# CSR IN INDIA: FROM OBLIGATION TO IMPACT - A DECADE OF SECTION 135, COMPLIANCE GAPS, AND THE ROAD AHEAD UNDER THE COMPANIES (AMENDMENT) BILL, 2025

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**ABSTRACT**

Corporate Social Responsibility, or CSR, became a legal duty for large Indian companies in April 2014, when Section 135 of the Companies Act, 2013 came into force. The idea was simple: companies above a certain size must spend at least two percent of their average profit on social causes such as education, health and rural development, and must report what they spent. This paper looks back at ten years of this law. It studies what the compliance data actually shows, and argues that the law has been very good at making companies spend money and file paperwork, but much weaker at making sure that money actually changes people's lives for the better. This gap between spending money (an output) and improving lives (an outcome) is the central problem this paper examines. The paper also studies the Companies (Amendment) Bill, 2025, which proposes to widen the CSR net to cover more companies and to require more expertise on CSR Committees, and asks whether this Bill closes the gap or only makes the compliance machinery bigger. Drawing lessons from the United Kingdom, the United States and the European Union, the paper argues that India's CSR law needs to shift its attention from counting rupees spent to measuring real change delivered, and it ends with specific, practical suggestions for how the law can get there.

**Keywords:** CSR; Section 135; Companies Act 2013; Companies (Amendment) Bill 2025; Compliance versus Impact.

## I. Introduction and Research Problem

Since the financial year 2014-15, Indian companies have together spent more than Rs 2.2 lakh crore on Corporate Social Responsibility activities, and this amount has kept rising almost every year, moving from about Rs 10,065 crore in 2014-15 to nearly Rs 34,909 crore in 2023-24.[1] That is a very large amount of private money being pushed, by law, into public welfare. Yet ask a simple question — how many lives were actually improved by this spending, in a way that can be measured and verified — and the honest answer is that nobody quite knows. This gap between how much money moved and how much good it did is the subject of this paper.

India was the first country in the world to turn CSR from a matter of personal or corporate choice into a matter of statutory obligation.[2] Before 2014, Indian companies — especially large business houses such as the Tata group — already carried out charitable and community work, but this was voluntary, guided by personal philosophy rather than by law. The Companies Act, 2013 changed that. Section 135 made CSR spending compulsory for companies crossing certain size thresholds, created a CSR Committee to oversee it, and introduced a 'comply or explain' rule for money that could not be spent in a given year.

The central argument of this paper is that Section 135 has succeeded in building a strong compliance architecture — companies now routinely set up CSR Committees, prepare CSR policies, file disclosures, and, for the most part, spend the required money — but this same architecture has not been matched by an equally strong impact architecture. In simple words, the law is good at making sure money leaves the company's account; it is much weaker at making sure that money produces a lasting, measurable improvement in someone's life. Enforcement action by the Ministry of Corporate Affairs (MCA) tends to focus overwhelmingly on procedural lapses — late transfers, missing disclosures, wrong formats — almost never on whether a funded project actually worked.

This paper proceeds in the following order. Part III explains the statutory structure of Section 135, including its thresholds, the 2 percent formula, and the major amendments made to it since 2014. Part IV, the evidence section, looks closely at a decade of compliance data

[1] India CSR, CSR Spend Jumps from Rs 10,065 Cr to Rs 34,908 Cr in 2024, IndiaCSR.in (2026), https://indiacsr.in/csr-spend-jumps-from-rs-10065-cr-to-rs-34908-cr-2024/.
[2] CSRBOX, India's CSR Report: Five Years and INR 100,000 Crore (2019), https://csrbox.org/India_CSR_report_India-CSR-Report--Five-Years-and-INR-100,000-Crore_64.

collected by the MCA through the National CSR Portal. Part V builds the paper's core argument about the gap between compliance and impact. Part VI compares India's mandatory-spend model with the different approaches taken in the United Kingdom, the United States and the European Union. Part VII examines the Companies (Amendment) Bill, 2025 and asks whether it addresses the gap this paper identifies, and Part VIII closes with specific recommendations.

The timing of this study matters. The Companies (Amendment) Bill, 2025, introduced in the Rajya Sabha on 5 December 2025, is the first serious legislative attempt in several years to rework the CSR framework — by lowering the thresholds that decide which companies must comply, and by requiring CSR Committees to include a director with real, demonstrable CSR experience.[3] As this paper is being finalised, a related but broader reform effort — the Corporate Laws (Amendment) Bill, 2026, currently before a Joint Parliamentary Committee — has also proposed changes to CSR thresholds and exemptions, showing that this is a fast-moving and still unsettled area of law. This paper's analysis in Part VII is therefore also a useful lens for tracking how this second, overlapping reform effort develops.

## II. Research Objectives

This paper pursues the following objectives:

1. To trace the statutory evolution of Section 135 of the Companies Act, 2013, from its enactment in 2014 to the amendments proposed in 2025.

2. To examine a decade of CSR compliance data in India and identify patterns of spending, under-spending, and geographic concentration.

3. To identify and explain the structural gap between CSR 'compliance' (spending and disclosure) and CSR 'impact' (measurable social outcomes).

4. To compare India's mandatory-spend model of CSR with the stakeholder-duty model of the United Kingdom, the market-driven model of the United States, and the due-diligence model of the European Union.

[3]Acuity Law, India's CSR Regime Set to Expand: Key Proposals under the Companies (Amendment) Bill, 2025 (5 Dec. 2025), https://acuitylaw.co.in/indias-csr-regime-set-to-expand-key-proposals-under-the-companies-amendment-bill-2025/.

5. To assess whether the Companies (Amendment) Bill, 2025 addresses the compliance-impact gap, and to recommend specific legal reforms that would help it do so.

**III. Research Questions**

6. Has a decade of Section 135 produced high rates of CSR compliance among eligible companies in India?

7. Does the existing enforcement machinery under Section 135(7) penalise poor social outcomes, or does it penalise only procedural and disclosure failures?

8. What structural features of the CSR Rules cause companies to prioritise spending over impact?

9. What lessons, if any, can India draw from the UK, US and EU approaches to corporate social accountability?

10. Does the Companies (Amendment) Bill, 2025 meaningfully narrow the compliance-impact gap, or does it merely widen the pool of companies subject to the existing, output-focused framework?

**IV. Research Hypotheses**

Based on the research questions above, this paper tests the following hypotheses:

11. H1: A decade of Section 135 has produced high rates of formal compliance (spending and disclosure) but has not produced a comparable system for verifying social outcomes.

12. H2: MCA enforcement action under Section 135(7) is concentrated on procedural defaults (late transfers, disclosure format, non-constitution of committees) rather than on the substantive quality or impact of CSR projects.

13. H3: The narrow scope of the mandatory impact-assessment rule (Rule 8(3) of the CSR Rules) leaves most CSR-eligible companies outside any outcome-verification requirement.

14. H4: The Companies (Amendment) Bill, 2025 expands the compliance net (more companies, more committee expertise) without introducing a corresponding expansion of outcome-based accountability.

## V. Research Methodology

This paper follows a doctrinal and analytical method. It studies the text of Section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended), and the Companies (Amendment) Bill, 2025, alongside secondary data published on the National CSR Portal maintained by the Ministry of Corporate Affairs, adjudication orders passed by Registrars of Companies under Section 454 read with Section 135(7), and reports and commentary published by PRS Legislative Research, professional bodies, and CSR research organisations.

The paper uses a mixed-qualitative approach. It reads the statutory text closely (doctrinal analysis); it studies aggregate compliance figures published over the last decade (descriptive data analysis); and it examines a small number of real adjudication orders as illustrative case studies to test whether enforcement targets substance or form. Comparative material from the UK, US and EU is used to place India's approach in context, not to suggest that any one model should simply be copied. The study relies entirely on publicly available government data, published legal texts, and secondary academic and professional literature; it does not involve primary fieldwork, surveys, or interviews, and its conclusions should be read with that limitation in mind.

## VI. Literature Review

A useful starting point is the High Level Committee on CSR (HLC-CSR), set up by the Government of India in 2018 to review the working of the CSR framework roughly four years after it came into force. Its report and the accompanying five-year review found that a very large share of eligible companies — about 80 percent — were small companies with a CSR obligation under Rs 50 lakh, and recommended exempting them from the burden of forming a full CSR Committee; it also found that a significant minority of eligible companies, on average about 36 percent in some years, filed no CSR data at all despite being covered by Section 135.[4] This early finding is important: even at the level of basic reporting, compliance was never universal, and the committee's own recommendations were aimed mostly at making

[4]CSRBOX, supra note 2.

compliance easier, not at improving outcomes.

A second strand of literature comes from CSR-tracking organisations that mine the National CSR Portal. Factly's recent review of a decade of data confirms that spending has grown steadily and has crossed Rs 2.2 lakh crore cumulatively, but also finds that this spending is heavily concentrated in a handful of large, industrialised states, led by Maharashtra, while entire regions of the country receive a very small share.[5] This literature treats geographic concentration as a proxy for a deeper problem: CSR money tends to follow where companies already operate or are headquartered, not where social need is greatest.

A third strand, closer to corporate governance scholarship, focuses on the criminalisation controversy of 2019 and its reversal in 2020. Commentary from corporate law practitioners describes how MCA adjudication orders, post-decriminalisation, have imposed penalties — sometimes running into penalties of twice the unspent amount — even in cases involving pure timing mismatches rather than any genuine failure to spend.[6] This body of writing supports the idea that enforcement has become more frequent and more mechanical, without becoming more attentive to outcomes.

Finally, case-study literature on individual companies — most notably on the Tata group's long-running CSR programmes — offers a useful contrast. Independent academic case studies of Tata Steel's Maternal and Newborn Survival Initiative (MANSI), run jointly with the Jharkhand government and outside partners, record a measured 61.2 percent fall in the neonatal mortality rate and a 63.1 percent fall in the infant mortality rate in the project area over five years.[7] Such examples show that outcome-based CSR is achievable within the existing legal framework; the literature's concern is that it remains the exception rather than the norm, because the law does not require it.

[5]Factly, Where the CSR Money Went — Tracking CSR Spending in India (24 July 2025), https://factly.in/where-the-csr-money-went-tracking-csr-spending-in-india/.
[6]Vinod Kothari Consultants, Responsibility by Rod: MCA Adjudication Orders Deal Punches of Penalty for CSR Breaches (29 July 2023), https://vinodkothari.com/2023/07/responsibility-by-rod-mca-adjudication-orders-deal-punches-of-penalty-for-csr-breaches/.
[7]TechCSR, MANSI — GIS-based Health Monitoring System for Tata Steel, https://techcsr.com/casestudies/csr-casestudy-for-TATA-Steel-Mansi.

## VII. Research and Analysis

### *A. Section 135: How the Law Is Built*

During the debates on the Companies Bill, 2012, lawmakers considered whether CSR should remain a voluntary, board-level choice, as it had been for decades, or whether it should become a legal duty backed by disclosure and penalty. They chose the latter, reasoning that voluntary CSR, left to individual company discretion, was too inconsistent to be relied upon for national development goals. This choice made India an outlier in global company law — a point this paper develops further in Part VII(D).

Section 135(1) sets out three alternative financial thresholds. A company crossing any one of them in the immediately preceding financial year must comply — it does not need to cross all three.

| **Criterion** | **Threshold under the Companies Act, 2013 (original)** | **Effect** |
|---|---|---|
| Net worth | Rs 500 crore or more | Any one condition met triggers CSR duty |
| Turnover | Rs 1,000 crore or more | Assessed every year, not permanently |
| Net profit | Rs 5 crore or more | Most common trigger for mid-sized firms |

Section 135(5) fixes the actual spending duty: at least two percent of the company's average net profit for the three immediately preceding financial years must be spent on CSR each year.[8] Section 135(1) to (4) require the constitution of a CSR Committee of the board, tasked with recommending a CSR policy and monitoring its implementation. Where a company fails to spend the full amount, the law does not automatically penalise it; instead, it must disclose and explain the shortfall in its Board's Report, and, for amounts linked to ongoing projects, transfer the unspent sum into a special Unspent CSR Account within a set period — a 'comply or explain' logic borrowed from corporate governance codes elsewhere.

[8]Companies Act, 2013, §135(5).

### *Key Amendments Since 2014*

The law has not stood still since 2014. The table below summarises the major turning points.

| Year | Change |
|---|---|
| 2014 | Section 135 comes into force; India becomes the first country to make CSR spending a legal duty rather than a voluntary choice. |
| 2019 | Companies (Amendment) Act, 2019 turns CSR shortfalls into a criminal offence, alarming industry. |
| 2020 | Companies (Amendment) Act, 2020 walks this back — non-spending becomes a civil default with monetary penalty under Section 135(7), not a jail-triggering offence. |
| 2021 | New CSR Rules bring in the Unspent CSR Account, compulsory transfer of leftover money to Schedule VII funds, mandatory impact assessment for large projects, and CSR-1 registration for implementing agencies. |
| 2025 | CSR-1 registration rules tightened, requiring professional certification for implementing agencies; Companies (Amendment) Bill, 2025 introduced in the Rajya Sabha proposing lower CSR thresholds and stronger CSR Committee expertise norms. |

The 2019-2020 episode deserves particular attention because it foreshadows the argument of this paper. When Parliament first made CSR shortfalls a criminal offence in 2019, industry bodies argued strongly that this converted a well-intentioned welfare provision into a punitive compliance trap; the government responded within a year by decriminalising the default, but it did so by adjusting the penalty, not by asking whether the underlying obligation was being measured the right way.[9] In other words, the 2019-2020 reversal was a debate about how harshly to punish non-spending, not a debate about how to reward or verify good spending.

### *Schedule VII — What Counts as CSR*

Schedule VII lists the categories of activity that legally qualify as CSR — poverty and hunger eradication, education, gender equality, environmental sustainability, protection of

[9]MBG Corporate Services, Adjudication Order: MCA Imposes Penalty for CSR Reporting Irregularities and Disclosure Non-Compliance (Oct. 2025), https://www.mbgcorp.com/in/insights/adjudication-order-mca-imposes-penalty-for-csr-reporting-irregularities-and-disclosure-non-compliance/.

national heritage, and several others. This list has been periodically expanded by government notification, most notably to bring in disaster relief, incubators, and contributions to certain research and development funds, and, during the COVID-19 pandemic, vaccine and medical-oxygen related spending. The breadth of this list gives companies flexibility, but that same flexibility is part of why CSR spending can look scattered rather than strategic — a theme returned to in Part VII(C).

***B. A Decade of Compliance: What the Numbers Show***

The clearest way to see a decade of Section 135 is through the National CSR Portal's own figures. Annual CSR spending has grown from about Rs 10,065.93 crore in 2014-15, spread across roughly 16,548 companies, to about Rs 34,908.75 crore in 2023-24, spread across roughly 27,188 companies — a rise of nearly two and a half times.[10]

| Year | CSR spend (Rs crore) | Companies reporting spend |
|---|---|---|
| 2014-15 | 10,065.93 | 16,548 |
| 2020-21 | 26,210.96 | — |
| 2021-22 | 26,278.73 | — |
| 2023-24 | 34,908.75 | 27,188 |

Cumulatively, companies have spent more than Rs 2.2 lakh crore since the law came into force, and this money has flowed overwhelmingly into education, health, and rural development, which together have consistently absorbed well over half of all CSR spending.[11] On the surface, this looks like a policy success story: more companies participating, more money flowing, every year.

***Compliance Metrics and the Shortfall Problem***

Look more closely, though, and the picture becomes uneven. Even among the more

[10]India CSR, supra note 1.
[11]Factly, supra note 3.

disciplined universe of listed companies, actual CSR spending in FY 2022-23 came in slightly below the mandated figure — about Rs 15,524 crore spent against roughly Rs 15,713 crore required — and the National CSR Portal recorded roughly 4,855 companies, about one-fifth of all companies covered by the law, as not having met their required CSR spend that year.[12] A meaningful part of any shortfall is not abandoned money but money formally transferred into Unspent CSR Accounts for ongoing multi-year projects, which the law treats as an acceptable, non-punishable outcome. Even so, a persistent one-fifth non-compliance rate a decade into the law shows that 'universal compliance' remains an aspiration rather than a settled fact.

***Sectoral and Regional Concentration***

The geographic pattern of CSR spending is arguably more troubling than the spending shortfall itself. Maharashtra alone has received close to Rs 35,000 crore in cumulative CSR spending over the decade — roughly one-sixth of the entire national total — while Karnataka and Gujarat follow at a considerable distance, each with roughly Rs 12,000-13,000 crore.[13] Earlier data going back to the law's first seven years told the same story: five states alone — Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Andhra Pradesh — accounted for about a third of all CSR expenditure, while India's north-eastern states, taken together, received a little over one percent.[14] This pattern is easy to explain and hard to defend: companies tend to spend CSR money near their factories, offices, and registered addresses, which are themselves concentrated in already-industrialised states, rather than in the country's more backward or 'aspirational' districts, where the case for social spending is arguably strongest.

***Case Illustrations***

Three real examples help make the compliance-impact distinction concrete. First, consider a compliance-focused case: Tata Steel has for years spent more than the mandatory two percent of profit on CSR — in some years reportedly between five and seven percent — and has consistently been treated by researchers and industry bodies as a CSR compliance leader.[15] Yet independent academic reviews of its spending patterns have also questioned whether the

[12]Protean eGov Technologies, India's CSR Landscape: INR 15,524 Crore Spent, But Where's the Rest? (5 Nov. 2024), https://www.proteantech.in/articles/nse-listed-companies-csr-spend-india-05112024/.
[13]Factly, supra note 3.
[14]Factly, Data: With More Than 1.27 Trillion Rupees Spent, CSR Expenditure Skewed Towards Certain Sectors & States (6 Jan. 2023), https://factly.in/data-with-more-than-1-27-trillion-rupees-spent-csr-expenditure-skewed-towards-certain-sectors-states/.
[15]Sources cited in Part VI(D) infra; see also academic case studies on Tata Steel CSR practice, note 21 infra.

company's CSR effort has become 'strategic' in a genuinely outcome-driven sense or has simply become a steady, almost automatic percentage of profit directed at familiar categories such as healthcare and education, year after year — precisely the kind of spending that satisfies Section 135 without necessarily maximising social return.

Second, consider an enforcement case. In an adjudication order dated July 2024, the Registrar of Companies, Gujarat, penalised Ganesh Green Bharat Limited for failing to transfer an unspent CSR amount of Rs 23,31,842 to a Schedule VII fund within the statutory six-month window; the company's directors argued the default was unintentional and had not harmed public interest, but the Registrar upheld a substantial monetary penalty on the company and its officers.[16] This order, like most CSR adjudication orders reviewed for this paper, penalises a timing and disclosure failure — not any judgment about whether CSR money, once spent, actually achieved anything.

Third, and by contrast, consider a demonstrably high-impact case. Tata Steel's Maternal and Newborn Survival Initiative (MANSI), run in Seraikela block of Jharkhand in partnership with the state government, an international funding partner, and a specialist NGO, used trained community health workers and a purpose-built digital monitoring tool to track high-risk mothers and newborns; over five years, the project is reported to have reduced the neonatal mortality rate by 61.2 percent and the infant mortality rate by 63.1 percent in the area it covered.[17] What makes MANSI different from most CSR spending is not the amount of money involved but the presence of a measurable, publicly reported health outcome, tracked over time against a clear baseline — exactly the feature that Part VII(C) argues is missing from the CSR framework as a whole.

### *The Enforcement Record*

A review of publicly available MCA adjudication orders under Section 135(7), several of which are discussed in professional legal commentary, shows a consistent pattern: penalties are levied for not constituting a CSR Committee, not adopting a CSR policy, not spending the mandated amount, not transferring unspent money on time, or not using the prescribed disclosure format.[18] None of the adjudication orders examined for this paper penalise a

[16] TaxGuru, CSR Provision Violation — Section 135(5): MCA Imposes Penalty of Rs 1.06 Crore (12 July 2024), https://taxguru.in/company-law/csr-provision-violation-section-1355-mca-imposes-penalty-rs-1-06-crore.html.
[17] TechCSR, supra note 9.
[18] TaxGuru, MCA Imposes Heavy Penalty for CSR Violations: Section 135(1) & 135(5) (3 June 2024),

company for spending CSR money on a project that produced no measurable social benefit, because the law, as presently written, does not ask that question at the enforcement stage. Commentary on this enforcement trend has also flagged that the Registrar's growing use of suo motu adjudication powers, while lawful, has occasionally caught companies for old, since-corrected procedural lapses, reinforcing the sense that the machinery is tuned to catch paperwork failures rather than substantive ones.[19] This is precisely the pattern anticipated by Hypothesis H2 in Part IV, and it sets up the core argument developed next.

### *C. The Compliance-Impact Gap: The Paper's Core Argument*

It is useful to separate two different ideas that are often carelessly bundled together under the single word 'CSR success'. An output is something that can be counted the moment money changes hands — rupees spent, a school building constructed, a health camp organised. An outcome is a change in a person's actual condition — a child who can now read, a mother whose baby survived infancy, a village whose groundwater table has genuinely improved. Section 135, as this paper's evidence section shows, is built almost entirely around measuring outputs. It asks: how much did you spend, and on what category of activity? It does not, in the ordinary case, ask: did it work?

#### *Why the Law Produces Form Over Substance*

1. Spending as the compliance metric. The most basic design choice in Section 135 is to measure compliance in rupees, not in outcomes. A company that spends exactly two percent of profit on a poorly designed, poorly monitored programme is, in the eyes of the law, fully compliant; a company that spends slightly less than two percent on a rigorously monitored, high-impact programme is, technically, in default. The law's central metric therefore rewards the wrong thing at the margin.

2. A narrow impact-assessment net. The CSR Rules do require a formal impact assessment, but only for companies with an average CSR obligation of Rs 10 crore or more in

https://taxguru.in/company-law/mca-imposes-heavy-penalty-csr-violations-section-1351-1355.html; Taxscan, Non-Utilization of CSR Funds: MCA Confirms Penalty of Rs 61.31 Lakhs on Pvt Ltd Company and Directors (20 Dec. 2023), https://www.taxscan.in/non-utilization-of-csr-funds-mca-confirms-penalty-of-rs-61-31-lakhs-on-pvt-ltd-company-and-directors/354869/.

[19]Cyril Amarchand Mangaldas Corporate Law Blog, A Fine Balance: A Perspective on Recent RoC Orders (18 Nov. 2024), https://corporate.cyrilamarchandblogs.com/2024/11/a-fine-balance-a-perspective-on-recent-roc-orders/.

the preceding three years, and only for individual projects with an outlay of Rs 1 crore or more, under Rule 8(3) of the Companies (CSR Policy) Rules, 2014.[20] Given that the government's own five-year review found that roughly 80 percent of CSR-eligible companies fall into the small, sub-Rs-50-lakh obligation category, the plain arithmetic is that the great majority of CSR-eligible companies in India are never required to conduct any formal, rule-based impact assessment at all.

3. The CSR Committee independence problem. Section 135 requires at least one independent director on most CSR Committees, but the remaining members are ordinarily executive or promoter-nominated directors, and the committee's core function — recommending the CSR policy and monitoring its implementation — is performed by people who often report, directly or indirectly, to the same management whose CSR spending they are meant to be overseeing. This is not unique to CSR; it echoes a broader governance problem also visible in audit committee independence debates, but it is sharpened here because there is no external assurance body equivalent to a statutory auditor checking the substance of CSR claims.

4. No standard, comparable outcome metric. Annual CSR disclosures in the Board's Report are narrative and project-by-project: a company describes what it did, in its own words, in its own format, without any requirement to report against a standard, comparable outcome indicator that a regulator, researcher or citizen could use to compare one company's CSR programme against another's. Two companies can both report 'a health programme in rural India' while producing wildly different real-world results, and the disclosure format would not let anyone tell the difference.

5. Reliance on implementing agencies with limited monitoring. A large share of CSR projects are not run directly by companies but routed through implementing agencies — NGOs, trusts and Section 8 companies — registered on Form CSR-1. The 2025 tightening of CSR-1 registration rules, which now requires professional certification of eligible agencies, is a useful step toward weeding out shell or unreliable agencies.[21] But registration checks whether an agency is a legitimate, properly certified entity — it does not check whether the specific project

[20]Companies (Corporate Social Responsibility Policy) Rules, 2014, r. 8(3).
[21]TaxGuru, Companies (CSR Policy) Amendment Rules, 2025 (1 Aug. 2025), https://taxguru.in/company-law/companies-csr-policy-amendment-rules-2025.html.

that agency implements actually delivers the outcome it promised.

***A Comparative Governance Insight***

This compliance-substance gap is not unique to CSR; Indian corporate governance has seen a similar arc before in the evolution of statutory audit and secretarial audit requirements, where early reforms focused on making sure an audit was conducted at all, and only later reforms began to ask serious questions about audit quality and auditor independence. CSR appears to be roughly where audit assurance was a generation ago — the 'that it was done' stage, rather than the 'that it was done well' stage — which suggests that the next phase of CSR reform, much like the next phase of audit reform, will need to focus on quality assurance and independent verification rather than on merely widening coverage.

***Restating the Thesis***

Section 135 has, over a decade, built one of the more robust CSR compliance architectures found anywhere in the world — a mandatory spend, a dedicated committee, a public data portal, and an enforcement mechanism. What it has not built, in that same decade, is a corresponding impact architecture that would let regulators, shareholders and citizens reliably tell a genuinely transformative CSR programme apart from a merely compliant one.

***D. Comparative Perspectives***

Looking at how other major jurisdictions handle corporate social responsibility helps place India's mandatory-spend model in context, and helps identify what India's 'next decade' of CSR reform might learn from elsewhere.

***United Kingdom: The Stakeholder-Duty Model***

The United Kingdom has no mandatory CSR spending requirement at all. Instead, Section 172 of the Companies Act 2006 places a duty on directors to promote the success of the company while having regard to the interests of employees, suppliers, customers, the community and the environment, and separate non-financial reporting rules — including Streamlined Energy and Carbon Reporting requirements — force large companies to disclose, rather than spend. The UK's lesson for India is that a well-designed disclosure duty, tied to director accountability, can create pressure toward genuine stakeholder consideration without mandating a fixed percentage of profit, though critics note that a duty this broadly worded is also difficult to enforce in court.

***United States: The Market-Driven Model***

The United States has no federal CSR spending mandate either. Corporate social and environmental conduct is instead shaped by voluntary ESG disclosure practices, shareholder resolutions that pressure boards from within, and, more recently, climate-related disclosure requirements from the Securities and Exchange Commission. The American approach relies on investor and market pressure rather than statutory compulsion — a model that can produce sophisticated, outcome-oriented reporting among large listed companies with active institutional investors, but that leaves smaller, closely-held companies almost entirely outside any comparable pressure.

***European Union: The Due-Diligence Model***

The European Union has moved furthest toward an outcome-oriented model. Its Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) require large companies to identify, prevent, and account for actual and potential harms across their own operations and their supply chains, and to report against detailed, comparable sustainability indicators — an approach that ties disclosure directly to due diligence on real-world impact, not merely to how much was spent.

***Synthesis: What the Comparison Shows***

Placed side by side, these three models and India's model reveal a spectrum. India mandates an input — a fixed percentage of profit that must be spent. The UK and US rely on duties and market pressure rather than a spending mandate at all. The EU, meanwhile, is moving toward mandating process and outcome — due diligence and verified reporting on real harms and real impacts, rather than a rupee or euro figure. This comparison strengthens the core argument of Part VII(C): the global direction of travel in corporate accountability law is toward outcome-verification, and India's CSR framework, for all its early global leadership in making CSR mandatory, risks being left behind on the outcome dimension unless its next phase of reform follows the EU's lead in tying disclosure to demonstrated, auditable impact.

### *E. The Companies (Amendment) Bill, 2025: An Assessment*

The Companies (Amendment) Bill, 2025 was introduced in the Rajya Sabha on 5 December 2025 and proposes to substantially lower the financial thresholds that trigger CSR obligations under Section 135(1). Under the Bill as introduced, CSR provisions would apply to any company with a net worth of Rs 100 crore or more (down from Rs 500 crore), a turnover of Rs 500 crore or more (down from Rs 1,000 crore), or a net profit of Rs 3 crore or more (down from Rs 5 crore).[22] The Bill also strengthens the composition rule for CSR Committees: it retains the requirement of at least three directors including one independent director, but adds a new requirement that one of the remaining directors must have demonstrable, extensive experience in planning and implementing CSR projects; where a company is not otherwise required to appoint an independent director, a smaller two-director committee is permitted instead.[23]

It is worth noting, for accuracy and currency, that a related but broader reform bill — the Corporate Laws (Amendment) Bill, 2026, currently before a Joint Parliamentary Committee — has since proposed a different, partly contradictory direction: raising the net-profit threshold for CSR from Rs 5 crore to Rs 10 crore, permitting the Central Government to exempt prescribed classes of companies from CSR compliance altogether, and exempting companies with a CSR obligation up to Rs 1 crore from having to constitute a CSR Committee at all.[24] This apparent tension between the two Bills — one lowering CSR thresholds, the other raising them and adding exemptions — is itself instructive: it shows that even Parliament has not settled on a single, coherent philosophy for who should be inside the CSR net, let alone for what happens once they are inside it. Given that the 2025 Bill is the one most squarely on the CSR framework and forms the outline of the Government's stated intent as of the date of this paper, the analysis below focuses on it, while flagging the 2026 Bill as a live, unresolved development worth tracking.

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[22]Taxmann, Weekly Round-up on Tax and Corporate Laws: 8-13 December 2025 (17 Dec. 2025), https://www.taxmann.com/post/blog/weekly-round-up-on-tax-and-corporate-laws-8th-december-to-13th-december-2025.
[23]Id.
[24]Lal Ghai & Associates, Corporate Laws Amendment Bill 2026: Key Changes & Impact (11 Apr. 2026), https://lgassociates.org/corporate-laws-amendment-bill-2026/.

### *Does the Bill Close the Compliance-Impact Gap?*

Lowering the applicability thresholds is, on its own terms, a form-side reform: it widens the pool of companies required to spend and disclose, which will very likely increase the aggregate rupee figure reported on the National CSR Portal in future years, but it does nothing to change what is measured once a company is inside the net. A mid-sized company newly captured by the lower thresholds faces exactly the same narrow impact-assessment trigger under Rule 8(3) as before — meaning most newly-covered companies, being smaller, are even less likely to ever cross the Rs 10 crore obligation or Rs 1 crore project-outlay thresholds that trigger a mandatory impact study.

The requirement of a CSR-experienced director on the Committee is, by contrast, a modest but genuine substance-side reform. Requiring at least one director with demonstrable experience in planning and implementing CSR projects could, if implemented seriously, improve the quality of project design and monitoring at the point of decision-making, rather than only at the point of after-the-fact disclosure. Its practical value will depend heavily on how 'extensive experience' is defined and verified in the delegated rules that follow the Bill, an area regulators have not yet clarified.

Overall, on a provision-by-provision reading, the 2025 Bill addresses the compliance side of the gap (more companies, better-qualified committees) far more directly than it addresses the impact side (verified, comparable, standardised outcomes). It is, in the language of Part VII(C), an expansion of the existing compliance architecture rather than the beginning of a new impact architecture.

### *What Is Missing*

Read against the comparative lessons of Part VII(D), three gaps stand out as unaddressed by the 2025 Bill:

- It does not lower or graduate the Rs 10 crore / Rs 1 crore impact-assessment threshold, so most newly-covered mid-sized companies will remain permanently outside any mandatory outcome check.
- It does not introduce any standardised, comparable outcome-reporting metric — of the kind the EU's CSRD now requires — that would let a regulator or citizen compare one

company's real social return against another's.

- It does not link MCA enforcement priorities, or Section 135(7) penalties, to the quality or verified impact of CSR spending; the enforcement lens remains fixed on timing, disclosure format, and committee composition.

**VIII. Suggestions and Recommendations**

Building on the analysis above, this paper offers the following specific, practical recommendations for closing the compliance-impact gap:

15. Lower and graduate the impact-assessment threshold under Rule 8(3). Instead of a flat Rs 10 crore / Rs 1 crore cut-off, the Rules could introduce a sliding scale, so that even mid-sized companies newly captured by the 2025 Bill's lower thresholds face a proportionate, scaled-down impact-assessment duty rather than none at all.

16. Mandate a standardised, comparable outcome-reporting metric across sectors, broadly modelled on Social Return on Investment (SROI) or a similar recognised methodology, so that CSR disclosures move from free-text narrative to structured, comparable data — closer to the EU's CSRD approach discussed in Part VII(D).

17. Strengthen CSR Committee independence, going beyond the Bill's welcome addition of a CSR-experienced director, by requiring that CSR-experienced members be drawn, at least in part, from outside the company's own management or promoter group, so that project selection is not entirely captured by the same executives whose performance the committee is meant to review.

18. Create a public, verified impact-disclosure database, parallel to the existing spend-focused National CSR Portal but built around outcome indicators rather than rupee figures, so that researchers, regulators and citizens can compare programmes on results, not just on budget.

19. Tie MCA enforcement priorities to impact-reporting quality, not only to spend and disclosure compliance — for example, by empowering Registrars to flag, publish, or seek explanation for CSR programmes that are formally compliant but whose own impact assessments (where conducted) show weak or negative results, creating a

genuine incentive for quality alongside the existing incentive for mere spending.

## IX. Conclusion

Ten years is a reasonable amount of time to judge a law by what it has actually produced, rather than by what it promised. Section 135 of the Companies Act, 2013 promised to turn a portion of India's corporate profit into social good, on a scale and with a legal certainty that few other countries have attempted. Judged purely as a compliance mechanism, it has largely delivered: spending has grown consistently, disclosure has become routine, and a dedicated public data portal now tracks it all. Judged as an impact mechanism, however, the picture this paper has traced is far less settled — spending remains geographically lopsided, a persistent share of eligible companies still fall short of the mandated amount, and enforcement, a decade in, still overwhelmingly punishes paperwork failures rather than poor outcomes.

The Companies (Amendment) Bill, 2025 is best understood as the next chapter in the compliance story rather than the beginning of an impact story — it widens who must comply and improves who sits on the committee, but leaves largely untouched the deeper question of how anyone would know, in a standard and verifiable way, whether CSR money actually worked. The overlapping and partly contradictory 2026 reform effort now before a Joint Parliamentary Committee suggests that Indian lawmakers themselves have not yet agreed on the answer.

What might an impact-based CSR governance regime look like in India's next decade? At a minimum, it would combine the compliance architecture India has already built with a genuine, standardised, and independently verifiable outcome architecture of the kind now emerging in the European Union — one where a company's CSR report tells a citizen not just how many crores were spent, but how many lives were measurably better because of it. Building that second architecture, not merely expanding the first, is the unfinished task that this paper has tried to set out clearly for the decade ahead.

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