



CORPORATE SOCIAL RESPONSIBILITY IN INDIA

An event report

7 September 2016
India International Centre,
New Delhi



CSR in India, 2016
Lecture Room 1, Annexe,
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Setting the context – Amita Joseph, Director, Business and Community Foundation, and Tom Thomas, Convener, Corporate Responsibility Watch and CEO of Praxis

Ms Joseph and Mr Thomas set the context of the study. While Ms Joseph outlined the need to go beyond 2% CSR and look at core business of companies and make them accountable for their policies and actions, Mr Thomas spoke about the origins of Corporate Responsibility Watch and its relevance to today's CSR scene.

"Corporate houses have been in the news for scams and all the wrong reasons," said Ms Joseph, at the launch of the report *CSR in India, 2016*. She set the context for the release of the report: Corporate Responsibility Watch, a voluntary network of 13 non-governmental organisations examined the status of Corporate Social Responsibility in India in a comprehensive manner. This report looks beyond the mechanics and rhetoric of 2% corporate social responsibility, she explained.

"As companies ask NGOs for accountability as partners, NGOs demand transparency from companies," she said. Ms Joseph handed over the space to Mr Thomas by quoting Ramesh Aggarwal, an activist from Raigarh in Chhattisgarh, who spoke in the context of mining in the state: "Take away my home, my livelihood and give me a needle – that's CSR." "We want it to be more than that," she added.



Mr Thomas traced the origin of Corporate Responsibility Watch to over a decade ago when Social Equity Watch was created to look into exclusion and inequity in the distribution of post-Tsunami development aid.

Pointing to one of the key motivations behind the formation of Corporate Responsibility Watch, he said

Tom Thomas addresses the gathering at CSR in India, 2016.

"Corporates have immense impact on the society, impacts of which are both negative and positive. Therefore it is necessary for civil society to keep eye on the issue and engage with it as well. Through this watchdog, we are unbiased while looking at the data, but we that does not mean we are apolitical in our approach. We look at business through the lens of human rights and the National Voluntary Guidelines is a guiding framework for that," he added.

Mr Thomas quipped: "2% is the cheapest way to wash your sins. Even most religions have a higher percentage! The Indian state is very benevolent when it comes to Corporates." He recalled a conversation between a grandson and grandfather that was circulating on social media. "The grandson said 'see grandpa, they made our PM their brand ambassador (referring to the Jio advertisement)'. The grandfather corrected him and said, 'no my child,

we made their brand ambassador our prime minister!” He ended on a positive note. “Irrespective of the nexus that exists between the government, Corporates and the media, we hold the firm belief that it is in the best interest of the corporates themselves to abandon the idea of *chanda* to wash or whitewash sins and engage in collaborative commons between business and community to reduce sins and generate distributive profits from virtue.”

The Big Picture

Subhash Mittal, Socio Research and Reform Foundation (SRRF), Dheeraj, Praxis Institute for Participatory Practices and Amita, Joseph gave an overview of CSR in 2014, while sharing some major findings drawn from publicly available data of the top 100 companies listed on the Bombay Stock Exchange in the 2014-15 financial year.

Mr Mittal spoke about mechanisms and processes to check the genuinity of CSR allocation of companies. He raised concerns over the inability of companies to allocate CSR fund in the right direction. “CSR department is treated as the expenditure department by the corporates, and not as a decision-making wing.” Thus CSR officials remain under tremendous pressure both psychological and hierarchical, to show the allocation to the seniors.

He stated two problems areas, one – the lack of transparency in selection of CSR projects despite rules 6 (1) (a) and rule 9 which state that companies must identify projects and put the list on the website at the beginning of the year. He said, “Unfortunately, they don’t have projects, they only list out domains – such as certain areas of education and health.” The second disheartening case, he said, was the absence of system of obtaining audit opinions on CSR Expenditure.



Dheeraj presents findings from CSR in India, 2016, report.

Continuing the discussion, Mr Dheeraj from Praxis took the audience through the findings of the report. He spoke about the areas of employee strength and unionisation of the employees. 68% employees are part of union while private sector has only 35% workers in unions. On diversity in workplace, PSUs still show numbers but private sectors are still to disclose number of SC/STs and other marginalised groups in their workforce. Another rider that he talked about was mechanism to address sexual violence at the work place, with 45 companies reporting at least 1 case and 51 companies reporting nil. Regarding consumer

complaints, 43 companies have not reported in their reports. Only 29 companies recognize contractual workers as extension social benefits. He also pointed out that there was a low recruitment of people with disability and women. Mr Dheeraj also noted that there was a marked increase in contractual labour across companies.

Ms Joseph summed up that the aim of the report was to bring about an environment of accountability in core business among all companies and not just 2% CSR.

Release of report by Retired Chief Justice of Delhi High Court, Justice Rajinder Sachar released the report.



Justice Rajinder Sachar (centre) releases the report **CSR in India, 2016**, along with (L-R) Tom Thomas, Amita Joseph, Dheeraj and Subhash Mittal.

Justice Sachar quoted from his judgment about corporate responsibility in 1978, "In the environment of modern economic development, corporate sector no longer functions in isolation. Companies must behave and function as a responsible member of society. They cannot shun moral value."

He recalled: "In 1978, I had to deal with the overhauling of the Companies Act, 1930 and 1956 and at the time, our reference did not talk of Corporate Responsibility as it was considered horrible to talk of responsibility to business. It was, in a sense, doubting their goodwill." He quoted extensively from the report to stress on the need for analyses that spoke about accountability of the corporates.

After Justice Sachar, second panel looked into the CSR from the lens of, affirmative action, disability and consumer perspective.

Panel discussion: The panel was moderated by Amitabh Behar, Executive Director, National Foundation for India.

Status of CSR from the Lens of Affirmative Action

Belinda Bennet from Change Alliance spoke about affirmative action and the challenge it was to broach the topic of inclusion and equity with corporates. She spoke about her experiences of encountering caste-based discrimination in the corporate space and need for public debates on the issue.

Ms Bennet started by recalling an anecdote "Few years ago, I was invited by Confederation of Indian Industry (CII) to have a conversation with CSR heads of private companies. One of the CSR heads told me that she received two applications for the post of Chartered Account. One applicant was from a caste traditionally famous for financial matters and other one was dalit. She later said that she selected the former, despite the fact that latter had an edge over the former."

Ms Bennet said the conversation seemed to hint at a situation where people with long noses cannot apply for finance jobs.

She asked, when none of us choose race, gender, class or caste, how is it justified to get discriminated on these very grounds? "We are an actively discriminating society. And talking about such issues to the private companies makes you blasphemous in front of them."

She referred to a case study from the US in 2008. Abigail Noel Fisher filed a lawsuit in a federal court, against the University of Texas, Austin, that she would have been selected at the University, had it not been for school's affirmative action programme. She said she was unconstitutionally discriminated against because she was white. This case triggered large-scale debate in the US and in response, top 45 listed companies in US, including Walmart and Apple, jointly submitted a legal document stating why upholding affirmative action and including diversity in universities was important for the long-term impact on business. Ms Bennet noted that such debates were absent in India.

"In 2012 we were involved in a study along with Partners in Change and we approached 99 companies, out of which only 39 participated in the research. The four areas were workplace, supply chain, market place initiative and community initiatives. The result showed only seven companies out of 39 had data regarding what they were doing with deprived groups."

She highlighted that there was an economic cost of social exclusion, when there was the dearth of opportunities in a community as the void was filled by extremism and other forms of violence. She added that we still don't take affirmative behaviour of corporates seriously.

Ms Bennet ended with the need to have a law that could definitely help in regulating the behaviour of companies.



L-R Javed Abidi, Belinda Bennet, Sri Ram Khanna and Amitabh Behar address the gathering.

Status of CSR from the lens of disability

Javed Abidi, National Centre for Promotion of Employment for Disabled People, spoke about status of CSR from the lens of disability. He spoke about how CSR for people with disability was treated like charity and how there needs to be more inclusive, non-discriminatory policies towards people with disability.

Javed Abidi took forward the discussion on disability beyond

photo opportunities and said when CSR was being framed; the issue of disability was not taken into account. And only four to five companies out of 100 works on the issue of disability. Quoting an earlier speaker, Dheeraj, he said the people with disability accounted for only 0.006% of the total workforce. Tracing the history of the Companies Act, he pointed out that Schedule VII did not even include people with disability while talking about diversity in the work force and that it was added later, in 2014 as an afterthought. Of the top listed companies, only 11 disclosed about disability while talking about diversity in the workplace, Abidi said, quoting from the report.

He said: "Disability is more than charity. But whatever little CSR happens in the name of disability, it's all charity. Distributing aids will not solve the problem in the long run."

Abidi cited conservative estimates to point out that people with disability formed at least 5% of the Indian population. He said that the needs of 60-70 million people cannot be ignored. "We are also citizens of this country, with aspirations to study, get a job, go for a film, go out, be independent." There is a need to look at not discriminating against people with disability, he said, pointing out the need for inclusive infrastructure, employment of people with disabilities in work places and creating a more inclusive environment in the country.

Abidi noted that with the Niti Ayog scrapping the Five-Year-Plans and thinking about 15-Year-Plans, there was a greater danger of the issues of people with disability being left out. "Earlier, at least you could think that if it was missed out in the first five years, it could be included after that. But now, with 15-year-plans, that seem to be difficult."

Taking into consideration the moderator's request to talk about the Sustainable Development Goals, he spoke about the theme of 'Leave No One Behind.' Unless, people with disability are included, the theme of Leave No One Behind will remain a joomla (meaningless quip).

Status of CSR from the lens of Consumer

*Prof Sri Ram Khanna, Managing Editor, **Consumer Voice**, spoke about status of CSR from the perspective of consumers. He spoke about the practice of companies taking their consumers for a ride and the urgent need for consumers to collectivise and demand their rights through awareness and collective action.*

He referred to the way consumers were treated by companies giving the example of the way a restaurant in the Capital treats its consumers and the way a poultry farmer treats his chicken – while in one, the consumers are served what they think is their favourite food, with little or no regard for its quality, in the other, the consumers are treated with care just like chickens that will ultimately yield good quality eggs for the poultry farmer.

Prof Khanna exhorted the people in the audience to become aware as consumers, by saying: "There is no bigger moron than an Indian consumer." His words reflected the grim consumer rights scene in India. In India not a single company follows the ISO 10001 norms.

Remaining critical of the current CSR scenario, he said "CSR is like make up done by the PR department of companies, if you want to see them, you have to catch them when they wake up and to do that, we need to ask the right questions." He pointed out that CSR activities create an image of a responsible company, but this is not the complete truth. The

consumers need to dig deeper to get to the real picture. "Reports will get made and millions will be spent on making CSR reports - but nothing will happen on the ground"

Prof Khanna pointed out that the companies treat their consumers with little respect and suggested higher standards of consumer awareness. "Why should a consumer have to go to consumer courts? The companies should provide grievance redressal mechanisms that work," he noted.

Calling for a change in the nature of disclosures made by companies, he advocated for changing the questions raised in the BRR guidelines.

The programme concluded with Mr. Behar saying: "Are we tinkering only with the edges? What is in the larger architecture in the way society and economy is arranged and power is getting monopolised - moving from state to private sector. It is important to reconfigure our strategy – we have gone too far with CSR and it is time to move back to accountability from the lens of social justice and human rights. This is not how CSR is framed at the moment. We need to find newer ways of holding power accountable."

For more information, please write to crw@praxisindia.org
Please find the report, CSR in India, 2016 at <http://www.corporatewatch.in/reports.html>