

CORPORATE SOCIAL RESPONSIBILITY IN INDIA: COMPLIANCE BY COMPANIES THROUGH CORPORATE DISCLOSURES

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ABSTRACT

The incorporation of mandated Corporate Social responsibility (CSR) into the legal structure of Indian corporations was viewed as a unique experiment, and hence garnered the interest of many academics and industry watchers. The law's enactment garnered international attention, and it remains a topic of controversy and discussion, notably in the management discipline. However, there are few academic legal studies that investigate the link between law and CSR in the Indian setting.

Corporate Social Responsibility (CSR) is a concept that has been gaining prominence in the business world over the past few decades. The idea behind CSR is that companies should not just focus on maximizing profits for their shareholders but also take into consideration the impact of their operations on society and the environment. In other words, companies should strive to be

responsible corporate citizens. The CSR initiative aims to encourage companies to adopt sustainable business practices that contribute to the well-being of society and the environment.

Keywords: Corporate Social responsibility, Legal structure, Sustainable business, Indian corporations, Environment

INTRODUCTION

In India, the government has given a legal framework to the concept of CSR through the Companies Act, 2013. The act mandates companies to spend 2% of their average net profits of the last three financial years on CSR activities such as education, rural development,² environmental sustainability, and poverty alleviation, among others. The objective of this legislation is to encourage companies to consider the impact of their operations on society and the environment

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2. Saurabh Kumar, *Corporate Social Responsibility under Companies Act*, I Pleaders, <https://blog.ipleaders.in/csr-laws-india/>.

and take steps to address these impacts in a responsible manner.

As a result, this article offers a complete analysis of the level of compliance with the Indian CSR legislation and the execution of its provisions by enterprises that are relevant to the law. This evaluation is predicated on a close analysis of the corporate social responsibility (CSR) disclosures made by Indian firms, as detailed in their Directors' Annual Reports. This article reveals significant results concerning the perspectives and worldviews held by Indian corporations with regard to corporate social responsibility (CSR), as illustrated by the CSR policies of such corporations. This study also intends to uncover issues with the implementation of the current CSR law in India. These issues may have arisen as a result of an excessively broad drafting of the regulations or from companies' divergent approaches to the interpretation of the law. Both of these factors will be investigated in this study. This study includes many recommendations (Section VII) that can increase organisations' compliance by ameliorating the lacunae in the wording and execution of the legislation. These recommendations are based on the findings of the study, which can be found here.³

OVERVIEW OF THE COMPANIES ACT, 2013 & ITS PROVISIONS ON CSR

The Companies Act, 2013 is the primary legislation in India that governs the incorporation, regulation, and administration of companies. The act contains provisions on Corporate Social Responsibility (CSR) that aim to ensure that companies take responsibility for their impact on society and the environment.

ELIGIBILITY: The Companies Act of 2013 requires firms having a net worth of INR 500 crore, a turnover of INR 1,000 crore, or a net profit of INR 5 crore during the preceding three fiscal years to

allocate 2% of their average net earnings to CSR initiatives. The statute defines CSR efforts as actions that contribute to the community's economic prosperity and social welfare. This may entail health, education, environmental preservation, and poverty alleviation-related efforts.

Seventh Schedule of the Firms Act outlines activities on which firms may spend money; these are known as "CSR Activities." Schedule VII was created to represent fundamental indices of human development, such as education, healthcare, environmental protection, the welfare of marginalised populations, and rural areas. The Act's Schedule VII does not provide a comprehensive list of activities; rather, it is mostly prescriptive. Recent modifications to Schedule VII have resulted in the addition of additional categories of authorised activities.⁴

CSR COMMITTEE: In addition, the legislation stipulates the formation of a CSR committee comprised of directors to monitor the execution of CSR activities and guarantee legal compliance. In their annual reports, businesses are obligated to disclose their corporate social responsibility (CSR) activities. This disclosure must include the total amount spent on CSR activities as well as the efforts made to meet the goals of the CSR policy. The Ministry of Corporate Affairs is responsible for ensuring compliance with the laws of the Companies Act of 2013, particularly the regulations of corporate social responsibility. Noncompliance with the legislation can result in a variety of enforcement measures, including fines and penalties, taken by the Ministry.

After that, the board of directors gives its approval to the CSR policy and puts the suggested CSR measures into effect throughout the course of the fiscal year. Companies are required by their CSR policies to articulate their "vision" and "focus areas" for upcoming CSR projects.

3. Dr Sharath G., CSR law in India & its implications, India CSR, <https://indiacsr.in/csr-law-india-implications/>.

4. Anushka Pinto, India's CSR law: From good, to bad, to worse, IDR Online, <https://idronline.org/indias-csr-laws-from-good-to-bad-to-worse/>.

PENALTIES: Under the Companies Act, 2013 in India, penalties are prescribed for companies that fail to comply with the provisions on Corporate Social Responsibility (CSR). If a company fails to spend the required 2% of its average net profits on CSR activities, it must explain the reasons for the shortfall in its annual report. The company may also be subject to penalties and fines imposed by the Ministry of Corporate Affairs.

In addition to fines and penalties, non-compliance with the provisions on CSR can also have other negative consequences for companies. For example, companies that fail to comply with the CSR requirements may face criticism from stakeholders, including investors, customers, and employees, which can impact their reputation and brand image. Non-compliance may also lead to a decline in public trust in the company and in the corporate sector as a whole.⁵

MODES OF IMPLEMENTATION OF CSR: The implementation of Corporate Social Responsibility (CSR) activities can take several forms, and companies in India are encouraged to choose the mode of implementation that best suits their needs and objectives. Some of the most common modes of implementation of CSR in India include:

- a. **Direct Implementation:** This involves the company directly implementing its CSR projects and initiatives, using its own resources and employees. Direct implementation is often used for smaller-scale projects that are closely aligned with the company's core business activities.
- b. **Collaboration with NGOs and Non-Profit Organizations:** Many companies choose to collaborate with non-profit organizations and NGOs to implement their CSR initiatives. This mode of implementation provides companies with access to the expertise and

networks of these organizations and allows them to leverage their resources to maximize the impact of their CSR efforts.

- c. **Implementation through Trusts or Foundations:** Some companies choose to create a separate trust or foundation to implement their CSR initiatives. This mode of implementation provides greater flexibility and allows companies to engage in longer-term initiatives that may not be directly tied to their core business activities.
- d. **Implementation through Joint Ventures:** In some cases, companies may choose to implement their CSR activities in partnership with other companies, governments, or organizations. This mode of implementation allows companies to pool their resources and expertise to achieve a common goal and to maximize the impact of their CSR initiatives.
- e. **Implementation through CSR Funds:** Many companies choose to set up a separate CSR fund to manage and implement their CSR initiatives. This mode of implementation provides a dedicated source of funding for CSR activities and allows companies to ensure that their CSR initiatives are adequately funded and implemented in a timely manner.⁶

METHODOLOGY

The methodology for implementing Corporate Social Responsibility (CSR) in India is guided by the provisions of the Companies Act, 2013. The following is a general outline of the steps involved in implementing CSR in India:⁷

- a. **Developing a CSR Policy:** The first step in implementing CSR is for a company to develop a clear and comprehensive CSR policy. This policy should outline the

5. Admin, *CSR Applicability*, Tax Advisory, <https://taxadvisory.in/t/csr-applicability/>.

6. *Supra note 2*.

7. *CSR law in India & its implications*, India CSR, <https://indiacsr.in/csr-law-india-implications/>.

- company's commitment to CSR, the areas of focus for its CSR activities, and the processes and procedures for implementing and monitoring its initiatives.
- b. **Allocating CSR Funds:** Once a company has developed its CSR policy, it must allocate 2% of its average net profits over the preceding three financial years to CSR activities. This funding should be set aside in a separate account and used to implement the company's CSR initiatives.
 - c. **Identifying CSR Projects and Initiatives:** The next step is to identify the projects and initiatives that the company will implement to fulfill its CSR obligations. Companies should consider their core business activities and the areas of need in the communities in which they operate when selecting their CSR projects.
 - d. **Implementing CSR Projects:** After identifying its CSR projects, the company must implement them in a timely and effective manner. This may involve working with NGOs, non-profit organizations, or other partners to implement its initiatives.
 - e. **Monitoring and Evaluating CSR Efforts:** Companies must also monitor and evaluate their CSR initiatives to ensure that they are achieving their desired outcomes. This may involve collecting and analyzing data on the impact of their initiatives, as well as conducting regular evaluations to assess their effectiveness.
 - f. **Reporting on CSR Activities:** Companies are required to report on their CSR activities in their annual reports, including the amount spent on CSR initiatives and the impact of their efforts. This information is used to ensure that companies are complying with the provisions of the Companies Act, 2013 and to provide transparency and accountability to stakeholders.
 - g. **Ensuring Compliance:** Finally, companies must ensure that they are complying with the provisions of the Companies Act, 2013 and the regulations governing CSR in India. This may involve seeking advice from legal and financial experts, as well as ensuring that their CSR activities are aligned with their business objectives and the needs of their stakeholders.
 - h. **Implementing CSR in India** requires a commitment from companies to take responsibility for their impact on society and the environment. By following the steps outlined above, companies can ensure that they are fulfilling their obligations under the Companies Act, 2013 and contributing to the development of a more sustainable and responsible corporate sector in India.⁸

MAJOR CORPORATE DISCLOSURES OF CSR FOR 2021-22 FISCAL YEAR: ANALYSIS

The amount of INR 13706.01 Cr was determined to be the overall expected mandated CSR for the fiscal year 2021-22 based on the firms that were included in the research. The total expected amount for mandated CSR for the fiscal year 2021-2022 comes out to INR 13706 Cr. Approximately 64% of the businesses have a mandated CSR of between 1 and 25 Crore, whereas 6.5% and 8.2% of them have more than 100 Crore and between 25 and 50 Crore respectively.

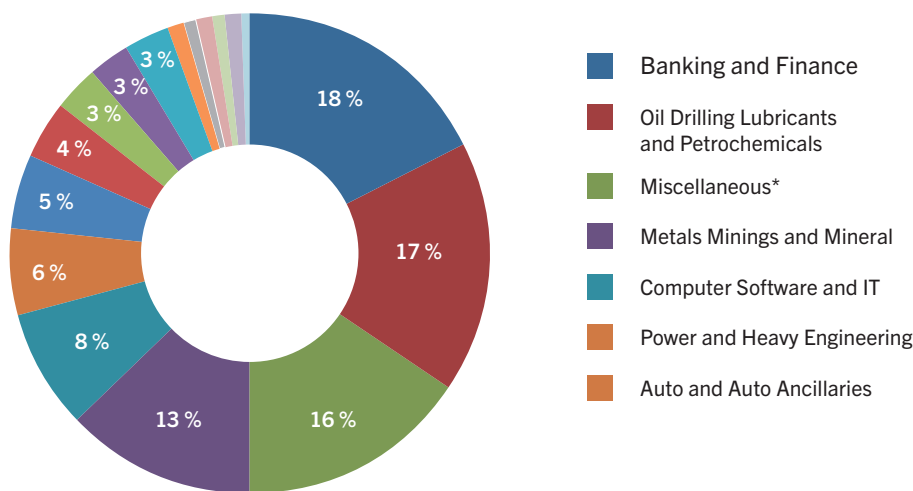
The term "Corporate Social Responsibility," or CSR, refers to the practise wherein businesses voluntarily contribute to the improvement of society as well as the preservation of the natural environment. It creates the possibility for businesses to voluntarily incorporate social and other beneficial

8. Sandeep Gopalan, *Mandatory Corporate Social Responsibility as a Vehicle for Reducing Inequality: An Indian Solution for Piketty and the Millennials*, NORTHWESTERN JOURNAL OF LAW AND SOCIAL POLICY.

issues into their business operations for the benefit of their stakeholders and society in general, and it does so by making the possibility available. Not only do these CSR models have the potential to grow company and income, but they also have the potential to encourage change and advancement throughout the community, which frequently entails assisting those who have few or no resources. Employees are comparable to customers in many ways. These days, people want to work for firms in which they may have faith and whose values are compatible with their own.

With the help of this study, we will provide you with the most important information into the expected CSR funds that are required for the fiscal year 2021-2022. Our study entails conducting analyses spanning a variety of business sectors, firms, geographical locations, and company sizes. We do additional in-depth research into the sectoral and spatial distribution of the required CSR funding for the upcoming fiscal year 2021-22. The investigation is carried out on 510 publicly traded corporations that have a minimum estimated CSR obligation of 1 million Indian Rupees.⁹

Sectoral Distribution of Estimated Prescribed CSR for the Year 22-2021



The year 2021 was very dismal for CSR. In FY 2020-21, the country’s CSR expenditures decreased by 64% compared to the previous fiscal year.¹⁰

Let us Analyse the CSR reports of Major 5 Corporates of India:

RELIANCE- In FY2021-2, Reliance Industries Ltd. spent 1,198 billion rupees on CSR initiatives in India. In the previous five years, the Company has

consistently been the leading CSR spender in the country. Reliance CSR assists farmers in maximising crop production and protecting livestock. In 2021-22, in the setting of physical mobility limitations and pandemic-induced lockdowns, digital advisories provided farmers with timely information on different crop and animal management strategies.

The Reliance Foundation runs livestock camps in collaboration with the Animal Husbandry Department or other health institutions in order

9. CSRBOX, *Estimated Prescribed CSR of Companies for the Year 2021-22*, https://csrbox.org/India_CSR_report_-Estimated-Prescribed-CSR-of-Companies-for-the-Year-2021-22_106#:~:text=From%20the%20510%20companies%20covered%20under%20the%20research%2C,and%20between%20INR%2025%20to%2050%20Cr.%20respectively.

10. Research Team, *Estimated Prescribed CSR of big 500 companies FY 2021-22*, NGO Box, https://ngobox.org/online_product_detail.php?id=175.

to diagnose and treat animals as well as provide pertinent veterinary services. In FY 2021-22, over 2 million animals were treated through livestock camps, bringing the total number of animals treated since commencement to over 7.4 million. Farmers also received free medications and counselling to improve the health of their cattle. Reliance Foundation has built key links for agri-inputs, technical knowledge, and a set of practises, all of which contribute to income growth. In addition, the Reliance Foundation employs a convergence strategy to empower rural youth through different skilling and business development trainings and job fairs.¹¹

GODREJ CONSUMER PRODUCTS LTD.- CSR initiatives cost Godrej Consumer Products Ltd. (GCPL) a total of Rs. 34,08 crores for the fiscal year 2020-21. The company's initiatives in the realm of corporate social responsibility had an effect on about 2.77 million persons residing in the most underprivileged communities. During the previous fiscal year, GCPL reallocated 63% of their CSR funds in order to initiate medium- to long-term livelihood recovery operations for close to 9000 nano entrepreneurs. GCPL was also successful in preventing trash from going to landfills and increasing its water supply during the prior fiscal year. In every respect, the company satisfies the requirements of Extended Producer Responsibility. The quantity of waste post-consumer plastic packaging that it gathers is equivalent to the amount that it produces.

INFOSYS LIMITED- One of the first adopters of corporate social responsibility in India is Infosys Limited. Most the company's corporate social responsibility initiatives have been carried out through the Infosys Foundation, which was established in 1996, a long time before CSR was mandated by law in India. During the fiscal year

2020-21, the company allocated Rs 325.32 crores to CSR programs. The company has made it a priority throughout the years to prioritize environmentally responsible business practices that take into account economic, environmental, and social imperatives. These practices not only apply to the company's operations, but also to the community that surrounds the company.

Over 10 million people are expected to benefit from this initiative by the year 2025, as Infosys aims to teach them both digital and life skills.¹²

TATA CHEMICALS PRIVATE LIMITED- Tata Chemicals has been one of the foremost Sustainability Champions in recent years. The organization has initiated several efforts and programs to preserve the environment and collaborates with local communities to create a sustainable and eco-friendly atmosphere. In FY21, the Company allocated 21 crores to its CSR projects.

Last fiscal year, the firm assisted 6,878 farmers with capacity building, field demonstrations, and livestock management via digital and physical contacts. In addition, it gave assistance to rural women artisans of Okhai and converted the region into a marketplace linking 25,190 craftsmen from around India with potential clients. As part of its greening initiative, the business has planted 1.15 million mangroves across many locations and conserved Mithapur's native plant species. The firm was able to affect the lives of 2 lakh people during the past fiscal year through its CSR activities.

ITC LIMITED- ITC's sustainability activities are motivated by the concept that a company must serve a greater societal purpose while maintaining a focus on national objectives.

In the previous fiscal year, the company's Social Forestry initiative reforested 30,439 acres. Through its education initiative, the organization assisted in

11. Hency Thacker, *The Definitive CSR Report of Reliance Industries Ltd*, CSR Journal, <https://thecsrjournal.in/csr-report-reliance-industries-limited/>.

12. Hency Thacker, *Top 100 companies in India for CSR and Sustainability in 2021*, The CSR Journal, <https://thecsrjournal.in/top-100-companies-india-csr-sustainability-2021/>.

reaching 333,000 youngsters. Through vocational training programs, it supplied skills to 12,470 youth each year. It provided funding for the building of 640 individual home toilets in 28 districts. ITC's trash recycling program, "Well Being Out of Garbage (WOW)", was responsible for the collecting of about 70,900 metric tons (MT) of dry waste from 1,065 wards. In FY 2020-21, the firm spent a total of Rs 353,46 crores on CSR initiatives.¹³

ANALYSIS OF REASONS FOR NON-FULFILMENT

Corporate Social Responsibility (CSR) has become an important aspect of modern business practices globally, including India. It refers to the voluntary initiatives taken by corporations to contribute to the betterment of society and the environment. However, despite the legal obligation, many companies in India face several challenges that hinder the successful implementation and fulfilment of their CSR commitments.¹⁴

If businesses can justify their low spending levels, the law allows them to avoid incurring fines for their thriftiness. The explanations provided by the firms were investigated further, which led to the discovery of some fascinating findings. In general, several businesses have failed to present any justifications for why they do not adhere to the expenditure limitations that the law mandates. Other businesses, on the other hand, offered a diverse selection of explanations for their insufficient spending: delays in acquiring permissions, projects had extensive gestation periods, delays in implementation of the planned initiatives, and less than projected usage of the money" are some of the most frequent explanations offered by the remaining businesses to justify their failure to spend 2% of their income on corporate social responsibility activities. Let us analyze all the

reasons for the non-fulfilment of CSR by Corporates in India:

- a. **Lack of Awareness:** Many companies in India lack awareness about the importance of CSR and the benefits it can bring to both the company and society. This lack of knowledge often leads to companies not prioritizing CSR initiatives and not allotting adequate resources towards their implementation.
- b. **Insufficient CSR Budgets:** The allocation of adequate funds for CSR initiatives is a crucial factor in their success. However, many companies in India allocate only a small portion of their profits towards CSR initiatives, which limits their impact.
- c. **Lack of Clear Objectives:** The absence of clear and specific CSR objectives can lead to the implementation of ineffective initiatives that do not address the most pressing social and environmental problems.
- d. **Limited Stakeholder Engagement:** Stakeholder engagement is crucial in determining the social and environmental issues that a company should focus its CSR initiatives on. However, many companies in India do not effectively engage with their stakeholders, which can lead to the implementation of initiatives that do not have the desired impact.
- e. **Insufficient Monitoring and Evaluation:** The monitoring and evaluation of CSR initiatives is critical to their success. However, many companies in India do not have effective mechanisms in place to monitor and evaluate the impact of their CSR initiatives, which can limit their effectiveness.
- f. **Lack of Transparency:** The lack of transparency in the implementation and

13. Kasmin Fernandes and Hency Thacker, Top 100 companies in India for CSR and Sustainability in 2021, THE CSR JOURNAL, <https://thecsrjournal.in/top-100-companies-india-csr-sustainability-2021/>.

14. Malika Tamvada, Corporate social responsibility and accountability: a new theoretical foundation for regulating CSR, JCSR Springer Open, <https://jcsr.springeropen.com/articles/10.1186/s40991-019-0045-8>.

reporting of CSR initiatives is a major challenge in India. Companies often do not disclose information about their CSR initiatives, which makes it difficult to assess their impact and effectiveness.

- g. **Lack of Skilled Human Resources:** The implementation of effective CSR initiatives requires a skilled workforce. However, many companies in India lack the necessary human resources to effectively implement and manage CSR initiatives.
- h. **Competition for Resources:** The competition for resources, such as funding, talent, and attention, can limit the impact of CSR initiatives. This is especially true in countries like India, where the demand for resources for social and environmental initiatives far exceeds the supply.
- i. **Limited Public- Private Partnerships:** Public-private partnerships can play a crucial role in the success of CSR initiatives. However, the limited development of such partnerships in India often hinders the effectiveness of CSR initiatives.
- j. In conclusion, the non-fulfillment of CSR commitments in India is a complex issue that stems from a combination of factors such as lack of awareness, insufficient budgets, limited stakeholder engagement, weak legal framework, and competition for resources. Addressing these challenges will require a multi-stakeholder approach, including the active involvement of the government, businesses, and civil society organizations.

SUGGESTIONS

This article suggests that the Indian CSR laws should be strengthened by the adoption of pertinent legislative amendments or the enactment of a CSR law of its own. Existing ambiguities in the design and implementation of the current framework demand legislative action to lessen or even remove them,

hence boosting its applicability. This study found that when firms underspend, their excuses usually contain imprecise, formulaic, and general language. In this context, further rules or regulations might be enacted to provide a consistent reporting format requiring firms to disclose qualitative data on the reasons for underspending during the given fiscal year.

As is obvious from the preceding discussion, the language of the legislation concerning the concept of CSR that must be adhered to by businesses is grossly inadequate. To address this ambiguity, the law must establish a comprehensive definition of “CSR” for the purposes of section 135 of the Act. The definition must include specific suggestions for the social development objectives of businesses and motivate them to pursue social development. According to the findings of the survey, businesses invest their CSR funds in constrained “thrust zones” and geographic regions. In this regard, the legislation must place less emphasis on expenditure in “local regions.” In terms of identifying the geographical locations in which they may invest their CSR funds, the rule may make clear distinctions between manufacturing or extractive industries and service-based companies. Service-based enterprises are not limited to their headquarters or registered offices when determining the geographical scope of their CSR activity. In contrast, manufacturing companies may restrict their investment to locations adjacent to their activities. Additionally, the legislation must enable channels for corporations to engage in CSR initiatives in sectors that are actually poor and demand corporate participation.

Nevertheless, the regulatory body must be granted sufficient authority to penalise infringers and to create bylaws, notices, and regulations for the proper monitoring and execution of the different requirements. It must be led and staffed by knowledgeable and impartial experts. It must be granted supervisory, regulatory, and advisory authority over all CSR-related matters in order to assume jurisdiction over all CSR-related problems.

In order to understand the solutions better, 10 recommendations are highlighted below:

In order to ease the process of CSR and create an atmosphere of effective compliance and monitoring, several solutions can be implemented.

1. **Increasing Awareness:** The first step towards addressing the challenges of CSR in India is to increase awareness about its importance and the benefits it can bring to both the company and society. This can be done through education and training programs, as well as through public outreach and communication campaigns.
2. **Adequate Budget Allocation:** The allocation of adequate funds for CSR initiatives is a crucial factor in their success. Companies should allocate a significant portion of their profits towards CSR initiatives, which will enable them to have a greater impact on society and the environment.
3. **Clear Objectives:** Companies should have clear and specific CSR objectives, which will ensure that their initiatives are targeted and effective. This requires a thorough analysis of the social and environmental issues facing the company and its stakeholders, and the development of a strategic plan to address these issues.
4. **Effective Stakeholder Engagement:** Stakeholder engagement is crucial in determining the social and environmental issues that a company should focus its CSR initiatives on. Companies should engage with their stakeholders, including employees, customers, suppliers, and local communities, to gain a deeper understanding of the issues and to co-create solutions.
5. **Monitoring and Evaluation:** The monitoring and evaluation of CSR initiatives is critical to their success. Companies should have effective mechanisms in place to monitor and evaluate the impact of their initiatives, and to adjust their strategies as necessary. This can include regular reporting, as well as external audits and evaluations.
6. **Transparency:** Transparency is essential in the implementation and reporting of CSR initiatives. Companies should disclose information about their initiatives, including their objectives, strategies, and outcomes, to ensure accountability and to encourage stakeholder trust.
7. **Strengthening the Legal Framework:** The legal framework for CSR in India should be strengthened to create a more favorable environment for the implementation of CSR initiatives. This can include the imposition of more significant penalties for non-compliance, as well as the creation of incentives for companies to implement effective CSR initiatives.
8. **Skilled Human Resources:** The implementation of effective CSR initiatives requires a skilled workforce. Companies should invest in the development of their human resources, through training and education programs, to ensure that they have the necessary skills and expertise to implement and manage CSR initiatives effectively.
9. **Public-Private Partnerships:** Public-private partnerships can play a crucial role in the success of CSR initiatives. Companies should work with government and civil society organizations to co-create solutions to social and environmental issues, which can leverage the strengths and resources of each sector.
10. **Independent Monitoring and Evaluation:** Independent monitoring and evaluation of CSR initiatives can provide an objective assessment of their impact and effectiveness. This can include the use of external evaluators, as well as the

development of independent CSR reporting and assessment frameworks.

CONCLUSION

Corporate Social Responsibility (CSR) has gained immense importance in the last few decades, and India is no exception to this trend. The aim of this was to encourage companies to take an active role in addressing social and environmental issues, thereby promoting sustainable development.

However, the implementation of the law on CSR in India has been a subject of much debate, with many questioning the level of compliance by companies. This has led to an analysis of the compliance of the law through corporate disclosures made by companies.

The findings of this analysis have been mixed, with some studies suggesting high levels of compliance while others have found that compliance is low. Some companies have been found to be fully compliant with the law, spending the required 2% of their net profit on CSR activities and providing comprehensive disclosures on their CSR initiatives in their annual reports. These companies are seen as being socially responsible, and this has helped to improve their reputation and standing in the market.

However, many other companies have been found to be non-compliant with the law. This can be due to a lack of awareness of the CSR provisions of the Companies Act, or a lack of understanding of the importance of CSR. Some companies have been found to be spending less than the required 2% of their net profit on CSR activities, while others have failed to make any disclosures on their CSR initiatives in their annual reports.

One of the key challenges in ensuring compliance with the law on CSR in India is the lack of enforcement mechanisms. The government has limited resources to monitor and enforce compliance, and this has resulted in many companies getting away with non-compliance. Additionally, the lack of clear guidelines on what constitutes CSR activities and how these activities should be disclosed has added to the difficulties in ensuring compliance.

Despite these challenges, the Indian government has been making efforts to promote CSR and increase compliance. For example, the Ministry of Corporate Affairs has issued guidelines on the reporting of CSR activities and has established a CSR portal to facilitate the reporting of CSR initiatives. The government has also introduced new regulations that make it mandatory for companies to disclose the details of their CSR activities in their annual reports.

In conclusion, the law on CSR in India has made significant progress in promoting corporate social responsibility and sustainable development. While the implementation of the law has faced some challenges, such as lack of enforcement mechanisms and unclear guidelines, the Indian government has been making efforts to improve the situation. As a result, the compliance with the law has improved, with some companies fully complying with the law and others making efforts to increase their level of compliance. Overall, the law on CSR in India provides a framework for companies to engage in socially responsible practices, and this has the potential to benefit not only the companies themselves, but also the wider society and the environment.