

Chapter 8 Teaching Guide

Sustainability in India

1. Chapter Overview

Chapter 8 examines India's sustainability landscape through the interaction of promoter-driven business models, cultural norms of overcommitment, regulatory evolution, and rapid digital and energy transitions. It highlights why India is one of the most complex—and potentially rewarding—markets for sustainability-oriented investors, corporates, and policymakers.

The chapter emphasises that sustainability in India cannot be understood through a single lens. Instead, outcomes are shaped by dual economies (wealth concentration vs. mass inclusion), informal governance mechanisms, uneven regulatory enforcement, and extreme regional fragmentation. Promoter control enables speed, scale, and long-term vision, but also creates systemic governance and execution risks. Meanwhile, regulators such as SEBI and the RBI are pushing ambitious sustainability frameworks (notably BRSR), even as implementation capacity varies widely across the market.

Through detailed case studies (Reliance, Flipkart, Satyam, Adani, Kingfisher), regulatory analysis, and expert interviews, the chapter shows why patient capital, deep local insight, and disciplined due diligence are essential for sustainable success in India.

2. Key Learning Objectives

After completing this chapter, students should be able to:

1. Explain how promoter dominance shapes sustainability and governance outcomes in India.
2. Understand how cultural norms (hierarchy, overcommitment, “jugaad”) influence execution risk.
3. Analyse India’s multi-layered regulatory architecture and its ESG implications.
4. Assess the strengths and limitations of India’s BRSR sustainability disclosure framework.
5. Distinguish between entrepreneurial stretch and structural overpromising.
6. Evaluate enforcement risk and regulatory credibility in the Indian capital market.
7. Identify sustainability-linked investment opportunities in renewables, digitalisation, and infrastructure.
8. Design investor and corporate strategies suited to India’s long-term sustainability trajectory.

3. Summary of Key Points (Instructor Version)

- India's promoter-driven model enables speed and long-term vision but concentrates control.
- Governance quality varies widely and remains a central ESG risk.
- Overcommitment culture fuels innovation but increases execution and delivery risk.
- Contract enforcement is weak, making relationships and informal mechanisms critical.
- Regulatory architecture is sophisticated but fragmented and unevenly enforced.
- BRSR is a landmark ESG framework, but implementation capacity differs across firms.
- Enforcement credibility is improving but remains inconsistent.
- India's dual economy forces companies to operate across extreme income and access gaps.
- Major sustainability opportunities exist in renewables, digital finance, infrastructure, and inclusion.
- Long-term success requires patience, realism, and active engagement.

4. Teaching Guidance: How to Use This Chapter

a. Recommended Teaching Approach

This chapter works best as a late-stage country deep dive, after Korea (Chapter 7), to highlight a contrast between:

- Korea's speed-driven, chaebol-led model
- India's promoter-led, fragmented, relationship-based system

It is particularly suitable for:

- MBA / EMBA courses on emerging markets or sustainability strategy
- Executive education for investors, boards, and multinational leaders
- Stewardship, governance, and risk-management programs
- Policy and regulatory training

The chapter supports case-based discussion, risk diagnosis, and scenario analysis.

b. Suggested Class Flow (90 minutes)

- i. Opening paradox (10 minutes)

Ask students:

“Why does India reward bold ambition—and punish weak governance—at the same time?”

- ii. Business culture and promoters (20 minutes)

Discuss:

- Promoter dominance
- Hierarchy and centralized decision making

- Overcommitment and optimism bias
- Informal governance vs. formal rules

iii. Case contrast (25 minutes)

Group analysis of:

- Flipkart (adaptive innovation)
- Satyam / Kingfisher (governance failure)
- Adani (speed, scale, and regulatory risk)

iv. Regulation and enforcement (20 minutes)

Examine:

- RBI vs. SEBI roles
- BRSR design and implementation
- Enforcement capacity and political economy

v. Opportunities and synthesis (15 minutes)

Explore:

- Renewables and energy transition
- Digital payments and financial inclusion
- Infrastructure and long-term growth

5. Common Student Misconceptions to Address

- India's governance challenges make it uninvestable
- Promoter control is always negative
- ESG disclosure quality equals ESG performance
- Regulatory reform guarantees enforcement
- Growth opportunities imply low sustainability risk

Instructors should redirect discussion toward risk-adjusted opportunity and engagement quality.

6. Instructor Tips for Effective Discussion

- Emphasise verification over rhetoric when assessing commitments.
- Encourage students to separate cultural optimism from execution capacity.
- Highlight why due diligence must extend beyond disclosures.
- Compare India's regulatory ambition with enforcement reality.
- Stress long-term engagement rather than transactional strategies.

7. Suggested Supplementary Readings (Optional)

Governance & Regulation

- SEBI. *BRSR and BRSR Core Frameworks*
- World Bank. *Doing Business – India*
- ACGA. *CG Watch – India*

Sustainability & Markets

- RBI. *Climate Risk and Sustainable Finance Reports*
- OECD. *Responsible Business Conduct in India*

Case Studies

- Financial Times / Bloomberg coverage of Adani, Flipkart, and Satyam
- EY / McKinsey reports on Indian corporate culture and execution risk

8. How This Chapter Connects to the Rest of the Book

Chapter 8 reinforces the book's central message that sustainability in Asia is shaped by institutional context, not abstract frameworks. India represents the extreme case where ambition, innovation, inequality, and regulatory experimentation coexist. The chapter synthesises themes from earlier chapters—governance (Japan, Korea), policy alignment (China), execution discipline (Asia-wide)—and prepares readers for discussions on cross-border investment strategy, stewardship escalation, and long-term value creation.