

CSR Spending Analysis of Select BSE Listed Companies in the Light of the new Companies Act, 2013

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ABSTRACT

India is the only country in which Corporate Social Responsibility (CSR) is mandatory. The six-decade-old antiquated Companies Act, 1956 was replaced with a new clause that has been incorporated in Section 135 in the new Companies Legislation, 2013. Before the introduction of this new clause, CSR Spending was arbitrary for Indian Companies. This new Act made CSR spending mandatory for all companies with a turnover of Rs. 1,000 crores and more or with Net Worth of Rs. 500 crore and more or net profit of Rs. 5 crores and more to spend at least 2% of their average net profits over the preceding three years on CSR related activities. The new provision was effective from 1st April, 2014. In this backdrop, it would be quite interesting to study the trends in CSR spending of Indian Companies. This study is focussed on the trend of CSR spending of corporate especially after the introduction of the Companies Act, 2013 in India. This paper attempts to investigate and analyse the CSR spending of 20 BSE listed companies in India after the new Companies Act, 2013 regulatory requirement i.e., from 2014-15 to 2016-17. It also attempts to investigate whether the companies are meeting the norms of spending 2% on CSR activities and to find whether there is any variation in CSR spending of Public and Private sector companies. Data was collected from the annual reports and business responsibility reports of select BSE listed Companies. The study has shown both positive and negative shades. In the analysis, it was found that there is a difference in CSR spending of public and private sector companies in India. Based on the company's performance and progress rankings are given to Indian companies. This paper is exploratory in nature and it would form the basis for further research.

KEYWORDS: Indian companies act 2013, Public sector companies, Private sector companies, Corporate Social Responsibility, Annual reports, Business responsibility reports.

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