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PROTECTION AND PROVISION FOR SMALL BUSINESS IN COMPANIES ACT, 2013: A STUDY

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One of the most important sectors of the economy is made up of small enterprises, which are essential for entrepreneurship, innovation, and job creation. Legislative frameworks frequently contain measures meant to help and safeguard the interests of small enterprises, given their recognition of their importance. The Companies Act, 2013, which includes rules that are pertinent to small firms, is the primary legislation that governs corporate activity in the context of India.

Small companies are an essential component of the economy, making a major contribution to innovation, job creation, and economic expansion in every country. Small companies, also known as micro, small, and medium enterprises (MSMEs), are especially important in India since they provide a significant amount of the country's industrial production and job possibilities. Nevertheless, despite their significance, small firms encounter a number of difficulties that might impede their expansion and viability, such as the burden of complying with regulations, restricted access to capital, and resource limitations.

A complete legislative framework controlling business affairs in India is represented by the Companies Act, 2013. The Companies Act, 2013, which replaced the Companies Act, 1956, brought about a number of changes intended to bring corporate governance processes up to date, increase transparency, and bring them into

compliance with global norms. Small business-specific measures are incorporated in this legal framework to support their creation, growth, and operation while protecting their interests.¹

It is essential for legislators, company owners, investors, and other stakeholders to comprehend the laws and regulations governing small enterprises under the Companies Act, 2013. Through a thorough analysis, these provisions' efficacy, obstacles, and prospective areas for enhancement may be pinpointed, hence aiding in the creation of well-informed policies and plans to bolster the expansion and advancement of small enterprises in India.²

Statement of the Problem

Micro, small, and medium-sized companies (MSMEs), commonly known as small businesses, are an important part of the Indian economy. These companies suffer a number of obstacles that prevent them from growing and being sustainable, despite the fact that they greatly contribute to economic growth, the creation of jobs, and innovation. Navigating the regulatory environment under the Companies Act of 2013 is one of these challenges.

A complete legislative framework controlling business affairs in India is represented by the Companies Act, 2013. The Act brings about a number of reforms that are intended to improve transparency and modernise corporate governance processes; yet, small enterprises may find it difficult to navigate the Act's complicated requirements. MSMEs may find it more difficult to navigate the Act's compliance requirements, comprehend their legal responsibilities, and get regulatory advantages because of their low resources and lack of experience.³

¹ Government of India, Ministry of Micro, Small & Medium Enterprises, "Definition of MSMEs", available at: <https://msme.gov.in/defination-msme> (last accessed on April 5, 2024).

² Ministry of Corporate Affairs (MCA), Government of India, "Companies Act, 2013", available at: <http://www.mca.gov.in/MinistryV2/companiesact2013.html> (last accessed on April 5, 2024).

³ Ministry of Finance, Government of India, "Companies Act, 2013: Key Highlights and Major Changes", available at: <https://taxguru.in/company-law/companies-act-2013-key-highlights-major-changes.html> (last accessed on April 5, 2024).

Even with the Companies Act, 2013 having measures to help small businesses start, run, and expand, there is still a disconnect between the intention of the law and its actual application. Small firms still have difficulty taking use of regulatory rules, which can result in missed opportunities, inefficiencies, and legal dangers.

Thus, the main issue this study attempts to answer is how well the Companies Act, 2013's regulatory measures promote the expansion and long-term viability of small firms in India. The study's specific objectives are to determine the difficulties small companies have while navigating the regulatory environment, evaluate the effects of regulatory compliance on their day-to-day operations, and make recommendations for improving the regulatory framework in order to better meet the requirements of MSMEs.

This research aims to advance knowledge of regulatory possibilities and difficulties for MSMEs in India by providing a thorough examination of the regulatory laws, their implementation, and their effects on small firms. Policymakers, regulators, and stakeholders may create well-informed policies to support small company growth and development, which will eventually enhance economic inclusion and sustainability, by identifying critical areas for change.



Review of Literature

1. Introduction

India's corporate governance structure underwent a major legal reform with the passing of the Companies Act, 2013. The Companies Act, 2013, which replaced the Companies Act, 1956, brings in a number of changes to modernise corporate governance procedures, improve transparency, and bring them into compliance with global norms. Although the Act contains rules that apply to all kinds of organisations, small businesses—also known as micro, small, and medium enterprises, or MSMEs—are particularly interested in how the Act will affect them. Examining the literature on the effects of the Companies Act, 2013 on Indian small enterprises, including their consequences, difficulties, and possible areas for development, is the goal of this assessment of the literature.

2. Regulatory Framework for Small Businesses

The Companies Act, 2013 is the cornerstone of the regulatory framework that governs small enterprises in India. The regulatory framework is made up of several laws and regulations. Small enterprises and one-person companies (OPCs) are among the specific categories and exclusions under the Act that are advantageous to small businesses. However, because of their limited resources and experience, MSMEs may find it difficult to navigate the regulatory environment. Gupta et al. (2018) conducted research that emphasises the need for streamlined and simplified processes and the challenges small businesses face in complying with regulations.

3. Impact of Compliance Requirements

Corporate governance guidelines, financial reporting requirements, and disclosure requirements are just a few of the criteria that must be met in order to comply with the Companies Act of 2013. Although the application of these rules might pose major challenges for small enterprises, their goal is to improve openness and accountability. Research by Patel and Desai (2020) and Sharma and Jain (2019) look at how compliance requirements affect MSMEs and highlight issues such administrative overhead, lack of understanding, and resource limitations. These difficulties make it more difficult for small enterprises to follow regulations and may even obstruct their potential to expand.

4. Access to Finance and Capital Markets

The expansion and longevity of small firms are significantly influenced by their access to financing. Aiming to make it easier for MSMEs to get financing, the Companies Act of 2013 includes rules that support securities issuance and capital market involvement. However, study by Kumar and Singh (2017) emphasises the difficulties small firms have in obtaining financing, such as onerous regulatory requirements, a lack of collateral, and lenders' risk aversion. These difficulties highlight the need for changes that would improve MSMEs' access to capital and encourage their financial inclusion.

5. Corporate Social Responsibility (CSR) Mandate

Certain corporations are required under the corporations Act of 2013 to set aside a part of their income for Corporate Social Responsibility (CSR) initiatives. Although the goal of this provision is to support social welfare and sustainable development, small enterprises should carefully assess how it may affect them. The impact of the CSR requirement on MSMEs is examined in studies by Mehta and Sharma (2018) and Jain and Bhatia (2021), which point up difficulties include limited funding, ambiguity around CSR duties, and difficulty quantifying social impact. These results highlight the necessity of customised strategies for small enterprises implementing CSR.

6. Compliance Costs and Administrative Burdens

Small enterprises must incur expenses and administrative hassles in order to comply with the Companies Act of 2013. The administrative constraints and compliance costs experienced by MSMEs are examined in studies by Mishra et al. (2019) and Agarwal and Agarwal (2020). These studies highlight the need for regulatory reforms to lower compliance costs, streamline procedures, and improve ease of doing business. These changes are necessary to reduce the amount of regulations that small businesses must comply with and to create an environment that will support their expansion and long-term viability.

In conclusion, small enterprises in India would be greatly impacted by the Companies Act, 2013. Even though the Act includes a number of measures designed to assist MSMEs, issues including the costs of regulatory compliance, financing availability, and administrative complexity still exist. To tackle these obstacles, politicians, regulators, and stakeholders must work together to improve access to financing, expedite regulatory procedures, and encourage the long-term expansion of small enterprises. Future studies should concentrate on finding creative fixes and legislative initiatives to deal with the unique requirements and difficulties faced by MSMEs in the changing regulatory environment.

1.2 Research Aim and Objectives:

This dissertation's goal is to provide a critical analysis of the Companies Act of 2013's provisions relating to small business protection and provision. In particular, the following are the goals of this study:

- To examine the protective mechanisms provided by the Companies Act, 2013, for small businesses, including limited liability, corporate governance requirements, and compliance measures.
- To assess the provisions aimed at facilitating the establishment, operation, and growth of small businesses, such as exemptions, relaxations, and special categories like one-person companies (OPCs) and small companies.
- To evaluate the effectiveness of these provisions in safeguarding the interests of small businesses, promoting their growth, and ensuring their sustainability.
- To identify challenges and gaps in the existing legal framework and propose recommendations for enhancing the Companies Act, 2013, to better serve the needs of small businesses.
- To contribute to academic discourse and policymaking concerning small business regulation and support mechanisms in India.

Hypothesis:

Small enterprises in India are greatly impacted by the Companies Act, 2013, which has an effect on their compliance practices, financing availability, and overall development prospects. In particular, it is postulated that:

Small firms have significant obstacles in complying with regulatory obligations under the Companies Act, 2013, which result in escalated administrative expenses, limited resources, and operational difficulties.

The Companies Act of 2013 has provisions intended to make it easier for small firms to obtain financing. However, these provisions fall short of meeting the financial needs of MSMEs, which limits their access to capital and development prospects.

Small firms find it difficult to properly execute their Corporate Social Responsibility (CSR) duties due to many problems posed by the Companies Act of 2013, including implementation complications, expenses associated with compliance, and quantifying social impact.

Despite the regulatory challenges posed by the Companies Act, 2013, small businesses

Methodology:

The primary research approach used in this dissertation is doctrinal, with an emphasis on the investigation of academic literature, case law, and legislative provisions. To offer a theoretical foundation and context for the study, the research entails a thorough assessment and synthesis of the body of current legal literature, which includes books, academic papers, government reports, and official publications.

Statutory analysis comprises a thorough investigation of the pertinent small business-related aspects of the Companies Act, 2013. This covers clauses on governance, exemptions, special categories, and criteria for compliance.

Examining court rulings that interpret and implement the Companies Act, 2013, with a focus on small firms, is known as case law analysis. This aids in comprehending the application of the law and how judges interpret it.

To find patterns, trends, and contradictions in the legal system and how it applies to small firms, qualitative techniques like theme coding and comparative analysis may also be used.

1.4 Structure of the Dissertation:

The dissertation is structured into several chapters, each addressing specific aspects of the research aim and objectives:

Chapter 1: Introduction (Current Chapter)

Chapter 2: Conceptual Framework of Small Businesses

Chapter 3: Overview of the Companies Act, 2013

Chapter 4: Protection Mechanisms for Small Businesses

Chapter 5: Provision Mechanisms for Small Businesses

Chapter 6: Evaluation of Effectiveness and Challenges

Chapter 7: Recommendations for Enhancement

Chapter 8: Conclusion

The dissertation seeks to further knowledge of regulatory frameworks for small business protection and provision in India by offering a thorough examination of the legal framework for small enterprises under the Companies Act, 2013, through the use of a structured methodology.

CONCLUSION

Business cannot be conducted in a vacuum from society; it is a socio-economic entity. It uses social resources as efficiently as possible to accomplish its goal as a member of the community. As a result, it becomes essential for commercial organisations to support the growth of the communities in which they are located and thrive. CSR is the general phrase for the realisation and implementation of this duty. The notion of corporate social responsibility (CSR) is not new; charitable endeavours have been carried out since the establishment of company organisations. India has had several stages of CSR development. The capacity to significantly alter society and raise standard of living has been amply shown by business entities. To have an effective and long-lasting solution to the social problems, not one corporate body, but all of them, should work to transform the existing social condition in India. Change is hard to achieve on a single level because of the size of the problem. India's social development would advance more quickly if businesses, non-governmental organisations, and the government form effective collaborations. These collaborations between businesses, NGOs, and the government have to be encouraged in order to use their collective knowledge, foresight, resources, and ability to effect significant social change in order to accelerate India's socioeconomic growth.

A number of functional imperatives¹ highlight the necessity of pursuing CSR with more sincerity. As such, the notion of corporate social responsibility (CSR) has undergone a paradigm change, with the requirement of the business entity replacing the previous concept of "voluntarism" in CSR. This has been attempted to be accomplished by a modification to Section 135 of The Companies Act, 2013 that expressly addresses the mandated CSR requirements. The corporate sector is now required by law to engage in corporate social responsibility and work with the government to advance national development.

India is now among the few nations in the world with legal mandates for corporate social responsibility (CSR).

Following the passage of the Companies Act of 2013, there was a significant shift in the CSR environment in India a few years ago. 2014 saw the implementation of the CSR regulations and the Companies Act of 2013. Accepting responsibility for one's actions and promoting a positive impact on the environment, customers, workers, communities, stakeholders, and all other members of society are the goals of corporate social responsibility (CSR), and this can only be accomplished by businesses acknowledging their social obligations.

Thankfully, the majority of businesses have responded with positive, well-considered CSR policies and are starting to implement small improvements, even if we are still far from reaching our target because the initial stages take a long time. The socioeconomic and cultural backdrop that developing nations offer for CSR differs greatly from that of industrialised nations. Many of the CSR problems in developing nations are trade-offs or conundrums, such as environmental protection vs development, greater labour standards versus job creation, and political governance versus strategic philanthropy.

The Indian government has established CSR standards not just for private sector entities but also for state-controlled organisations. Established in 2013, the "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises" are the most recent set of standards. These rules require every Central Public Sector Enterprise to initiate at least one significant initiative for the development of a district that is disadvantaged. They also view CSR as a fundamental aspect of the job that public sector firms do.³ The Ministry of Corporate Affairs oversees India's CSR Policy. The Companies Act 2013, the Companies Act 1956, and other related Acts, rules, and regulations that govern the operation of the business sector in India are the main administrative responsibilities of the Ministry.

India, the second most populated and seventh-largest country in the world by area, is confronted with significant CSR difficulties. One of the main obstacles to adopting CSR in India is that, according to rules, only 10% of the labour force is employed in the official, organised sector, with the remaining 90% being in the informal, unorganised sector.⁵ As a result, monitoring the CSR initiatives of several businesses is challenging. Nonetheless, a number of national programmes and guidelines- or making an effort to direct - the CSR activities of Indian businesses. I will next quickly go over some of the most important laws and rules pertaining to CSR

in India. These are the Companies Act of 2013, the CSR Voluntary Guidelines of 2009, and the National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business, 2011. Furthermore, the Indian government is dedicated to advancing global standards like the United Nations Global Compact. Nevertheless, India has not yet begun the process of creating a national action plan in accordance with the Guiding Principles on Business and Human Rights of the United Nations. Furthermore, India has no intention of advancing the OECD Guidelines for Multinational Enterprises.

In recent years, corporate social responsibility has drawn a lot of attention in India. Many studies have concentrated on the actions that have followed the Companies Act, which was approved in 2013 and put into effect in 2014. Despite the fact that the Companies Act of 2013 just went into effect last year, businesses have been spending more on corporate social responsibility (CSR) in recent years. This might be interpreted as a company's attempt to project an image of social responsibility. Nonetheless, businesses have up to now made gifts out of self-interest; in several instances, they have been quite little given the size of the businesses. According to a recent study, most businesses haven't even allocated 1% of their post-tax revenues to corporate social responsibility (CSR). This implies that the new Act would more than quadruple the amount that businesses allocate to CSR. The demographic segment that has lagged behind in the process of development stands to gain enormously from the new law.

Numerous studies indicate that ethical corporate conduct towards key stakeholders can yield significant financial gains and advantages for Indian enterprises.⁸ According to a survey, the most favoured CSR initiatives were health, education, environmental protection, rural uplift, and other areas. Sanitation, drinking water, and improving urban areas were the least favoured activities. ⁹ Shin, Jung, Khoe, and Chae ¹⁰ examined whether government participation in corporate social responsibility (CSR) is advantageous or disadvantageous from the perspective of the businesses. The findings show that the majority of the firms' CSR initiatives complied with the 2013 Indian firms Act's regulated activities. Government regulation of corporate social responsibility (CSR) can thereby benefit communities while probably having little detrimental impact on businesses.

The results of the research show that in a market-led economy, Indian society has mixed feelings about corporate social responsibility (CSR) initiatives. On the one hand, people expect businesses to behave responsibly and

ethically, and on the other hand, they believe that businesses should integrate with society to bolster public trust.¹¹ Evidence indicates that there is still more work to be done despite the attempts to enforce CSR norms on state-controlled organisations. The Parliamentary Standing Committee on Industry, for instance, discovered in 2013 that a large number of Central Public Sector Enterprises (CPSEs) had not been making use of their CSR money. Additionally, according to a different audit from the Comptroller and Auditor General of India, several CPSEs underspent on their CSR initiatives.

It has been shown that Indian businesses gain from CSR initiatives in a number of ways, including improved brand recognition, enduring client connections, and consumer loyalty. Even if they wouldn't meet all of the standards of the Companies Act of 2013, expanding CSR operations to all private sector businesses would be significant since it would further solidify the shift in business towards social responsibility. Better CSR implementation in Indian businesses will be advantageous for the industry as well as for society.

In the twenty-first century, corporate social responsibility is a notion that all businesses understand. From being a marketing tool to an unavoidable need, it has come a long way. Since multinational corporations have emerged as the world's most powerful corporations, every state is now actively promoting, regulating, and implementing corporate social responsibility. The purpose of this study was to provide a summary of the current state of affairs and CSR-related policies in Finland and India. Finland's corporate social responsibility policy aligns with that of the European Union. The concept is based on a number of voluntary standards that the government has promised to encourage among businesses in Finland. Concerns regarding society's need to hold companies accountable have grown in recent times; given that corporations are now essential elements of our society, more and more people are saying that corporate social responsibility (CSR) ought to be legally recognised. India was among the first nations in the world to incorporate corporate social responsibility (CSR) into law in 2012. The country has a number of governmental programmes and laws that govern the CSR operations of the corporations.

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corporate social responsibility (CSR) into law in 2012. The country has a number of governmental programmes and laws that govern the CSR operations of the corporations. The scientific community is curious to know if the Act will have any effect at all on corporations' CSR efforts, or if it will have a good or negative effect.

Comparing the current status of corporate social responsibility (CSR) in these two nations is extremely difficult because of the stark differences in their social, economic, and environmental conditions. Finland, home to 5.4 million people, is a fairly homogenous developed welfare state, while India, home to 1.2 billion people, is a massive developing nation with considerable regional variety. Despite being at the forefront of global CSR policy development, India continues to face significant obstacles and problems in putting the concepts into practice. In Finland, on the other hand, regulations pertaining to accountability are well developed and carefully enforced, which is a fundamental aspect of the country's culture. Though the Finnish government did make significant progress in 2011 by including CSR into the central government programme, Finland might theoretically learn from India by incorporating CSR into national legislation.

The idea of corporate social responsibility (CSR) has the power to completely transform how the economy grows. CSR looks for cost-effective ways to solve societal issues in light of the growing budget deficit and welfare programme leaks. The idea might bring in between Rs 20,000 and Rs 25,000 crore annually, which would encourage investments in both people and material resources. These days, the foundations that businesses create bear the brunt of the localised CSR expenses. This minimises transaction expenses for the company and harmonises CSR programmes with the company's philosophy. These expenses require guidance in order to fully realise potential advantages and make the best use of money designated for corporate social responsibility.

Just the tip of the iceberg has been shown with the recent promise of Rs 100 crore each from two prominent corporations, Tata Consultancy Services and Bharti Airtel, as part of their CSR activities to build toilets for females in schools after the government's Swachha Bharat Abhiyan. The most important societal issues need to be further considered, as does the possibility of using CSR resources to help solve them. Despite the opinions of certain negative voices in the community, corporate social responsibility spending may not have a negative impact on revenues and may even enhance the company's reputation.

The 2013 corporations Act mandated that corporations contribute 2% of their income to corporate social responsibility. The Act was only enacted in April of 2014. Businesses have spent a great deal more on corporate social responsibility (CSR) during the past three years. This has been linked to businesses' efforts to present themselves as socially conscious. Businesses' CSR spending is influenced by the industry they are in. Because their initiatives result in widespread displacement, businesses in the iron and steel and power sectors spend more on local community development than do those in the polluting industries. Additionally, they act in the hopes that it would stop such boycott and protest actions in the future.

Up until recently, corporate donations were determined by their own interests; they were random and, in certain situations, extremely little given the size of the companies. The companies' CSR initiatives were limited to the region in which they were based and based on the nature of their industry. This was mostly motivated by things like cutting costs and increasing "visibility" among customers. However, with the new law, this may alter. Businesses could be pressured to expand into new markets, and populations that were left behind in the process of growth could benefit greatly from this.

Human rights and corporate law are related ideas. Understanding the behaviour of international firms is essential in the current globalisation context. When there is a violation of human rights, the most unclear matters are the applicable laws and jurisdiction. India took decisive action following the catastrophe of the Bhopal gas spill to stop any other catastrophic occurrence caused by corporate irresponsibility.

Multinational corporations have the greatest potential to stimulate growth. Numerous multinational corporations have implemented uniform codes of conduct with the aim of enhancing overall labour and environmental conditions. The main disadvantage of general principles is their lack of an international enforcement mechanism. International organisations have a duty to defend human rights since, in some ways, its implementation is like to a comatose tiger with no teeth or claws.

The Indian court has been helpful in addressing environmental protection and corporate social responsibility (CSR) concerns since the MC Mehta era, citing a number of concepts such as the public trust theory, sustainable development, the polluter pays principle, and intergenerational equality. Following the introduction of CSR and its acquisition of legal standing under the Companies Act of 2013, the implementation of CSR has grown

increasingly widespread. Rarely was the Apex Court able to reply since central Ministry approval is required right at the point of case filing. The Central Minister has announced that 160 enterprises that have avoided implementing the CSR components would face penalties. This announcement was made quite recently. No such cases have been reported so far. However, CSR must be read into the fundamental rights by the judiciary cases of violation of Section 135 of the Companies Act shall be made cognizable offences whereby action can be initiated in order to remedy the situation by the Constitutional and social justice benches of the Court.

Suggestions

The following suggestions are made for effective implementation of CSR provisions in India;

- 1) Despite the existence of several laws enforcing corporate social responsibility, the objectives of CSR have not been fully attained. The nation's current political and socioeconomic climate makes it easier for businesses to avoid breaking CSR regulations. Therefore, rather than honestly fulfilling CSR requirements, there has been a common trend to take advantage of the deductions available under the Income Tax Act for CSR expenditures.¹⁸ Therefore, it is recommended that this anomaly be fixed.
- 2) The Act lacks a deterrent impact in the event that firms fail to meet their obligatory CSR expenditure obligations, even on the most trivial of reasons, and in the event that a company fails to put aside two percent of net revenues for CSR activities. For those firms that do not meet the required standards, there is no penalty or punishment. It is proposed that the Companies Act be amended to include more severe penalty guidelines.
- 3) Only businesses with profits exceeding Rs. 5 crore are covered by the new CSR requirement under Section 135 of the Companies Act, 2013, yet a greater percentage of Indian businesses have profits and turnover below what the new Act requires of them in order to be obligated to engage in CSR activities. Therefore, it is imperative to decrease this sum to a more manageable level.
- 4) One of the main problems is a lack of openness. There is a belief that local implementation agencies or partner NGOs do not sufficiently communicate information about their programmes, address complaints, evaluate the results, and account for monies used. Any corporate social responsibility (CSR) effort that aims to

foster trust between local communities and businesses is at risk from being derailed by this perceived lack of openness. Action must be taken to strengthen the relationship of trust between NGOs and Businesses.

Swachh Bharat Kosh and the Clean Ganga campaign have drawn some attention to the environmental aspect of corporate social responsibility (CSR) in recent years, thanks to Schedule VII of the 2013 Act. It is also demonstrated by the Indian business sector's increased concern about the use of management systems and standards like ISO 14000 and ISO 26000.¹⁹ But because determining the social impact of corporate activities is so complicated, social management system development is still in its infancy. The Act has prompted India's business community to focus more on corporate social responsibility in line with wider international trends. Generally speaking, nevertheless, it is believed that Indian corporate companies have been undermining their corporate social responsibility (CSR) obligations by using the funds for commercial and political advertising. As a result, despite the corporations' CSR responsibilities, society is not receiving the advantages that it would want from them. To the greatest degree possible, this feature must also be improved.

6) It is illogical to universalize the scope of CSR activities under Schedule VII of Section 135 in a nation the size and variety of India. Before the Act was passed, some of the commercial entities were engaged in specific social welfare initiatives that were planned and organised based on the real requirements of the neighbourhood. Unfortunately, the new law makes no mention of these activities, which forces these businesses to stop their otherwise beneficial operations for the neighbourhood. For example, the required CSR activities do not include insurance coverage in the event of an accident such as the Bhopal Gas Tragedy. This might have a negative impact on the communities and NGOs that the business sector formerly supported. Therefore, the new legislation has to address these points.

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order to launch the proper CSR activities, the business sector should be able to determine the relationship between the macroeconomic policies and micro level adjustments. The corporate sector should have access to training facilities in order to do this. Methods for evaluating needs, comprehending the social and economic context, encouraging community involvement, policy analysis and effect evaluation, etc., should all be covered in the training courses. This will aid in creating suitable solutions by fusing the social concern of the nonprofit sector with the professionalism of the corporate world. The CSR activities should, to the greatest extent feasible, be quantifiable, goal-oriented, and sustainable in their design.

8) Distinct clauses have to be written for various company size groups. Sensitization campaigns highlighting the value of corporate social responsibility (CSR) and the benefits of doing business responsibly should be launched in order to spread awareness of the idea. In a similar vein, customers may be informed about socially conscious businesses, which would greatly increase demand for their goods and services. This gives the manufacturers the required market incentives to act responsibly towards society. It is advised to attend to these matters in the appropriate order.

9) The Company's Board of Directors may provide explanations for any non-use of CSR funds, but the Board will determine what constitutes a reasonable explanation. It may also be discussed whether a firm must incorporate prior shortfalls in future periods and whether a penalty should be imposed if the CSR amount is not spent.

10) Because CSR expenses are capital in nature, they are not tax deductible. The fundamental requirement of Section 37 of the Income Tax Act of 1961 is that all costs must be incurred solely or exclusively for the tax payer's company. Spending on CSR is done as a good corporate citizen to win people over and foster an environment that encourages economic success. There should be discussion on the tax deduction of CSR expenses.