growth that includes everyone, workers' rights and health, and care for everyone involved. Setting a clear difference between CSR and charity, the Guidelines made it clear that CSR projects are not required by law or regulation and can be chosen by the company. Instead of the 2009 Guidelines, the MCA made the National Voluntary Guidelines of Social, Environmental, and Economic Responsibilities of Business in 2011. The rules, which include nine moral standards for businesses to follow to help the economy grow fairly at the national level, were said to have come from input from important people across the country. Similar to the 2009 standards, the 2011 Guidelines encouraged businesses to use the "apply-or-explain" method to show that they met the requirements. They were completely up to you. Companies were told to follow all nine conditions. One of the 2009 Guidelines' suggested ways to put the guidelines into action was to set aside a certain amount of money based on income after taxes, the cost of planned CSR projects, or some other acceptable factor. This strategy was not included in the 2011 Guidelines. Clause 55 of the Listing Agreement says that the top 100 listed companies have to include information about their corporate social responsibility (CSR) actions in the Business Responsibility Reports (BR Reports) that they send in with their Annual Reports. This meant that CSR was no longer optional, but had to follow certain rules. SEBI says this is a step toward combining social responsibility with business governance, with a main focus on being open with the public.[6]

According to Section 135 of company Act 2013 this was the most complete law that forced companies to take social responsibility actions. For the first time in India, Section 135 required companies to spend money on and report on corporate social responsibility (CSR). This put Indian companies' CSR efforts within the legal system of corporate law. When a company makes at least Rs. 1,000 crore in sales, Rs. 500 crore in net worth, or Rs. 5 crore in net profit, Section 135 says it has to follow certain rules. The business has to create a Corporate Social Responsibility Committee and give the committee at least 2% of its average yearly net income from the last three fiscal years to spend as it sees fit. At least three directors must be on the committee, and at least one of them must be an independent member.

[6] Dr. H.N. Tiwari, Environmental Law, Environment and Development, p 12.

Even though Section 135 limits how much a company can spend and how much it has to report, it can choose to keep some flexibility in its CSR efforts. Annexure VII of the Act gives a broad meaning of corporate social responsibility (CSR) and a list of activities that companies can do. It does not put strict limits on CSR activities. Section 135 doesn't have specific punishments for disobeying, instead it uses a "comply or explain" approach. After the Act was made law, on February 27, 2014, the Ministry of Corporate Affairs published the CSR Rules. along with a list of the specific projects that companies may choose to fund with money from their CSR strategy. According to the rules, CSR projects that only help the employees and their families are not called CSR spending. This stops companies from spending money on things that benefit themselves. As long as the overall amount spent on CSR by the company in a fiscal year doesn't go over 5%, it can work with reputable groups to help its employees improve their CSR skills. On April 1, 2014, the rules set up under Section 135 of the Act will go into force. With the passing of Section 135 of the Companies Act, 2013, India became the first country to include corporate social responsibility (CSR) measures in company law. This was mentioned by the Ministry of Corporate Affairs in the Report on the Standing Committee on Finance (LSS, 2010). Companies have to spend money on Corporate Social Responsibility (CSR) in a way that meets certain standards. Companies all over the world can still choose not to take part in corporate social responsibility (CSR). In more and more countries, companies are being forced to report on their corporate social responsibility (CSR) projects. Companies in Sweden, Norway, the Netherlands, Denmark, France, Australia, and China are required by law or stock market rules to file sustainability reports that show how they are doing with corporate social responsibility (CSR). Section 135 says that both CSR actions and the start of CSR processes must be reported.[7]

CSR AMENDMENT RULES 2022

In response to the 2014 rule that funds had to go to CSR projects, many ideas were put forward. The Companies (CSR policy) amendment Rules, 2022 ("Amendment rules") are one set of changes that were made public on September 20, 2022, by the Ministry of Corporation Affairs. Because of the Amendment Rules, the following changes have been made: There should be a corporate social responsibility committee in every company to make sure that

[7]E.P.Odum, 'Fundamentals of Ecology,' 2nd edn. W.B.Samders Philadelphia, as quoted by RF Dassmann, Environmental Conservations (3rd Ed), 1972, p 29.

their CSR tasks are carried out and that any money in their "unspent corporate social responsibility account" is used properly. As long as the money is used within three fiscal years, companies can keep any funds in this account that aren't used for corporate social responsibility. The CSR group is in charge of how it is used. Additionally, the new laws have taken away the exception that let businesses skip setting up a CSR Committee if they stopped following the rules. Before the CSR Regulations, up to 5% of all CSR costs or 50 lakh rupees, whichever was less, could have been used to pay for impact studies. According to the new rules, the most that can be spent on social impact assessments (SIAs) in a fiscal year is 2% of the total amount of money that was made, or 50 lakh rupees, whichever is greater . Because of the Amendment Rules, the yearly report on CSR efforts now comes in a different manner. In their yearly report, every company has to include the following information A short summary of their CSR rules. o Details about the people who are on the CSR Committee, like how many meetings were held and the directors' names, roles, and meeting attendance records. The company's website, an executive summary, and materials with effect analyses of its CSR activities are all linked to.[8]

DEFINING CSR

The concern is related to the extent to which CSR may be implemented in business. The literature on corporate social responsibility (CSR) indicates a lack of a precise definition for socially responsible business actions. There should be a consensus on the foundation for establishing corporate social responsibility (CSR). This should encompass the corporation responsible for corporate social responsibility (CSR), society impacted by CSR, and the government tasked with bridging the gap between business and the public. These three parties should establish a common definition of "corporate social responsibility" before debating the appropriate level of influence in a certain country. The meaning of "CSR" has evolved over time. Some definitions are derived from scholarly literature and have gained recognition among global organizations. It includes corporate social responsibility viewpoints from various locations, including India. The two boxes illustrate the expansion of the phrase "corporate social responsibility" (CSR) to encompass various business activities. The World Bank, UNIDO, and the World Business Council for Sustainable Development (WBCSD)

[8] Wahed Husain, 'Administration of justice during the Muslim rule in India' (Idarah-I-adabiyat-I Delhi, Delhi, 1934) p 65.

advocate for achieving a balance between economic, social, and environmental objectives to benefit owners and stakeholders. Friedman (1970) posits that the extreme scenario occurs when shareholders maximize profits within the boundaries of established regulations. Most definitions of corporate social responsibility (CSR) aim to shift the corporation's focus from solely safeguarding the interests of its shareholders to safeguarding the interests of all its stakeholders. CSR is generally perceived as a discretionary initiative that facilitates the connection between the firm and society. This involves achieving equilibrium among economic, social, and environmental objectives. Ultimately, this could entail firms sacrificing earnings to benefit society. Corporate Social Responsibility (CSR) involves activities that exceed legal and regulatory obligations to encourage moral and ethical conduct and support individuals. Academics and government officials are recognizing that developing and emerging countries such as India encounter distinct corporate social responsibility (CSR) challenges compared to developed nations. Developing countries are currently facing a greater number of crucial social, environmental, and long-term issues than in the past. The issues mostly stem from globalization, economic expansion, investment, and rapid economic development (Visser, 2007). Amaeshi et al. (2006) discuss how CSR topics in Western countries encompass business ethics, fair trade, green marketing, climate change, and socially responsible investing, with a focus on Nigeria. Conversely, corporate social responsibility (CSR) concerns in low-income countries primarily focus on alleviating poverty, enhancing healthcare, advancing education, and developing infrastructure. Many government publications, corporate efforts, and industry associations emphasize that corporate social responsibility (CSR) in India include actions that contribute to the country's growth while not compromising the companies' financial objectives. [9]

REGULATORY APPROACHES TO CSR

The extent of government regulation on funding for corporate social responsibility (CSR) projects and the transparency of information regarding them are central to regulatory measures. We have three types of rules: (i) mandatory reporting with optional expenditure; (ii) mandatory reporting with mandatory spending; and (iii) mandatory reporting with mandatory spending. One key issue in policy circles globally is the debate over the mandatory nature of CSR reporting. For the majority of countries, the argument on whether

[9] J.B.Lal, 'India's forests; Myth and Reality' (Natraj, Dehradun, 1989), p 15-17.

spending should be mandatory or voluntary for CSR programs is not significant. Mandating CSR disclosure the issue over CSR mandates revolves around whether firms should be legally obligated to disclose their CSR activities or if they should have the freedom to decide for themselves. Firms and the public are experiencing a lack of trust due to the global financial crisis in the 2000s, a history of misconduct and failures by firms, and increasing environmental concerns associated with commercial operations. That's why the topic of mandatory CSR reporting is gaining increased focus (KPMG-UNEP, 2010). Corporate social responsibility (CSR) governance has evolved from a lenient "hands-off" approach to a stricter one throughout time. In order to achieve this, regulations must be enacted mandating firms to articulate the impact of their corporate social responsibility (CSR) on the community and all other stakeholders. Initially, it is not evident why mandatory CSR disclosure is more beneficial for business than voluntary disclosure. A corporation should share information about its CSR initiatives voluntarily if they are motivated by strategic concerns or the promotion of stakeholders' interests. In other words, discussing the advantages of CSR is logical. According to KPMG (2011), firms have recognized the importance of disclosing their corporate responsibility (CSR) in relation to their financial activities. CSR reporting has become the established standard for organizations.

However, withholding reports is likely to increase costs, diminish opportunities for new business, and reduce competitiveness. Mandating CSR reporting when companies already disclose voluntarily will increase regulatory burden without providing additional information (Lin, 2010). Furthermore, mandating firms to disclose their CSR initiatives may result in inaccurate and deceptive information, contrary to the original purpose (Hess and Dunfee, 2007). Businesses should be required to report when they perceive corporate social responsibility (CSR) as a cost; even if CSR is considered beneficial for society overall and social performance is not directly tied to financial performance, from a public policy perspective. Mandatory reporting's perceived societal utility increases the likelihood of eliciting positive CSR responses. Reporting that is not mandatory may result in negative CSR responses. Mandatory reporting is essential for maintaining relationships with stakeholders, ensuring accountability in enterprises, and potentially closing information gaps, particularly in developing countries with volatile financial markets.[10]

Finally, mandating CSR reporting can help prevent several social issues that fall outside the scope of existing laws and regulations in nations with weak legal systems. While some individuals are suspicious, a significant number of people advocate for compulsory CSR disclosure. Since the early 2000s, governments and eleven stock exchanges have gradually mandated corporations to disclose their CSR activities in compliance with laws and regulations. This was accomplished without diminishing the fact that the labor was done on a voluntary basis. The Indian context effectively illustrates the shift in CSR reporting regulations from being discretionary to obligatory. Prior to 2012, firms were not required to disclose information regarding their Corporate Social Responsibility (CSR) initiatives. Reporting became possible when the government provided methods to report in the 2009 and 2011 Voluntary Guidelines. The SEC has mandated the top 100 corporations to submit Business Responsibility Reports. Many public and unlisted companies are now obligated to do this due to Section 135 of the Companies Act of 2013.

Mandating CSR Spending

Many definitions of corporate social responsibility (CSR) emphasize the significance of firms being socially responsible in CSR theories and literature. A corporation determines the appropriate level of corporate social responsibility (CSR) in response to market changes as part of its business strategy. Various stakeholders, including as investors, customers, and civil society groups, are exerting pressure on the market. Some believe that the government's primary role is to assist, enable, and collaborate with corporations that demonstrate social responsibility. This can be achieved by legal mechanisms including tax incentives for corporate social responsibility projects, grant schemes, and facilitating information sharing and learning. Another aspect of Corporate Social Responsibility involves assisting firms in adopting and implementing optimal CSR practices.[11]

In addition to establishing standards, providing voluntary guidelines and certification programs, and collaborating with the private sector to advance the CSR agenda and

[10] A.D.Karve, “Does Intensive Agriculture Damage Environment”, NammaParisara, Journal by Karnataka State Pollution Control Board, Oct.1985, p.10.

[11] Homi J.H. Taleyarkhan, Environment and Forestry in Economic Development, p.7.

implement it. This involves offering public goods to assist in achieving development objectives. Economists and policy professionals have been reluctant to state whether firms should be mandated to contribute funds to corporate social responsibility projects when questioned directly. Companies should engage in corporate social responsibility (CSR) only if the advantages surpass the disadvantages and will ultimately enhance the company's value.

CSR must be voluntary for the economy to function effectively. Following this perspective, countries have opted not to regulate corporate social responsibility (CSR) through financial obligations on firms, but rather by requiring companies to disclose their activities. Businesses can now decide whether to be socially responsible depending on market pressures. Gangopadhyay (2012, 2014) argues that mandatory Corporate Social Responsibility (CSR) of 12% is not logical in a market-driven environment. Many view mandatory corporate social responsibility (CSR) expenditure as an implicit corporate levy that could diminish the competitiveness of Indian firms in the global marketplace and increase their existing tax burdens. Companies that view Corporate Social Responsibility (CSR) as a profitable strategy are inclined to engage in it voluntarily, regardless of legal mandates (Gangopadhyay, 2012; Karnani, 2013). Gangopadhyay (2012) argues that managers would incorporate the optimal level of Corporate Social Responsibility (CSR) into their business strategy to communicate the social impact of their companies to the public, aligning with shareholder expectations, if CSR is beneficial from a business perspective and is appreciated by the market. If all companies, regardless of their efficiency, participated in CSR in a same manner, it would diminish its informative significance and hinder the market's ability to distinguish between efficient and inefficient enterprises. Some individuals view mandated corporate social responsibility (CSR) as a relinquishment by the government of its responsibility to supply public goods according to "democratically determined priorities," rather than as a method to enhance governance.

India's regulations regarding corporate social responsibility (CSR) underwent changes in the five years after 2008, as previously discussed. The country transitioned from a voluntary CSR reporting system in 2012-2013 to a mandatory reporting system in 2013. Prior to this, market pressure exerted by investors, customers, stakeholders, and civil society groups mostly influenced CSR decisions at the corporate level. The government aided by disseminating information, implementing CSR regulations, promoting public-private collaborations, and facilitating communication among individuals. In recent years, the government has taken a more proactive and assertive approach in enforcing Section 135 of the law, which mandates all corporations to disclose and finance corporate social responsibility (CSR) activities. Emerging economies such as China are experiencing increased government involvement in corporate social responsibility (CSR). This suggests that states are increasing their efforts in this field. The citation is from Ho's work published in 2013.[12]

CSR PRACTICES OF INDIAN COMPANIES

For Section 135 to be implemented, several criteria must be met. Therefore, any assessment of the law's likelihood of success should consider information regarding Indian companies' CSR initiatives prior to the law's enactment. There are several case studies on corporate social responsibility (CSR), but few large-scale studies that are not primarily cross-sectional. This part expands the present study by examining the CSR practices of a selection of the top 500 Indian companies on the stock market from 2003 to 2011, determined by their market capitalization as of March 2008. A CSR study was conducted by examining the information provided in the annual reports of these companies. The content research involved determining whether a corporation reported engaging in any Corporate Social Responsibility (CSR) activities, the specific kind of activities undertaken, and the financial resources allocated to CSR initiatives. The preceding sections discussed alterations in the legal framework, indicating that the analysis focuses on a period when voluntary CSR declarations and expenditures were prevalent. This would ensure that firms' CSR programs aligned with their genuine intentions. The initial inquiry pertained to the frequency of CSR occurrences. displays the percentage of publicly traded corporations in the study sample that have voluntarily embraced and disclosed Corporate Social Responsibility (CSR) from one year to the next. [13]

The rapid increase in the percentage of large, publicly listed corporations engaging in corporate social responsibility (CSR) and reporting their outcomes, rising from approximately 7% to over 62% at its highest point. An increase in corporate social responsibility (CSR) events occurred, particularly in the initial years when the government lacked a robust CSR policy. This upward trend persisted following the release of the initial voluntary guidelines in 2009, when corporate social responsibility (CSR) became a topic of public discussion and was incorporated into the Companies Bill the same year. The "market

[12] Paul Ehrlich, The Population Bomb, p 25-30

[13] Keith Davis and Robert L.Blomstrom, Business and Society-Environment and Responsibility, p-24-26.

for virtue" concept, as proposed by Vogel, influenced leading firms to increase their corporate social responsibility efforts. Consequently, more organizations, motivated by the strategic motivations discussed earlier, began disclosing their CSR initiatives to enhance their financial performance and reputation. Figure 1 prompts curiosity in the types of organizations that have engaged in CSR.

Compares the usual business procedures of sample corporations in their annual reports with and without CSR reporting. Once the attributes are established, age, sales, post-tax profit, and net value of fourteen are all considered. The first three attributes have replaced the Section 135 requirements. The sales, mean net worth, and median net worth of organizations who report corporate social responsibility (CSR) are significantly higher than those that do not, as indicated in the Table. Size seems to play a significant role in CSR participation, as companies reporting CSR had average net worth and sales that are more than double those of enterprises not reporting CSR. According to Section 135 guidelines, the minimum size for a company to be evaluated under Corporate Social Responsibility (CSR) is between 500 crore and 1000 crore. This is significantly smaller than the average size of a non-CSR corporation, which has a net value of 6396 crore and sales of 9687 crore. The profit barrier is 5 crore rupees, which is 180 times lower than the average net profits of enterprises not engaged in CSR, which are 933 crore rupees. The number of corporations engaged in Corporate Social Responsibility (CSR) is increasing. However, our data indicates that many of the largest publicly traded companies will need to comply with the less stringent regulations of Section 135 law. An analysis of the expenditures on Corporate Social Responsibility (CSR) by 27 major corporations.

However, over half of the corporations allocate less than 2% of their income to CSR, with eleven out of twenty-seven providing less than 1%. Each company on the list has a Price-to-Annual-Turnover (PAT) multiple of 5 crore, with prices ranging from approximately 300 crore to 21,000 crore. Corporations primarily engage in social initiatives through Corporate Social Responsibility (CSR) programs, which address areas such as food, clean water, sanitation, health, education, employment, and skill development[14].

This analysis is centered on the corporate social responsibility (CSR) initiatives disclosed by firms, considering their distribution across a nine-year period. These actions accounted for

[14] M.H. Hirani, "The Company Law Related to Social Responsibility of Company Directors", (New Delhi: A.P.H. Publishing Corporation), p. 21.

approximately 17% of all the actions documented. Many CSR programs prioritize sustainability, energy efficiency, and environmental concerns. Engaging in corporate social responsibility aligns with these concepts through supporting non-governmental organizations and assisting impoverished communities. Annexure VII of the enterprises Act of 2013 states that enterprises engaging in Corporate Social Responsibility (CSR) have predominantly and actively undertaken social initiatives aligned with the government's CSR objectives. Big Indian firms view their CSR programs as a means to assist the country in achieving its development objectives by providing the government with public goods. [15]

The distribution of businesses based on the number of different CSR projects they are involved in. According to the graph, 78% of businesses engage in three or fewer CSR activities, with one-third of businesses concentrating on only one activity. Businesses obviously prioritize a limited number of CSR projects. Companies typically avoid taking on excessive tasks and instead focus on projects that align with their core business activities, as indicated by the estimations. The material is scrutinized for signs of "green washing," a deceptive technique by firms who harm the community with their activities and then attempt to mitigate the consequences through corporate social responsibility. This allows us to examine in further detail the strategic motivations behind Indian corporations engaging in CSR. Researchers and decision-makers agree that organizations with a net positive impact, as opposed to a negative one, are in a favorable position for corporate social responsibility (Kotchen and Moon, 2012). Companies that heavily pollute often engage in corporate social responsibility (CSR) as a strategic component of their business plan to maintain their reputation and worth, particularly in relation to environmental issues. This is a compilation of the top seventeen enterprises in India identified by the Central Pollution Control Board as the most polluting. The companies in the sample are categorized into two groups: non-polluting and polluting. Approximately 20% of the enterprises included in the study operate in industries that cause environmental pollution annually. Figure 3 displays the percentage of corporations in each category that reported Corporate Social Responsibility (CSR) from one year to the following year. The data clearly shows that initially, a significantly higher number of enterprises in polluting industries participated in CSR programs compared to non-polluting industries. There is a subtle indication of green washing in this simple assessment. However,

[15] Preface to the book 'Environmental Ethics, Our Dharma to the Environment' by O.P.Dwivedy, 1994.

firms in non-polluting industries have been gradually expanding their Corporate Social Responsibility (CSR) expenditures. They might be aware that it is financially advantageous to do so. The gap in Corporate Social Responsibility (CSR) spending frequency between polluting and non-polluting enterprises has gradually decreased. There has been no discernible disparity in the frequency of CSR instances between these two groups in the last two years of our study.[16]

All businesses, regardless of size, are required to participate in CSR projects according to the updated Section 135 regulations. Things will remain unchanged. Does Corporate Social Responsibility benefit businesses? Is it a wise decision for them to make? 122 research published up to 2001 were examined to analyze the relationship between corporate social performance and company financial performance. The majority of the investigations were centered on the United States. The meta-analysis revealed a consistent positive correlation between a business's social and financial success (Margolis and Walsh, 2003). Insufficient real-world research has been conducted on developing countries to draw definitive results. Research conducted in Thailand by Connelly and Limpaphayon (2004) and in India by Mishra and Suar (2010) has established a robust connection between firm value and corporate social responsibility (CSR). Both CSR-engaged and non-engaged enterprises were analyzed for the mean and median values of profitability indicators (return on assets and return on sales) and market performance metrics (price to book and price to earnings). The table indicates that companies involved in CSR had higher values for both market indices, despite no discernible difference in profitability between the two groups of enterprises. Both the Wilcoxon test for median and mean equality and the t-test for equality indicate that this difference is statistically significant. Constructing a basic regression model with return-on-assets, price-to-book ratio, the dummy variable CSR, and age as proxies for various firm size indicators including profit, turnover, and net, provides a more robust validation. The value of the CSR variable is significant in both regressions when it falls below the fifth percentile. When a corporation engages in Corporate Social Responsibility (CSR), the return on assets increases by 1.2% and the price-to-book ratio increases by 0.4%. The negative and significant age variable indicates that the market places higher value on newer, younger enterprises. This is probably due to the fact that they have greater potential for expansion. The results are in

[16] O.P.Dwivedi "Environmental Ethics; Our Dharma to the Environment" 1994, p.17.

line with logical expectations. CSR initiatives may generate enduring market value, although potentially reducing immediate sales and profits. Businesses with strong morals and ethics may benefit from the stock market by reducing their cost of capital and increasing their overall company valuation.[17]

A significant correlation exists between market and accounting performance and corporate social responsibility (CSR).

The total funds available for social programs were calculated to assess the potential impact of mandatory Corporate Social Responsibility (CSR) in India on filling the "welfare gap." The exercise concludes by comparing the annual expenditures of federal and state governments on social programs with the potential benefits firms could receive from corporate social responsibility. The lack of support for the argument that implementing new CSR guidelines transfers greater responsibility to the corporate sector. Less than 2% of the government's social services budget is allocated to corporate social responsibility (CSR). The primary objective of the 18 mandatory CSR regulations is said to be to promote the "spirit of CSR within the corporate sector."

CONCLUSION

Businesses are urged under Corporate Social Responsibility (CSR) policies to prioritise the well-being of all stakeholders, including as the environment, consumers, employees, investors, and communities. Corporate social responsibility (CSR) is the belief that a company can enhance its reputation, customer loyalty, and brand awareness by contributing to the society. Human rights are ensured. The aim is to protect the environment both locally and globally. Corporate Social Responsibility (CSR) is mandated by Section 135 of the Companies Act of 2013. The Indian CSR legislation is applicable to enterprises falling under Section 135, requiring them to allocate at least 2% of their net income from the previous three years to CSR activities. Businesses that engage in CSR activities receive substantial benefits. India's economy is rapidly rising, but the government is ill-equipped to address socioeconomic challenges such as poverty, illiteracy, and healthcare access. Consequently, corporations today have increased opportunity to contribute to societal advancement.

[17] Dr.J.J.R. Upadhyay. ‘Environmental Law’, 2nd edn (Allahabad: Central Law Agency, 2008), p.2

Corporate social responsibility (CSR) attracts high-quality recruits and enhances employee engagement and commitment. Corporate Social Responsibility (CSR) can boost morale, foster loyalty, motivate employees, and increase retention rates. Corporate social responsibility (CSR) efforts that focus on rural development, education, skill development, healthcare, and livelihood improvement influence the Index that assesses economic progress. Many companies concentrate their corporate social responsibility (CSR) efforts in India, a vast country with a significant rural population. Research shows that local residents are not enthusiastic about supporting or participating in firms' community service activities, also known as CSR.

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