**CORPORATE SOCIAL RESPONSIBILITY INTER-ALIA TO SAVE THE ENVIRONMENT**

**By: -**

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**Abstract –**

**“**There is no business on a dead plane”

* David Brower Conservationist

The Companies Act, 2013 made it mandatory for companies to undertake Corporate Social Responsibility (hereinafter CSR) activities. However, this practice had been followed by the companies on voluntarily basis from time immemorial.

CSR is a concept where companies integrate their overall objectives with the social and environmental concerns in their business operations. The Companies can significantly contribute toenvironment protection and sustainability as it is one of the activities that may be undertaken by the companies for their CSR projects. It is also way by which company can enhance their economic growth and competitiveness while contributing to the environment.

This article aims to analyze the elements of environment protection and sustainability under CSR. Also, discuss the various CSR initiatives taken up by the Indian companies to protect the environment. The methodology deployed for this article is doctrinal for which various such as articles, books and internet is referred

Keyword – Corporate Social Responsibility, environment sustainability, business operations, companies

**INTRODUCTION**

Corporate Social Responsibility (“**CSR**”) means ensuring the success of the company by integrating social and environmental objectives in the company’s operations. In simple term CSR can referred to as contributing positively to the society[[1]](#footnote-2). The Companies operate in a dynamic environment the primary objective of every company is to earn profit. The economic progress of an organization does not necessarily lead to social progress of a nation. The economic progress is achieved by exploiting the natural resources thus, it leads to harmful impact on the environment[[2]](#footnote-3). Justice Kuldeep Singh (former judge of the Supreme Court of India) while passing an order to close 700 Industrial situated in Delhi which were involved in causing harm to the ecological balance and more or less converted the Yamuna river into a sewer, observed that “no one can allow economic progress at the cost of ecological imbalance[[3]](#footnote-4)”. Thus, in the modern era the companies are also responsible to save the environment and follow the principles of sustainable development.

The companies must keep in mind the public utility while planning its overall objectives[[4]](#footnote-5). In earlier times CSR activities were undertaken by the companies as charity. However, the Companies Act, 2013 has made it mandatory for the companies to undertake CSR activities. The companies can play huge role of preserving the environment by way of CSR activities as they directly interact with the consumer and their action are clearly visible to the stakeholders. Another reason why the companies will strive to save the environment is that they are always in the limelight and their actions can influence the masses[[5]](#footnote-6). The companies have accepted the legislation to undertake compulsory CSR activities for public interest and sustainable development.’

**Definition of Corporate Social Responsibility**

The **United Nation Industrial Management Organization***[[6]](#footnote-7)*defines CSR as “*Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interaction with stakeholder*”

**World Business Council for Economic Development**[[7]](#footnote-8) defines CSR as “*continuing commitment by business to contribute to economic development while improving quality of life of workforce and their families as well as the communities as large”.*

The **Companies Act, 2013** defines CSR as “*activities which promote education,health, poverty reduction, environment sustainability, gender equality and vocation skill development*”

In the year 2002 the **Department of Trade and Industry** had published its first report on CSR and in the report, it had described CSR as following-

*A responsible organization does three things (1) it recognizes that activities of the organization have wider impact on the society in which it operates (2) the organization takes account of economic, social, environmental and human rights impact of activities across the world (3) it aims to achieve benefits by working in partnership with other groups and organization*[[8]](#footnote-9)

**Legal Framework of CSR under Companies Act 2013**

The Companies Act, 1956 did not provide for any provision relating to CSR but Ministry of Corporate Affairs (hereinafter MCA) Government of India had brought ‘CSR Voluntarily guidelines 2009’ in December 2009[[9]](#footnote-10). The CSR which was seen as voluntary contribution had been made as mandatory provision in Companies Act 2013 for certain types of companies. In Section 135 of the Companies Act, 2013 provision relating to CSR is incorporated which states that –

1. Every company which has net worth of Rs 500 Crore or more, or turnover of Rs 1000 Crore or more, or net profit of Rs. 5 Crore or more during immediately preceding Financial Year is required to constitute a CSR Committee which shall comprise of 3 or more directors out of which one shall be an independent director.
2. The Board report under subsection 3 of section 134 shall disclose the composition of CSR Committee
3. The CSR Committee shall-
4. Formulate and recommend to the Board, a CSR policy which should indicate activities to be undertaken by the company (in areas or subject as specified in the specified in Schedule VII of the Act.
5. The CSR committee shall also initiate a CSR Policy, which shall state how, where and when they want to invest their funds with respect to this requirement.
6. Keep a watch on the CSR policy from time to time
7. The Board of the company which is referred in sub section (1) shall –
8. After receiving the recommendation and policy by the CSR Committee approve the policy and initiate steps to implement or execute the CSR policy for the company and disclose such policy in Boards report as per Section 134 (3) pertaining to the financial year commencing on or after 1st April 2014 , and also place the contents of such policy on the company’s website if any in form prescribed under Companies ( Corporate Social Responsibility Policy) Rules, 2014.
9. Ensure that activities which are formulated by the CSR Committee in the Policy are duly undertaken by the Company.
10. The Board of the company which is referred in sub section (10 shall ensure that that company spend at -least 2% of the average net profits of the company made during the preceding three years or where the company has not completed three years since the period of incorporation during such immediately preceding financial year shall be spent on the CSR policy.

Provided that the company shall give preference to the local area and the areas around the company for spending the amount earmarked for CSR.

Provided further, that f the company fails to spend the amount, the Board shall mention in its report under clause (o) of sub section (3) of section 134 for not spending the amount.

Explanation – for the purpose of this section average profit shall be calculated in accordance with section 198 of the Companies Act, 2013.

The following are the activities which may be undertaken by the company under CSR Policy.

1. Activities that eradicate hunger and poverty;
2. Promoting education
3. Promote gender equality and women empowerment;
4. Ensure ecological balance and environment sustainability
5. Protection of art, culture and national heritage
6. Measures that benefit the armed forces
7. Promote sports
8. Any contribution to Prime Minister Relief Fund or National Relief Fund or any other fund which is established by Central or State government for relief to the people, socio-economic development and welfare of the Schedule Tribe, Schedule Caste, other backward class, women and minorities.
9. Contributions to technology incubators which are located within the approved academic institution by the Central Government.
10. Rural development Projects.

There is also other provision stipulated under various acts framed by the parliament of India which make the companies responsible for environment protection some the provision is specified as follows –

Water Act 1974 states that the State pollution board has the power to grant clearance certificate clearance certificate for new discharge and outlet after assessing the environmental impact. Similar provision has also been specified under Air Act 1984

The Environment Protection Act, defines companies as – Where any offence has been committed by the company under this act. Every person who was in charge and responsible for the conduct and business of the company, as well the company shall be guilty of the offence committed and also be liable to be proceeded against and punish accordingly. It is also specified under the Act that if anyone fails to comply or contravenes under the provision of the act or the rule or the directions issued under the act shall be liable for imprisonment which may extend to 5 years or fine which may extend to 1 lakh rupees or both in case the contravention continues additional fine may be imposed which may extend up to five thousand rupees every day after the contravention continues from the first day of such failure.

Forest Conservation Act, 1980 was drafted by the Government of India to protect the forest and stop the use of the forest land for making dams, building and roads which will lead to their degradation

**Elements of Environment Protection and sustainability under CSR**

There are ten major activities which the company can undertake toward CSR as mentioned in Schedule VII of the Companies Act, 2013 out of which iv) environment sustainability is one best activity mentioned in schedule VII as it leads to betterment of the environment[[10]](#footnote-11).The various elements of environmental sustainability under CSR are elaborated below-

1. **Environmental Sustainability** -It is a very wide term and one of key components of environment sustainability. The United Nation World Commission on Environment defines environment sustainability as “*it is about acting such way that future generation have natural resources available to them and are able to live an equal life, if not better than the current generation*[[11]](#footnote-12)”
2. **Ecological Balance –** It has been defined as a state of equilibrium where the balance between natural environment is maintained. The balance in the natural environment can be disrupted by introduction of new species. sudden death of new species, natural calamities and man-made activities[[12]](#footnote-13). Companies conduct various surveys to ensure flow and optimum utilization of the natural resources.
3. **Protection of Flora and Fauna –** The term flora is defined as a collective term that is used for group of plant life that exists in a particular region and Fauna refers to the indigenous animal life to a region[[13]](#footnote-14). The Companies through CSR identifies such area and protect them. Th government has also identified such areas and enacted provision to safeguard the flora and fauna of that area.
4. **Animal welfare –** The animal life is the most important components to keep an equilibrium in the environment. It is important to take care of their wellbeing[[14]](#footnote-15) . the company through CSR can undertake activities such as protecting the stray animals, ensuring the services of veterinarian and taking steps to stop cruelty against animals etc.
5. **Agroforestry –** It refer to a practice of cultivation of shrubs, trees, integration of livestock which leads to high results with use of low-costequipment. It is done through the use of technology and ensures optimum utilization of resources[[15]](#footnote-16) . this also helps in to cope up with the demand of agroforestry products such as fuel, timber and firewood. The companies undertake CSR activities to protect the security of the environment in continuity to the flow of essential ago products.
6. **Maintaining of water, soil and air –**The overuse of natural resources often leads to deterioration of these resources. The companies through Research &Development devise a method to boost productivity and reduce excessive usage of natural resources.

**Judicial Pronouncements**

**M.C Mehta.v. Union of India[[16]](#footnote-17)** this case is also known as taj trapezium case in this case wonder of the world faced threat from Acid rain and pollution caused by Mathura Refinieries and other Industries. A Public Interest litigation was filed in this regard in the year 1984 to take strict action against the industries because of whom the Taj Mahal was in a danger. in this case Supreme Court banned the use of coal and coke and advised to switch to Compressed Natural Gas (CNG).

In the case **Vellore Citizen’s Welfare Association.v. Union of India[[17]](#footnote-18)** Supreme court held that industries are important for the development of the country but they cannot be allowed to destroy the destroy the ecology and degrade the environment. These industries pose a health hazard to people and cannot be allowed to continue their operations unless they establish pollution control devices. In this case Justice Kuldeep Singh observed precautionary and polluter pays principle are one of the essential features of sustainable development as such the polluter is liable to pay the cost to the individual sufferers as well as the cost of reversing the damaged ecology.

In **M.C Mehta.v. Union of India[[18]](#footnote-19)** the court directed Delhi Administration to set up sixteen sewage treatment plant in June 2000 almost after elapse of 4 years when the authorities failed to set up a treatment and nearly 50% of the waste that was generated waste was flowed into the Yamuna river directly. It was directed to increase the capacity of the sewage to 502mg in the Year 1996, Delhi Jal Board did not take any action towards the direction and again the courts directed to increase the capacity to 764 mg by 2005. The action to construct the treatment plant was taken and construction of 11 plants was underway. The traffic police ensured the construction of treatment plants can take place unhindered.

In case of ***Goa Foundation.v. Konkan Railway Corp***[[19]](#footnote-20)the Bombay High Court in this case observed “we hope and trust that everyone will realize that providing a railway line is neither a religious or political issue but is undertaken to provide quick and easy mode of transport”.

**Subash Kumar.v. State of Bihar**[[20]](#footnote-21). This case was among of the very first cases wherein the Supreme Court laid emphasized on importance of protecting the environment. The court widened the scope of right to life and read into right to wholesome environment. The court also observed that Right to life includes right to enjoy the pollution water and air.

The courts in the country have emphasized on importance of protecting the environment and also recognized Right to wholesome environment within the scope of Article 21 Right to life. The Companies Act, 2013 which made it mandatory for the companies to undertake CSR activities. It has contributed to preservation of the environment by the companies as they have integrated environmental and social concern with their overall objectives. The companies have undertaken various CSR projects to preserve the environment.

1. **Various CSR Initiatives undertaken by Indian Companies**

The Indian companies aspire to boost the economy of the country and promote welfare of the people. These companies take up CSR initiatives every year and formulate strategic plans to educate and spread awareness to the public on how to utilize the natural resources the list of similar CSR activities undertaken by Indian companies is enumerated as follows-

1. **TATA STEEL** – Tata Steel ltd is one of the best examples of social responsibility projects. The company had formulated Mission 2020 to address the food security and poverty issues in the state Odisha. The objective of the initiative was to increase the income of 7000 household by providing them with skill training and improving productivity through modern irrigation techniques, waste land development,horticulture and dry farming. This initiative also involved creating of self-help groups and creation of employment opportunities for women and the aim of the initiative was to convert 3 acres of land into a crop land with the help of irrigational facilities. A total number of 344 farmers benefited from the establishment of ponds and irrigation facilities and 60 acres of of wasteland under the National Horticulture Scheme was converted for the cultivation of mango, cashew and lemon plantation[[21]](#footnote-22).
2. **COCO-COLA –** The company is one of the leading beverage company in India. The company undertook a mission “Alag karo har Teen Din Bin” aim of this mission was easy disposal of waste management and segregation of wet and dry waste[[22]](#footnote-23). The project was undertaken by the company in Gurugram in partnership with three Non-Government Organizations Sahaas , Tetrapak and Giz.

In totality Gurugram produced 600 tones of waste which was not disposed off in a effective way. To tackle the situation the Municipal board published guidelines for disposal of waste into three categories dry, wet and rejecting waste.

The aim of the mission was to achieve the following objectives –

1. Spreading awareness about waste disposal intiative among1,50,000 people
2. In 60 selected household areas 9000 had to segregate waste at source.
3. Spreading awareness about waste management among 50 commercial outlets and 50 schools
4. Preventing dumping of waste in landfills.
5. **Conclusion**

According to Schedule VII of the Companies Act, 2013 which specifies the activities to be undertaken by the Companies for CSR one of them is “*ensure ecological balance and environmental sustainability”.*There are various elements of environmental sustainability which may be undertaken by the companies for CSR Projects. The rationale behind this is protecting the environment is of global concern.At the same time industrial growth is necessary for employment generation and economic growth.Therefore, both development of Industries and protection of environment has to go hand in hand. If the environmental sustainability elements are undertaken by the companies. It can be a great step for protecting the environment and achieving environmental sustainability.

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12. Ecological Balance <<https://wwf.panda.org/knowledge_hub/teacher_resources/webfieldtrips/ecological_balance/>> accessed 20 August 2020. [↑](#footnote-ref-13)
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