



# Critical Study On The Role Of CSR In Developing The Environment For Sustainable And Healthy Survival

Dr. Tulika Singh<sup>1\*</sup>, Dr. Nidhi Singh Arora<sup>2</sup>, Jyotirmoy Banerjee<sup>3</sup>

<sup>1\*</sup>Assistant Professor, Integral University, Lucknow

<sup>2</sup>Assistant Professor, Integral University, Lucknow

<sup>3</sup>Lecturer (Law), Indian Institute of Management Rohtak

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## ARTICLE INFO

## ABSTRACT

India has been a sustainable nation over the development post-globalization in reference to economic, agricultural, and industrial sectors important for the growth of the nation. The author has worked on some of the significant challenges which our nation faces in regard to environmental functioning in reference to various phases of change. Further studying upon the major legal framework required over the significance of the institutions authorized for the regulation has been taken under the study through this paper. During the study, the author has focused on some of the major environmental compliance in regard to different approaches being made for enforcement. The author, through this research paper, has focused upon some of the major CSR objectives and functioning required for sustainability and development at the same time for a healthy environment and further requirements for the proper execution of various compliance towards CSR. Through the study, the author has tried to evaluate some of the major cases in which the regulation and compliance of CSR norms have been strictly followed and evaluated by the authorized body over time, keeping in mind the development and sustainability of the environment. By the end of the study, the author believes to evaluate some of the major findings over the research being developed and focused upon in the past keeping in mind the significance of conducting CSR activities for keeping the environment healthy and preserved for the future generation in a much sustainable manner, further which some significant suggestions and conclusion has been taken place which shall make a significant step towards making a more strict approach towards implementation and conducting major CSR activities for the protection of environment towards the industries and organizations who are making huge support and use of the environment for the development and business purpose for developing the economy of the nation.

**KEYWORD:** CSR, Sustainability, Globalization, Compliance, Environment.

## INTRODUCTION

India has emerged as a global hub for investment. India has maintained a sustained GDP Growth of its economy. The government has taken initiatives to have an open policy regime and an enabling environment. All the efforts have cumulatively helped in making India a preferred location for investment. Agriculture has a big share in driving the growth of the country. However, in recent times, India has witnessed exponential growth in the manufacturing sector as well. Many new industries have been established which are promoting the growth and development of India. Many concerns arise from such a surge in the manufacturing sector of the country. They include issues related to distribution, labor laws, procurement of raw materials, etc. One such concern which has remained most neglected is Environmental Issues. It is a fact that establishing an industry causes huge damage to nature and its surroundings. It leads to displacement, can deteriorate the quality of the land, disrupt the water level, and affects the air quality index. The list is not exhaustive. It becomes all the more imperative to have an effective regime for environmental compliance by these corporate.

The definition of Entrepreneurship is now progressively accepted as the one in which sustainable products are created by giving due regard to social and environmental concerns (Bansal, Garg, & Sharma, 2019). Environmental compliance has now started to be widely recognized as a practice under social

entrepreneurship. Social Entrepreneurship is the method of using entrepreneurial means to provide intrinsic solutions to social and environmental problems along with maintaining their survival, viability, and sustainability. It has also been termed as a tool for sustainable development. Safeguarding the interest of the environment is an important aspect of sustainable development. Environmental CSR is the duty to cover the environmental consequences of a particular company's operations, products, and facilities. The major components of environmental CSR are the elimination of waste and emissions, maximizing energy efficiency and productivity, and minimizing practices that may adversely affect the utilization of natural resources by coming generations. Therefore, there has been an increased voice in ensuring environmental compliance by small and medium-sized enterprises. It has become a major function of environmental authorities worldwide. In India, the provisions related to environmental compliance are at a developing stage. There hasn't been much work done on this aspect. The research project is an attempt to study the need and way of environmental compliance. It will elaborate on the challenges associated with it with a specific focus on the industrial sector. It will also discuss CSR as a new mechanism for enforcing compliance.

### **ENVIRONMENTAL CHALLENGES IN INDIA**

The environmental problems related to air quality, land usage, over-exploitation of water, degradation of common property resources, deforestation, etc. Urbanization and industrial growth in India have led to severe environmental problems. India has the maximum number of polluted cities in the world (IQAir, 2022). The air quality index in India has only degraded over the years. If industrial activities will continue like this, it can be safely assumed that air quality would become a big problem in the coming years.

Furthermore, garbage from industrial and municipal operations has contaminated Indian rivers and streams. Untreated sewage is dumped in bodies of water, depleting their levels. The chemical and engineering sectors generate the most garbage. Integrated iron and steel factories, nonferrous metallurgical units, pharmaceutical and petrochemical complexes, fertilizers and pesticide facilities, thermal power plants, textiles, pulp and paper, tanneries, and chloralkali units are among the sectors involved (OECD, 2006). Another major challenge that remains is the lack of law enforcement by the agencies. The environmental protection agencies in India have not taken a strict approach to deal with the crisis. They lack the proper staff and authoritative power.

### **LEGAL FRAMEWORK AND KEY INSTITUTIONS**

To address these challenges, the government has framed the legal as well as the institutional framework. Legislation and subjects related to the environment are stated and laid down in the form of national laws. Some of the important central enactments to prevent and control industrial pollution include "The Water (Prevention & Control of Pollution) Act 1974"; "Central Board for the Prevention and Control of Water Pollution (Procedure for Transaction of Business) Rules, 1975"; "The Air (Prevention & Control of Pollution) Act 1981"; "The Environment (Protection) Act 1986"; "The Hazardous Waste (Management and Handling) Rules 1989", "2003, 2008"; "Recycled Plastics Manufacture and Usage Rules, 1999"; "The Noise Pollution (Regulation & Control) Rules, 2000"; "Environmental Impact Assessment Notification, 2006 and EIA Rules 2020" etc. According to a report published by World Bank in the year 2007, India holds a vast management system concerning the environment with an exhaustive list of laws, statutes, institutional frameworks, and regulatory mechanisms to execute and apply the aims of the various environmental policies.

In India's constitution, environmental preservation is both a right and a responsibility. The Indian Constitution mandates that the government work to conserve and develop the environment as well as safeguard the country's natural resources. According to the Indian Constitution, it is every citizen's fundamental obligation to safeguard and develop the natural environment, as well as to have compassion for living beings. India has given its citizens a formidable policy weapon to safeguard the environment by elevating environmental issues to the constitutional level.

The Ministry of Environment and Forests and Climate Change (MoEFCC) is the nodal ministry to formulate and implement environmental legislation, rules, and regulations. The Central Pollution Control Board (CPCB), State Departments of Environment (SDE), State Pollution Control Boards (SPCBs) and the Municipal Corporations (MCs) accompany the nodal ministry to carry out its functions in an effective manner. Responsibilities and accountabilities are distributed amongst the Center and the different States. However, the duty to formulate policies and regulations is vested in the central government. In contrast, the state governments are responsible to ensure that national policies and laws are effectively and properly implemented and enforced.

The CPCB develops and creates industry-specific emission standards with the help of research institutions, academics, and various industries. These technically feasible and economically viable standards are then approved by the MoEFCC. These standards are reviewed timely to regulate, improve and proliferate the availability of better abatement technologies. The SPCBs are responsible for enforcing and monitoring the standards laid down by the Central authorities.

The PCBs draw power from various enactments and then they give and cancel consents to work and operate, carry out sampling, inspect facilities, mandate rectified action, and direct compliance schedules. The State Pollution Control Boards cannot bring down the environmental quality or emission standards fixed by the central government. The frequency of industrial pollution for on-site visits is measured by the pollution potential which is determined by three colors (red for severe, orange for moderate, and green for low) and size

which is determined by the value of the capital investment. Though there are guidelines in place set by the Board (CPCB, 2022) concerning the visits that must be made to the industries, different states have differently interpreted these guidelines and they do not abide by them. For example, industries in Gujarat which fall in the red category, have to be visited once every month, but the same category industries are to be visited once every quarter in Odisha (Government of Orissa, 2018), and in West Bengal, such industries are to be inspected every two years. The guideline set up by the CPCB to visit the medium and large-scale industries is once every 3 months. Hazardous wastes, biomedical wastes, municipal solid wastes, and electronic wastes can all be notified by state authorities. In India, the judiciary has played a crucial role in enforcing environmental regulations. The filing of PILs is a mechanism that has aided the Indian judiciary in engaging in this. The courts have issued decisions with explicit implementation requirements that not only address the situation at hand but also establish new policies and procedures with far-reaching repercussions for the regulated community and regulatory bodies.

MoEFCC has also notified general and specific emission levels for a different group of industries applying the legal provisions laid down in the Environmental (Protection) Act of 1986. The limits on the emission of oxides of nitrogen and other oxides were implemented after consulting the industry concerned and taking into account the economic feasibility of the installation of abatement equipment.

A “Charter on Corporate Responsibility for Environmental Protection (CREP)” was also established. By signing a “CREP” covenant, the “MoEFCC” and the industrial sector pledged to work together to voluntarily regulate and battle pollution. Aluminum, cement, chloro-alkali, copper, dyes and dye intermediates, fertilizer, iron and steel, pesticide, petrochemical, pharmaceutical, paper and pulp, sugar and zinc sectors, tanneries, thermal power plants, distilleries, and oil refineries are among the 17 severely polluting industries included. Industrial housing is being embraced as one of the main initiatives for CSR under the “Charter of Corporate Social Responsibility (CSR).”

#### **ENVIRONMENTAL COMPLIANCE: VARIOUS APPROACHES TO ENFORCEMENT**

There is never enough that can be said about the need to protect the environment. As a responsible member of the international community, India has obligations towards international instruments and conventions obligating to take steps for conservation. Further, it is the right of the citizens to demand an unsoiled and safe environment. Environmental compliance should aim at balancing the political, social, cultural, and economic ways of society (AARHUS, 2016). The ultimate aim of environmental compliance is to solve all the concerns related to health and the ecosystem in general and ensure proper implementation of the legal regulations. The public should be allowed to participate and exchange information on environmental compliance.

There are various approaches that help in the management of the environment:

- **Voluntary Approach-** As the name suggests, this approach aims and encourages the industry to be self-compliance and take measures in this regard. It includes public awareness and education, participation in NGOs, technical support, etc. This approach can be set up by the government as well as Non-Governmental Organizations.
- **Market-Based Approach-** This approach uses the forces of the market to get the desired change in behavior. This can happen even if there are no regulations or necessary activities in place. It has been shown to aid in greater pollution reduction and provide a cost-effective solution to challenges. A market-based strategy can include any costs imposed for discharging effluents into the environment; emission trading schemes that allow corporations to swap allowed emission rights with other companies; and other market-based approaches. Offset techniques enable a facility to emit more material from one of its activities if the facility offsets this increase by lowering emissions from another activity. Environmental labeling is the process of informing the public about the environmental advantages or dangers of a product so that they may make an informed decision.
- **Mandatory Approach-** In this particular kind of approach, the government explicitly prohibits and bans certain kinds of activities in order to preserve the environment. Failure to comply with the mandate of the government can invite penalties. It can include licensing some activities; banning the production or manufacturing of certain products; filing reports of some functions; making an entity clean up or repair environmental damage.

There were other approaches as well. The command-and-Control Approach was used in the 1970s and 1980s in which the government regulated each and every action of the industry regarding environmental compliance. The system didn't work well as it was plagued with corruption, lack of resources, lack of competent staff, and most importantly absence of expertise on this subject (Pandey, 2022). The deterrence-based approach has also not been proven to be of much success. Industries and Corporations had devised various modes to avoid the regulation of the law.

The next important question which arises is which approach should be selected in order to deal with the issues related to environmental compliance. It is submitted that it depends a lot on the local conditions of the place and the industry where the compliance is to be enforced. The facts and circumstances of each industry must be given regard before enforcing any approach on them. Further, the political, social, economic, and cultural factors of the place and society must also be considered. It must be seen what the ultimate goal or purpose is to be achieved by making an industry comply with the regulations. There should be a basic

understanding of the reasons for any non-compliant behavior on both a sectoral as well as a jurisdictional basis.

Each technique has its own set of advantages and disadvantages, which may differ from one jurisdiction to the next. When complemented by strong enforcement and compliance processes, well-designed and effectively implemented obligatory rules will give better assurance than voluntary ones. Voluntary programs can successfully educate and encourage participants, but they are unlikely to have an impact on the underlying economic incentives that drive organizations' environmental performance targets. Market-based techniques provide businesses more freedom in adapting to evolving scientific and technical capabilities, but they don't usually impose fixed emission objectives. It might be difficult to guarantee that certain environmental goals are reached as a result of this.

### **CSR FOR ENVIRONMENTAL COMPLIANCE**

The three-way relationship between State, Corporations, and Society has witnessed a sea change in the last twenty years. The firms cannot work independently and they have to act in accordance with the interests of society (Jamwal, 2003). The progress of coordination between corporations and the general public has been slow. The evolution of the relationship between companies and society has been one of slow transformation from a philanthropic coexistence to one where the mutual interest of all the stakeholders has gained paramount importance (Ghosh, 2003). Corporations now believe in the reality that if they want to earn a strategic position in their field and if they wish to continue their existence, business practices and strategies have to shape in such a way that they shift their focus from earning profits to serving the public and being more responsible in business etiquettes (Murphy, Kumar, & Balsari, 2001).

CSR is explained as the "ethical behavior of a company towards society". It has become imperative and prominent in the Indian corporate arena. The reason behind the adoption of CSR is that there are many socio-economic problems that prevail in India like poverty, illiteracy, lack of proper education and healthcare system, infanticide, dowry, caste system, etc. the government has limited resources (Mani, 2002). Corporations help the government through their business profits to contribute towards social development. In this way, the corporations give back to society the resources they initially took from the general public, viz. human labor, land, minerals, raw materials, etc. Many organizations have helped through donations, charities, opening up of schools in rural areas, setting up vaccination drives for infants and toddlers, livelihood creation, skill development, and empowering the downtrodden segment of society (Mohan, 2001). The involvement of employees has lately been quite direct in CSR activities.

Various departments in the organization are working with more dedication and vigor towards fulfilling duties towards CSR than just getting their one-time projects funded. The profits expected by the corporations on the investments made are driven by much larger sets of objectives than what is mentioned under CSR regulations (Beerannava, 2010). Consumers have now become more aware and vigilant of ethically derived products due to widespread communication and growing transparency, and therefore, they wish to consume the same. Thus, in order to satisfy the needs and wants of the people, companies have now adopted ethically and socially responsible behavior (Shrivastava & Venkateswaran, 2000). Companies are now delivering such products which are preferred by the public (Srinivasan & Tendulkar, 2003).

For instance, private corporations now feel encouraged by fulfilling their commitment to society and they feel motivated to improve the quality of the products they manufacture and the services they serve to society. Along with this, public bodies also endeavor to lessen pollution in the air, water, and the environment to enhance the quality of life of society as a whole (Schwartz, 2021). We observe that green technologies or "eco-innovations" mediate between sustainable firms and air pollution.

### **CASE STUDIES**

The following are the two case studies of the companies one is a multi-national one and the other is a domestic company that is following the best practices of environmental compliance and also helping the other companies to comply with the environmental standards with their best management and innovative ways.

- ***Rio Tinto – A case study of a Global company.***

Rio Tinto is an Anglo-Australian mining conglomerate that specializes in aluminum, iron ore, copper, diamonds, and other minerals, including uranium. Rio Tinto's board of directors is in charge of the company's stewardship and long-term performance. Rio Tinto's activities must also be considered in terms of their influence on local people and the environment, as well as the importance of preserving a reputation for ethical business practices.

The Sustainability Committee advises the board on social and environmental risk management strategies, management procedures and standards, and attaining compliance with social and environmental duties and commitments. The Corporate HES Team is in charge of safety, health, environment, and social strategic planning at the corporate level in terms of policy direction and defining standards. The Executive Committee includes the head of HES. The standards and management system are under the control of the Board Sustainability Committee. These are then filtered out to enterprises so that they don't have to come up with their own solutions.

Rio Tinto is a member of the International Council on Mining and Metals since its inception (ICMM). As a



result, Rio Tinto is committed to the ICMM's ten principles for sustainable development, as well as the performance standards that go along with them. The ICMM has generated a vast body of guidelines across the range of environmental concerns that are important to the industry in order to assist member firms in meeting performance standards. Combining Health, Environment, and Safety into a single function has an impact on the entire approach to ensuring environmental compliance.

Rio Tinto's compliance promotion thus focuses on what matters most: safety. Rio Tinto has a strong internal environmental (and social) network of subject matter experts and environmental and social management specialists in part as a response to this. Despite its informal nature, the network is actively involved in providing environmental leadership and "educating" general managers at the operational unit/asset level. The Board Sustainability Committee is also putting more emphasis on compliance promotion, in part as a result of external events and stakeholder pressure (including investors).

On the "Environment" area of its website, Rio Tinto provides excellent practice examples in several sectors of its operations, some of which are assumed to be transferable from one operational business to another. Here are a few examples:

1. Biodiversity Preservation (Rio Tinto, 2020);
2. Reducing Water use (Rio Tinto, 2020); and
3. Guaranteeing the quality of the Air (Rio Tinto, 2020).

#### • *Chakr Innovation – A Case Study of a Domestic Company*

The company's major purpose is to assist businesses in meeting pollution regulatory compliance criteria and improving air quality in their area. Chakr Innovation is a creative company that uses 'soot catcher' devices to transform pollution into ink. These gadgets were designed specifically to turn soot emitted by diesel generators and motors into ink. It installs the device near the diesel generator's exhaust to capture all particulate matter at the client's location. This material is then transformed into ink, which has a commercial value and is sold to ink factories in the area. This method/technique helps the company lower its carbon footprint while also ensuring compliance with industrial emissions regulations (Chakr Innovations, 2022).

With the tagline "Let us create a greener tomorrow!" Chakr Innovation strives to develop cutting-edge, sustainable, and scalable technology to fight the significant threat posed by pollution. Their objective is to create and implement novel pollution-control solutions that preserve natural resources, provide a retrofit emission control device for diesel engines, and protect people's health. Chakr Shield is the name of the device, for which a patent was filed in January 2016. The system can catch more than 90% of particulate matter emissions from diesel generator exhaust without causing harm to the diesel engine. Their gadget promises to address one of humanity's most important issues: the lack of breathing air, by catching pollution at the source (Chakr, 2022).

## CONCLUSION

There is a need to augment social entrepreneurship in developing countries (Certo & Miller, 2008). There is a need for a proper system to coordinate the laws related to social entrepreneurship that will be in accordance with environmental compliances. The focus must be to integrate developmental planning and environmental concerns. The regulations and the standards set up by the governments, such as pollution control, Environmental Impact Assessment (EIA) implementation, waste management, promotion of green infrastructure, coal beneficiation, and ash utilization in the construction of roads and building have become specific action plans now. The environmental management system is founded on the bedrock of legislation, standards, institutions, and enforcement agencies. However, different interpretations by the state governments and the multiplicity of agencies have paused the fulfillment of environmental compliances. Detailed procedures must be introduced and established to include environmental impacts and consultation from the public (Schaper, 2002). The judicial system in the country has delivered many landmark judgments for entrepreneurs, new or existing, that would encourage them to voluntarily comply with the environmental safety and protection requirements.

## SUGGESTIONS

In order to reach an agreement on the concept of social entrepreneurship, we must clarify and define key concepts and explain their essential components in order to simplify and concretely classify the industries that must mandatorily follow environmental compliances. The government must explore the barriers that hinder social entrepreneurs from contributing towards following compliances and regulations. To further this objective, the government must work towards removing those hindrances to ensure sustainable development. Such measures could include creating social incubators and widening the range of environmental education. Some other suggestions include:

1. Measuring the environmental impact of the polluting industries and construing the capacity of green entrepreneurs that can encourage or discourage the development of society.
2. Including environmental and sustainable development issues within the educational curriculum and within agendas of the elections at the grassroots, state, and national levels.

3. Creating business advisory services and government policies to help build up “greener” businesses.

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