CSR IN INDIA: THE COMPANIES ACT AND ITS IMPLICATIONS

Omprakash Gupta*
Kovid Gupta**

*) College of Business, University of Houston-Downtown, Houston, USA, guptao@uhd.edu
**) Samuel Curtis, Johnson Graduate School of Management, Cornell University, New York, USA, kogupta@gmail.com

ABSTRACT

Purpose
India, as a country, has been historically involved in various Corporate Socially Responsible (CSR) activities. In April 2013, the Indian government formalized CSR across industries by incorporating the Companies Act of 2013. In a country that has both communal poverty and individual wealth on a rapid rise, it is critical to understand how CSR has and can impact the way the country moves forward.

Design/methodology/approach
Several scholarly works in the field were reviewed to understand various CSR frameworks and their implementation across Indian businesses. This qualitative study examined CSR activities in select companies of Indian business from different perspectives viz., moral vs strategic, sustainability, philanthropic giving, ethical business, economic responsibility, financial performance, employee value proposition, social innovation, etc.

Findings
The study found that it is indeed feasible for large conglomerates to find compatibility with the CSR bill. The analysis has proven that companies can earn high profits while still contributing to social change. The Companies Act of 2013 concerning CSR has a significant implication on the Indian socio-economic development. As large companies have been required to donate 2% of their profits to CSR activities, this has generated awareness and has helped establish a culture of social responsibility.

Practical Implications
On an economic and policy level, this research will also help large conglomerations comprehend the nuances of the Companies Act and strategize how to best incorporate it into their missions, visions, and actions. Besides, insights from this research will help fine tune existing models or develop and embrace new models for CSR.

Originality/Value
While there have been numerous papers exploring CSR activities in India, there is little research available upon success or failure of the Companies Act of 2013, along with an assessment of what it has been done to usher forward the CSR movement. This paper does a holistic assessment of the act across sectors, and will prove valuable to leaders of organizations looking to establish and enhance their CSR initiatives.

Keywords: CSR, India, Companies Act of 2013, Section 135, CSR Implementation, CSR Impact