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"FROM PHILANTHROPY TO SUSTAINABILITY" : A HISTORICAL PERSPECTIVE ON THE EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND IT'S IMPLEMENTATION IN INDIA

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ABSTRACT :

CSR has evolved significantly over time, transitioning from philanthropic charity-based initiatives to a structured framework emphasizing sustainability & corporate accountability. This study explores the historical trajectory of CSR, analyzing its transformation across different economic & regulatory landscapes. In the early stages, CSR was primarily driven by voluntary philanthropic contributions from business leaders seeking to support social welfare1. The Industrial Revolution brought concerns over labor rights & environmental degradation, prompting early corporate responsibility initiatives. The 20th century witnessed the institutionalization of CSR through ethical business practices, stakeholder engagement, & regulatory interventions. In the 21st century, CSR has integrated sustainability principles, aligning with Environmental, Social, & Governance (ESG) frameworks & "the United Nations Sustainable Development Goals" (SDGs)2. This study highlights how businesses have shifted from reactive philanthropy to proactive sustainability-driven CSR strategies, shaping corporate governance, legal compliance, & economic development. The findings emphasize the necessity of embedding sustainability into CSR to address contemporary social & environmental challenges.

Keywords: CSR evolution, philanthropy, sustainability, corporate governance, ESG, SDGs, stakeholder theory.

INTRODUCTION

The history of CSR traces the evolution of business ethics & the role of enterprises in society over time. CSR has transitioned from philanthropic activities to a broader focus on sustainable development, ethical practices, & stakeholder engagement. Here is an overview of its historical development. The ancient origins of CSR can be traced to early societies where ethical practices, community welfare, and accountability were emphasized in commerce & trade.[3] Although the term "CSR" did not exist, the fundamental ideas of social responsibility and sustainable practices were embedded in cultural, religious, & philosophical traditions.

ANCIENT ERA:

The Babylonian Code of Hammurabi4 required business owners & builders to ensure the safety and quality of their products. If a building collapsed & caused harm, the builder faced severe consequences, reflecting accountability to society. Dharma & Ethical Trade: The principle of Dharma (moral duty) emphasized ethical behavior, fairness in trade, and social welfare. Merchants were expected to avoid exploitation & dedication to the improvement of their communities. Ancient texts like the Manusmriti & Arthashastra highlighted the value of wealth-sharing through donations & community support. The concept of Daana (charity) encouraged individuals & do something in return for the society. Egyptian rulers & merchants were expected to act as stewards of society, ensuring fair trade practices. Wealthy individuals contributed to public works such as temples, irrigation systems, and granaries to benefit society. Philosophers like Aristotle emphasized the value of justice and fairness in trade & commerce5. The concept of "oikonomia" (household management) involved balancing economic activities with societal well-being. Wealthy Greeks often funded public goods such as theaters, festivals, & infrastructure as part of their civic duty. Wealthy Romans practiced patronage, supporting the arts, education, & public infrastructure such as aqueducts and roads. Businesses and wealthy individuals were expected to contribute to the welfare of their communities. Roman law emphasized fair trade & consumer protection, with penalties for fraudulent practices. Confucianism emphasized moral responsibility, fairness, & harmony in society & business. Merchants were motivated to balance profit-making with societal obligations & avoid greed. Wealthy families and businesses often contributed to building schools, hospitals, & other community projects. Promoted the concept of Karma (actions) & ethical behavior in business, urging individuals to contribute to societal welfare. Encouraged compassion & generosity, with merchants & rulers supporting monasteries & social welfare projects. The concept of

Tzedakah emphasized justice & charity, requiring individuals & businesses to help the less fortunate. Early Christian teachings emphasized love, charity, & supporting the poor as fundamental duties. Islam. The concept of Zakat (almsgiving) required businesses & individuals to contribute a portion of their wealth to societal welfare. Ensuring fairness & quality in trade & production. Sharing wealth to benefit the community6. Balancing profit-making with the long-term well-being of society & the environment.

IMPACT OF INDUSTRIAL REVOLUTION IN CSR :

The Industrial Revolution (late 18^{th} to 19^{th} century) had a profound impact on the evolution of CSR . It marked a significant shift in the role of businesses & their relationship with society, as the rapid industrialization brought both economic growth & significant social & environmental challenges.[7] Below are the key effects of the Industrial Revolution on CSR. The Industrial Revolution introduced new challenges that shaped the need for corporate responsibility. Long working hours & poor working conditions, low wages, & child labor were widespread in factories. Rapid urbanization led to overcrowding, poor sanitation, & the growth of slums. Industrial activities caused deforestation, pollution, & large-scale environmental harm. Wealthy entrepreneurs, such as Andrew Carnegie & John D. Rockefeller in the United States, advocated for giving back to society. Andrew Carnegie's Gospel of Wealth (1889) emphasized the moral obligation of the rich to use their wealth for public good. Companies like Cadbury, Rowntree, & Lever Brothers in the UK built model villages for workers, providing housing, education, & healthcare. Labour movements emerged to fight for workers' rights, leading to pressure on businesses to improve working conditions & wages. Governments responded to public outcry with laws to regulate working hours, prohibit child labour, & ensure workplace safety[8]. Examples include the Factory Acts in the UK. The Industrial Revolution shifted the focus of businesses from traditional community-based enterprises to large-scale profit-driven corporations. However, public criticism of business practices led to the realization that corporations had responsibilities beyond profit-making. Ensuring worker welfare. Mitigating environmental damage. Supporting community development. Religious & moral teachings during this period emphasized the importance of addressing societal issues caused by industrialization. Movements like the Social Gospel in the United States encouraged businesses to focus on social justice & ethical practices.[9]

POST WORLD WAR ERA :

The post-World War II period (1945 onwards) marked a transformative era for CSR, as businesses began to recognize their broader role in society. This period saw the emergence of theoretical foundations, global frameworks, & societal movements that shaped CSR into a structured & strategic practice. Below are key aspects of CSR development in the post-war period. Post-war economic recovery & globalization fueled the growth of large corporations, increasing their influence on society & the environment. With this growth came public expectations for businesses to contribute positively to societal development. The devastation of war highlighted issues like poverty, inequality, and human rights, prompting businesses to engage in rebuilding communities & supporting social welfare, the U.S. & beyond, the civil rights movement in the 1960s pressured businesses to adopt fair labour practices, ensure diversity, & support equality. The publication of Rachel Carson's Silent Spring (1962) raised awareness about industrial pollution, leading to environmental activism. Events like the 1970 Earth Day & the establishment of environmental agencies (e.g., U.S. Environmental Protection Agency) emphasized corporate accountability for ecological sustainability. Activists like Ralph Nader championed consumer rights, pressuring businesses to ensure product safety, ethical advertising, & transparency. Corporations like Ford and Rockefeller expanded philanthropic initiatives to address societal challenges, formalizing CSR in business practices[10]. The United Nations' Universal Declaration of Human Rights (1948) encouraged businesses to respect human rights. The International Labour Organization (ILO) promoted fair labour practices globally. Companies began to see CSR as integral to their reputation & long-term success, rather than just a charitable obligation. Public scrutiny of corporate practices led to greater transparency & adoption of ethical standards.John Elkington introduced the concept of "People, Planet, Profit," emphasizing the need for companies to balance social, environmental, & economic outcomes. United Nations & Sustainable Development: The UN Brundtland Report (1987) introduced the concept of sustainable development, influencing CSR practices globally. The establishment of frameworks like the OECD Guidelines for Multinational Enterprises encouraged responsible business conduct[11].

THE FOUNDATION OF MODERN CSR :

The foundation of modern CSR began to take shape in the mid-20th century, evolving from philanthropic practices & social movements into a strategic framework that integrates business operations with societal & environmental concerns. Below are the key elements & milestones that laid the foundation of modern CSR. Howard R. Bowen – "Father of CSR": In his book Social Responsibilities of the Businessman (1953), Bowen introduced the idea that businesses have obligations to society beyond profit-making. He argued that businesses should consider the social consequences of their actions, laying the groundwork for CSR as a concept. Archie Carroll developed a framework identifying four levels of corporate responsibility. Economic Responsibilities (profit-making), Legal Responsibilities (compliance with laws), Ethical Responsibilities (doing what is right and fair), Philanthropic Responsibilities (voluntary contributions to society). This became a widely accepted model for understanding CSR. R. Edward Freeman's Strategic Management, A Stakeholder Approach (1984) emphasized that businesses must consider the interests of all stakeholders, including employees, customers, communities, & the environment. This marked a departure from the traditional focus on maximizing shareholder value. The 1960s and 1970s saw growing demands for equality, worker rights, and social justice, pressuring companies to adopt fair practices. Rachel Carson's Silent Spring (1962) highlighted the harmful effects of industrial pollution, sparking the modern environmental movement. The first Earth Day in 1970 & the formation of environmental agencies emphasized corporate accountability for ecological sustainability. Consumer Rights Movement: Activists like Ralph Nader in the U.S. advocated for safer products, ethical marketing, & transparency, leading to increased corporate responsibility toward consumers. United Nations' Universal Declaration of Human Rights (1948): Businesses began aligning their practices with global human rights principles. The UN Brundtland Report (1987)12 was Introduced the concept of sustainable development, emphasizing the balance between economic growth, environmental protection, & social equity. The John Elkington introduced the concept of "People, Planet, Profit," encouraging companies to integrate social, environmental, & economic factors into their decision-making. stablished in 1997, GRI provided standardized guidelines for businesses to report their sustainability and CSR efforts. ISO 14001 (1996) set global standards for environmental management systems, while ISO 26000 (2010) provided guidance on social responsibility. A voluntary initiative encouraging businesses to align their operations with principles related to human rights, labour, the environment, & anti-corruption. In the 1990s and early 2000s, CSR evolved from a philanthropic activity to a core component of business strategy. Companies like IBM, Nike, & Unilever began embedding sustainability & social responsibility into their operations. CSR reporting & sustainability audits became common practices to improve transparency and accountability. Governments began formalizing CSR through regulations. In India, The Companies Act, 2013 mandated CSR spending for large companies13. European Union, Introduced the Corporate Sustainability Reporting Directive (CSRD) for standardized sustainability reporting. Environmental, Social, and Governance (ESG) Criteria in short ESG became a key framework for evaluating corporate performance on sustainability & ethics. United Nations' Sustainable Development Goals (2015) was to Companies were encouraged to align their CSR strategies with the 17 SDGs, addressing global challenges like poverty, inequality, & climate change. Focuses on economic, environmental, and social impacts (Triple Bottom Line). Addresses the needs of diverse stakeholders, including employees, communities, & customers. Adheres to international standards like the UN Global Compact & ISO guidelines. Emphasizes CSR reporting & disclosure to stakeholders. Embeds CSR into core business operations, ensuring alignment with long-term goals14.

GLOBALIZATION AND CORPORATE ACCOUNTABILITY:

Globalization & corporate accountability are closely linked in the evolution of Corporate Social Responsibility (CSR). As businesses expanded their operations across borders during the late 20th & early 21st centuries, globalization created new opportunities for economic growth but also raised concerns about labour exploitation, environmental degradation, & ethical conduct. CSR emerged as a framework to address these global challenges & hold corporations accountable for their impact on society & the environment. Globalization has both expanded the reach of corporations & intensified the need for CSR. Multinational corporations (MNCs) often source materials & labour from developing countries, where regulatory frameworks may be weak. This led to issues such as sweatshops, unsafe working conditions, & environmental harm. Operating in multiple regions exposed corporations to diverse cultural norms & ethical expectations, requiring them to adopt universal CSR standards15. Advances in technology & communication (e.g., social media) allowed consumers & activists to expose unethical practices, increasing pressure on corporations to act responsibly.

BENEFITS OF CSR IN GLOBALIZED WORLD :

Companies that prioritize CSR build trust & loyalty among consumers, employees, & investors. CSR helps reduce legal & reputational risks associated with unethical practices. Responsible practices contribute to the long-term success of businesses by fostering sustainable growth.

MODERN ERA OF CSR :

The modern era of Corporate Social Responsibility (CSR) began in the late 20th century & has evolved significantly in the 21st century, transforming from a philanthropic or voluntary practice into a strategic & essential aspect of corporate governance. This period is characterized by the integration of environmental, social, & governance (ESG) concerns into business strategies, increased stakeholder expectations, & the use of global frameworks to guide CSR initiatives. CSR is no longer viewed as a peripheral activity; it is now embedded in core business strategies. Companies align their CSR initiatives with their mission, vision, & long-term goals to create shared value for both society & the business. Concepts such as Michael Porter's Creating Shared Value (CSV) emphasize that businesses can achieve economic success by addressing societal challenges. Companies are expected to address issues like climate change, carbon footprint reduction, renewable energy adoption, & biodiversity conservation.16 Social: Businesses focus on human rights, employee welfare, diversity & inclusion, community development, & consumer protection. Strong corporate governance practices, anti-corruption measures, & transparent reporting have become essential for modern CSR. Modern CSR is guided by internationally recognized frameworks & principles. Businesses align their operations with the 17 SDGs to address global challenges such as poverty, inequality, & climate change. Encourages companies to adopt principles related to human rights, labor, the environment, & anti-corruption. Global Reporting Initiative (GRI) provides a framework for sustainability reporting, enabling businesses to disclose their environmental, social, & economic impacts. Offers guidance on social responsibility to help organizations operate ethically & sustainably17. Modern CSR emphasizes transparency through sustainability reporting, where companies disclose their environmental, social, & governance (ESG) performance. Reporting frameworks like GRI, the Carbon Disclosure Project (CDP), and the Sustainability Accounting Standards Board (SASB) have gained prominence. Investors now use ESG metrics to assess companies' long-term viability & ethical practices. Technology has enhanced CSR initiatives through: Data analytics for measuring sustainability impacts.Blockchain for ensuring supply chain transparency. AI & IoT for monitoring resource efficiency & environmental compliance. Consumers demand ethical, sustainable, & socially responsible products and services. Companies that fail to meet these expectations risk reputational damage. Modern employees seek organizations with strong CSR commitments, prioritizing workplaces that value diversity, equity, & social impact. Investors: ESG investing has gained popularity, with investors favoring companies that demonstrate sustainable and ethical practices. Governments have introduced mandatory CSR & sustainability requirements in various countries.18 India's Companies Act (2013) mandates CSR spending for large firms.The European Union's Corporate Sustainability Reporting Directive (CSRD) standardizes sustainability reporting. Companies face increased pressure to address issues like human rights violations, labour exploitation, & environmental damage. Many companies have committed to achieving net-zero carbon emissions to combat climate change .Initiatives like the Science-Based Targets initiative (SBTi) guide corporations in aligning their emissions reduction targets with the Paris Agreement.

CSR IN DIGITAL AGE:

Social media has amplified public scrutiny of corporate actions, holding companies accountable for their ethical practices. Platforms also provide a way for companies to engage directly with stakeholders & promote their CSR efforts.[19] Examples of Modern CSR Practices:

1. Unilever: Focuses on sustainable sourcing, reducing plastic waste, & improving health and hygiene in developing countries.
2. Patagonia: Known for its environmental activism, donating profits to environmental causes & promoting sustainable manufacturing.
3. Tesla: Pioneers in renewable energy & sustainable transportation solutions.
4. Starbucks: Promotes ethical sourcing of coffee, community engagement, & employee welfare programs.

CHALLENGES IN THE MODERN ERA :

Some companies exaggerate or falsely claim their CSR efforts, leading to skepticism among stakeholders. Ensuring ethical practices across global supply chains remains a significant challenge. Companies may struggle to balance profitability with genuine CSR commitments.

CSR IN INDIA :

The Indian perspective on CSR is shaped by the country's socio-economic challenges, cultural values, & legal mandates. India has a unique approach to CSR, with a focus on addressing critical social issues like poverty, education, healthcare, & environmental sustainability20. It is also one of the first countries in the world to make CSR spending mandatory through legislation. Companies are required to spend at least 2% of their average net profits over the preceding three years on CSR activities. CSR under the Companies Act, 201321, is a statutory obligation for certain companies to contribute to social & environmental causes. This framework ensures businesses actively participate in the development of society while aligning their operations with ethical & sustainable practices. The applicability of Section 135 of the Companies Act, 201322 pertains to companies that meet specific financial thresholds. This provision outlines the criteria under CSR activities.

FOCUS AREAS FOR CSR ACTIVITIES IN INDIA :

Mahatma Gandhi's idea of "Trusteeship" urged wealthy individuals & businesses to act as trustees of their wealth & use it for the welfare of society.The government, through Schedule VII of the Companies Act[23], provides a broad framework for CSR activities, including, Eradicating Hunger & Poverty. Initiatives to provide food, shelter, & basic necessities to underprivileged communities. Programs for promoting education, particularly for children, women, & differently-abled individuals, & enhancing vocational skills. Investments in sanitation, access to clean drinking water, & healthcare infrastructure. Projects for afforestation, renewable energy, & waste management.Gender Equality & Women Empowerments. Supporting initiatives that promote gender equality & economic empowerment of women. Development projects for rural infrastructure, housing, & livelihoods. Preserving India's rich heritage, traditional art forms, and culture. Cultural & Ethical Roots of CSR in India starts with The concept of CSR in India has its roots in traditional practices of "Daan" (donation) & "Seva" (service) deeply embedded in Indian culture.Ancient texts like the Bhagavad Gita & Dharmashastra emphasized ethical business practices & sharing wealth for societal welfare.

CSR TRENDS IN INDIA :

A large share of CSR funds is directed towards education, healthcare, & rural development, addressing India's socio-economic challenges.

Education and Skill Development:

Tata Trusts has played a significant role in the education sector, with initiatives like the Tata Institute of Social Sciences (TISS) & programs to improve the quality of education in rural areas. They focus on skills development through vocational training & adult education. Infosys Foundation Focuses on enhancing education through scholarships, infrastructure development in schools, & teacher training programs.[24] They also work on promoting digital literacy & access to education for underprivileged children. Nanhi Kali is a program that supports the education of underprivileged girls by providing them with academic support, uniforms, & school supplies.

Healthcare and Sanitation:

The Reliance Foundation has implemented numerous healthcare initiatives, including setting up hospitals & medical camps, providing affordable healthcare, & promoting health awareness programs. It also works on sanitation & clean drinking water projects in rural India.Wipro has contributed to improving healthcare in India by supporting hospitals & providing financial support for medical treatment to underserved communities. They also focus on preventive healthcare through awareness campaigns[25]. The company focuses on sanitation & clean water initiatives through its CSR programs, providing toilets, water filtration plants, & improving sanitation facilities in rural & underserved urban areas.

Rural Development and Agriculture:

ITC's e-Choupal initiative revolutionized rural India by empowering farmers with information on best practices for agriculture, improving their productivity, & providing them direct access to markets. ITC also focuses on sustainable agriculture & community development programs. Project Nanhi Kali focuses on rural education, while Mahindra's Farmers' Empowerment Program provides rural communities with access to advanced farming techniques, water conservation methods, & market access. L&T has invested in rural development by building infrastructure, improving sanitation, & creating rural livelihoods. Their CSR activities also include skill development & promoting entrepreneurship among rural women.

Environmental Sustainability:

The Tata Group has consistently prioritized environmental sustainability through projects that include rainwater harvesting, wastewater management, & the promotion of renewable energy. Their Tata Power has initiatives to reduce carbon emissions & invest in solar energy. ITC focuses on sustainability through water management, energy conservation, & biodiversity conservation. Their flagship 'Wellness' programs focus on environmental responsibility, & their paper business is based on sustainable practices. Dabur supports reforestation & afforestation programs to promote environmental sustainability,[26] as well as initiatives that reduce water consumption & carbon emissions. They have also undertaken projects to conserve biodiversity.

Gender Equality and Empowerment:

Godrej Good & Green initiative works on empowering women through skill development programs, employment opportunities, & leadership training. They also support women entrepreneurs through various capacity-building projects. HDFC focuses on empowering women through its Sashakt Mahila program, which supports women in entrepreneurship, self-help groups, & skills training. Accenture works on creating gender-equal work environments, providing women with opportunities for leadership roles, & empowering them through skills training in technology and business leadership[27].

Disaster Relief and Community Welfare:

The Reliance Foundation has been actively involved in disaster relief operations, providing immediate aid in the form of food, water, & shelter during natural calamities such as floods, cyclones, & earthquakes. Tata's CSR programs extend to disaster management and relief. The Tata Relief Committee offers aid to victims of natural disasters and plays a key role in rebuilding affected communities through health, sanitation, and education. Flipkart has contributed to relief efforts for both natural & man-made disasters by providing essential goods and supplies to affected communities. They have also contributed to long-term recovery through infrastructure projects.[28]

Corporate Governance and Ethical Business Practices:

Infosys emphasizes corporate governance & ethical business practices as part of its CSR agenda. Their Infosys Foundation ensures transparency in operations and addresses challenges such as digital inclusion and governance in the corporate sector. Bharti's CSR efforts are focused on digital literacy, good governance, & promoting ethical business practices. They focus on supporting initiatives that enhance transparency & corporate ethics.

Arts, Culture, and Heritage Preservation:

Marico has invested in preserving India's arts & culture through partnerships with cultural institutions & support for local art & handicrafts. Their "Swasth jeevan" initiative also emphasizes cultural heritage while promoting well-being. The Tata Group has contributed to preserving India's heritage by funding art museums, galleries, & conservation projects like the restoration of the Tata Theatre at the National Centre for the Performing Arts (NCPA) in Mumbai.

Technology and Innovation:

Cisco focuses on promoting digital literacy & skills development across India through its "Networking Academy". It helps students and professionals build technological skills, especially in underserved areas. Microsoft's CSR initiatives focus on digital literacy, tech-driven education, & empowering underserved communities through technology, including partnerships to bridge the rural-urban digital divide[29].

OVERVIEW OF THE JUDICIAL INTERPRETATION OF CSR LAWS IN INDIA :

The CSR provisions under the Companies Act, 2013, particularly Section 135[30], have been subject to judicial review & discussions in courts, challenging their constitutional validity, implementation, & compliance. Below is an overview of the judicial review of CSR laws in India. The mandatory CSR spending provision (2% of profits) introduced under Section 135 of the Companies Act, 2013, has raised constitutional questions. CSR as a "tax disguised as social responsibility" has been debated, especially since companies are compelled to spend on social causes. Critics argue that it violates the Right to Property under Article 300A[31] as it imposes a compulsory diversion of private funds. The judiciary has upheld the constitutional validity of mandatory

CSR, emphasizing that CSR obligations are reasonable restrictions in the interest of social justice & equity. The courts have relied on Directive Principles of State Policy (Part IV of the Constitution), particularly Article 38[32] (welfare of the people) and Article 39 (distributive justice), to justify CSR as an instrument of achieving corporate accountability for public welfare. Although predating CSR laws, the Bhopal Gas Tragedy[33] is often referred to in CSR discussions. The disaster caused by Union Carbide Corporation highlighted the lack of corporate accountability in India. The case raised awareness about the need for stringent corporate responsibility laws, including the social & environmental aspects, which later influenced CSR legislation in India. Though not directly under CSR, this case was pivotal in establishing environmental responsibility for corporations. Environmental degradation caused by limestone quarrying in Mussoorie Hills. The court ordered the closure of hazardous industries & highlighted the need for businesses to adopt socially responsible practices. This case is often cited as a precursor to the CSR framework in India, emphasizing corporate responsibility towards sustainable development[34]. The Indian Institute of Corporate Affairs raised concerns about companies misusing CSR funds or not utilizing them effectively. The court highlighted the need for strict monitoring of CSR projects and emphasized the role of the government in ensuring funds are used for genuine purposes. It also called for greater transparency in CSR reporting.Tata Steel contested the mandatory nature of CSR under the Companies Act, 2013[35], arguing that it was a disguised tax and violated their corporate autonomy. The Jharkhand High Court upheld the constitutional validity of Section 135, stating that CSR spending is not a tax but a statutory obligation for companies meeting certain thresholds. The court justified CSR as a means to promote equitable development and social welfare, aligning with the Directive Principles of State Policy (DPSP) under the Constitution of India. Tech Mahindra was penalized for not spending the mandatory 2% of profits on CSR. CSR spending is mandatory under Section 135, and the failure to spend the required amount attracts penalties. The court reinforced that companies cannot claim exemptions by merely citing operational challenges unless valid reasons are documented in the Board's report. Though primarily related to Goods and Services Tax (GST), this case discussed the coercive nature of taxes disguised as social obligations. While not directly ruling on CSR, it highlighted the need for transparency & fairness in statutory obligations like CSR.Whether CSR provisions apply retroactively to profits earned before the enactment of Section 135. CSR obligations apply only prospectively, i.e., to profits earned after the implementation of Section 135[36] (April 1, 2014). CSR laws have been defended using the public interest doctrine, where private companies are seen as duty-bound to contribute to societal welfare. Courts have observed that CSR aligns with sustainable development goals (SDGs) & the government's duty to promote welfare under Part IV of the Constitution[37]. Courts have applied the reasonableness test to assess whether CSR spending is an unreasonable restriction on businesses. They have consistently upheld the provisions as reasonable. Courts have emphasized the need for stringent enforcement & compliance of CSR laws to ensure funds are used for legitimate & impactful activities.

CRITICISM AND LEGAL CHALLENGES:

Forcing companies to allocate 2% of profits is viewed as a disguised taxation policy. The government's directive on how companies spend their profits undermines their autonomy. Judicial scrutiny has also highlighted inefficiencies in monitoring the utilization of CSR funds. Courts have reiterated that CSR is not merely a legal obligation but a moral duty to promote equitable growth. CSR should not be reduced to a compliance formality but must focus on achieving tangible social outcomes. Courts are likely to continue upholding CSR laws but may demand better accountability, transparency, & monitoring mechanisms for CSR spending[38]. With increasing litigation regarding non-compliance, courts may provide greater clarity on penalty frameworks & acceptable justifications for unspent CSR funds.

CONCLUSION

The evolution of CSR from its philanthropic roots to a comprehensive sustainability-driven model reflects a profound transformation in the relationship between business & society. Initially characterized by voluntary charitable acts, CSR has gradually become a strategic imperative, driven by social expectations, regulatory developments, & global challenges such as climate change & inequality. This historical journey illustrates how CSR has matured into a framework that integrates ethical practices, environmental stewardship, & long-term economic value creation. As corporations face increasing scrutiny & pressure to operate transparently and responsibly, CSR has become a critical element of corporate strategy rather than a peripheral activity. The transition towards sustainability marks a new era where companies are expected not only to minimize harm but also to actively contribute to societal well-being & environmental preservation. Understanding this evolution is essential for shaping future CSR strategies that are both impactful & aligned with global sustainable development goals.

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