

SUSTAINABILITY REPORTING PRACTICES IN INDIA: AN ANALYSIS OF COMPLIANCE LEVEL OF BRR REQUIREMENTS AMONG INDIAN COMPANIES

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ABSTRACT

Traditional reporting pattern was only rely upon financial information but due the dynamic changes in the environment the information needs of the stakeholders are also shifted from static financial information need with dynamic integrated reported information which means they need both financial and non-financial information together to take their individual decisions. Today we can observe there are lot of discussions carrying on the matter of reporting and disclosure pattern of sustainability information. Here sustainability information means the information of the firm which represents the performance of the firm on the sustainable development of the society. This information consists of economic, environmental, human, consumer related performance disclosure. If this information is disclosed by the companies then it enables them for gaining confidence among all the stakeholders such as employees, customers, suppliers, loan providers, government and other regulatory authorities etc., in some countries of the world it is mandatory to report and disclose the sustainability information but in some countries it is voluntary. If the sustainability reporting is made mandatory then it will ensure the accountability on the firm's sustainable performance because in some countries of the world there are separate regulations and standards for sustainability reporting practices so the present study is intended to analyse the Indian regulation of sustainability reporting and its compliance by Indian companies. And found that all the selected companies are good in complying with BRR requirements.

Keywords: Sustainability Reporting, BRR, Compliance Level.

INTRODUCTION

Traditional reporting pattern was only rely upon financial information but due the dynamic changes in the environment the information needs of the stakeholders are also shifted from static financial information need with dynamic integrated reported information which means they need both financial and non-financial information together to take their individual decisions. Today we can observe there is lot of discussions carrying on the matter of reporting and disclosure pattern of sustainability information. Here, sustainability information means the information of the firm which represents the performance of the firm on the sustainable

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development of the society. This information consists of economic, environmental, human, consumer related performance disclosure. If this information is disclosed by the companies then it enables them for gaining confidence among all the stakeholders such as employees, customers, suppliers, loan providers, government and other regulatory authorities etc., in some countries of the world it is mandatory to report and disclose the sustainability information but in some countries it is voluntary. If the sustainability reporting is made mandatory then it will ensure the accountability on the firm's sustainable performance because in some countries of the world there are separate regulations and standards for sustainability reporting practices. India is one among the country which mandated the sustainability reporting practices for the selected class of companies through CSR-2013 Regulations and BRR (Business Responsibility Reporting) requirements. CSR-2013 regulations impose the mandatory responsibility to companies to undertake sustainable activities apart from their main activities. These activities may be the protection of environment, forest conservation, avoiding of pollution, free education, energy conservation, implementing green practices, providing various facilities for rural people such as sanitation, water, solar energy etc., BRR requirements imposes the regulations on the selected class of companies to report and disclose the relevant information on the sustainable activities undertaken by them to ensure the accountability to various stakeholders. BRR requirements provide certain guidelines to the companies to report and disclose the sustainable performance related information in a prescribed manner. BRR guidelines are issued by the SEBI (Regulator of stock exchanges) in confirmation with MCA (Ministry of Corporate Affairs) and classified sustainability information five category and which are shown in the following table:

Sl. No.	Classification of Information
1.	General Information about the Company
2.	Financial Details of the Company
3.	Other details
4.	Business Responsibility Information
5.	Principle-wise Performance

Source: BRR Manual (MCA)

This guideline definitely contributes to ensure the uniformity in reporting and disclosure of sustainability information among Indian companies. This will results in enabling the stakeholders to easy comparison of sustainability performance among the Indian companies. So the present study is intended to analyze the disclosure compliance level as per BRR among Indian companies. The succeeding part of the paper is segregated into literature review, Research Gap, Research Objectives and Hypothesis, Methodology, Results, Discussions and conclusions.

LITERATURE REVIEW

In this section of the paper the study analyses the earlier researches on the present topic to identify the research gap:

- **Sahoo et al., (2018)** conceptually analyzed the recent trends in Sustainability Reporting Practices in India. They discussed significant challenges involved in implementing the sustainability reporting and stressed the necessity of advanced research to face such challenges.

- **Rashmi and Rao (2014)** examined the sustainability Reporting in Indian foundries and suggested that sustainability reporting is mandatory for top 100 BSE/NSE listed companies but voluntary compliance surely make the company distinct from others.
- **Cheema (2004)** revealed that the larger companies disclosed more environmental information in their annual reports and also the system of maintenance of accounts for environmental expenses was better in bigger companies. Further founds that higher the foreign influence involved in a company, better was the level of environmental disclosure in annual reports. Companies dealing with foreign customers were more environmental conscious and were providing better environmental disclosures.
- **Mitra (2012)** conducted the study on Sustainability Reporting Practices in India and examined the factors that slowed down the pace of development of this concept in India. Lack of knowledge among the leaders and managerial departments on this issue was attributed as the major hurdle in its growth. It was also pointed out that there is no legal requirement to produce sustainability reports and the demand of such information by stakeholders was also less.
- **Bhalla and Bansal(2014)** studied that the economic aspect of sustainability reporting and have explained that economic indicators are not only expressed in monetary terms .the economic sustainability reports prepared by some Indian companies like Reliance Industries, TCS, Wipro etc. Also reflect how economic resources are used by the organizations to fulfill social obligations and how it benefits the organization and the society as a whole
- **Godha and Jain (2015)** analyzed the development in the Indian Regulatory environment for sustainability reporting and the status of the sustainability reporting practice of Indian companies as per the GRI reporting framework. It was stated that the number of large scale companies submitting reports as per GRI has increased over the years in comparison to small and medium enterprises and Indian multinational companies

RESEARCH GAP

From the detailed analysis of the earlier literature pertaining to the current topic it founds that the majority of the studies have focused on the conceptual aspects and voluntary disclosing patterns and it is evidently observed that no studies have been conducted on the mandatory reporting and disclosure aspects of sustainability information so to fill this gap the present study is intended to analyze the Compliance Level of BRR Requirements among Indian companies.

RESEARCH QUESTIONS

Based on the research gap study framed the following research questions:

- What is the compliance level of BRR guidelines among Indian companies?

RESEARCH OBJECTIVES

To answer the research question study framed the following research objectives:

- To examine the compliance level of BRR guidelines among Indian companies.

HYPOTHESIS

With respect second objective the framed the following hypothesis:

H₀: There is no significant level of compliance with BRR guidelines by the Indian companies.

METHODOLOGY

The present study purely based on primary data collected through journals, websites, reports and company's annual reports. Annual reports of the companies were studied from 2015-16 to 2017-18. To gather the data from annual reports content analysis technique is used based on content analysis self constructed scoring sheet was developed and scoring was recorded as 1 and 0. If there is a disclosure then score is 1, if there is no disclosure then score is 0. Disclosure index was calculated by dividing the number of elements to be disclosed as per BRR and the actual elements disclosed by the companies as per BRR and to analyze the data one-sample t-test was used. For the purpose of study following Indian top 10 ten companies were selected:

Table 2: List of Top 10 Indian Companies

Sl. No.	Companies Name
1.	Tata Consultancy Services
2.	Reliance Industries Ltd
3.	ONGC
4.	HDFC
5.	ITC Ltd
6.	Coal India Ltd
7.	Infosys Ltd
8.	Sun Pharma Ltd
9.	SBI
10.	Hindusthan Uniliver Ltd

Source: Maps of india.com

Results and discussions

Table 3: BRR Disclosure Compliance Index of Selected Companies

BRR Disclosures Requirements	1*	2*	3*	4*	5*	6*	7*	8*	9*	10*
General information as per BRR	1	1	1	1	1	1	1	1	1	1
Financial Details Such as paid-up-capital, turnover, profit after tax, CSR spending to various activities	1	1	1	1	1	1	1	1	1	1
Other details such as subsidiary BRR initiatives	1	0.67	0.33	1	0.33	0.67	0.33	1	0.67	0.67
Business Responsibility related disclosures	1	1	0.67	0.67	0.67	0.67	0.33	0.67	1	1

Principle -1: Governance, Ethics , transparency and accountability related disclosures	1	1	1	1	1	1	1	0.33	0.67	0.67
Principle -2: Disclosure goods and services that are safe and contribute to sustainability throughout their life cycle	0.67	0.67	0.67	1	1	0.33	1	0.67	1	1
Principle - 3: Disclosure on the employees well being initiative	1	1	1	1	1	1	1	1	1	1
Principle - 4: Stakeholders related disclosures	1	1	0.33	0.67	0.67	0.33	0.33	0.67	0.67	1
Principle - 5: Disclosure related to human rights related aspects.	1	1	1	1	1	1	1	1	1	1
Principle - 6: Disclosure related to environment related initiatives	1	1	0.67	0.33	0.67	0.67	0.67	1	1	0.67
Principle - 7: Disclosure related to public and regulatory policies	1	1	1	0.67	0.67	0.67	0.33	0.67	0.33	0.67
Principle -8: Inclusive growth and equitable Developmental related disclosures	1	1	1	1	0.33	0.33	0.33	0.67	0.67	0.33
Principle -9: Customers and consumers related disclosures	0.33	0.67	1	0.33	0.67	1	1	0.67	0.33	0.67
Total BRR Disclosures Element	12	10.99	10.33	10.33	8.99	9.33	10.68	8.65	9.66	9.32
Disclosure Index	0.92	0.84	0.79	0.79	0.69	0.71	0.82	0.66	0.74	0.71

Source: Author compiled
 ** refer table-02 for the company's name.

Table 2 indicates the BRR disclosure compliance index of selected companies and shows that TCS Ltd is having high compliance disclosure index i.e., 0.92, secondly Reliance Industries Ltd is having highest disclosure compliance index i.e.,0.84, thirdly Infosys companies ltd is having high disclosure compliance index and the rest of the companies are showing more than 0.6 and below 0.8 disclosure compliance index which means all the selected companies are complaining with BRR at more than 60%.

Table 4: Results of One-Sample t-test

Results for disclosure compliance index	N	Mean	Std. Deviation	t	Sig. (2-tailed)
Disclosure compliance index results for BRR	10	.7670	.07973	10.590	.000

Source: SPSS Output

Table 4 indicates the results of one-sample t-test for the disclosure compliance index and shows that the p-value is less than 0.05 so null hypothesis is rejected and alternative hypothesis is accepted i.e., there is significant compliance level of BRR reporting requirements.

FINDINGS AND CONCLUSION

The main objective of the study is to examine the compliance level of BRR reporting requirements of top 10 Indian companies and found that the compliance level of BRR requirements in the initial period is very low among all the companies but over the period of time it is improved and now all the selected companies are good in complying with BRR reporting guidelines and it shows that there is a good interest among Indian corporate towards sustainable performance. Finally study concludes that if this will be continued by all the corporate who are working in India then India will become sustainable economy.

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