

# CORPORATE SOCIAL RESPONSIBILITY: MAKING IT WORK

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## ABSTRACT

*The term Corporate Social Responsibility (CSR) has become a buzzword in today's business world and generates heated debates on how it should become effective. The recently proposed Companies Act, 2013 has added a new dimension to that debate by proposing CSR to be mandatory. The question that needs to be answered is whether this is actually going to make companies responsible? We must understand that CSR is a kind of new avatar of philanthropy and social good which has a long history in India and philanthropy and social goods are matters of heart rather than head. The paper aims to discuss a holistic view of CSR keeping in view the proposed changes in the Companies Act, 2013.*

## INTRODUCTION

Even as the proposed changes in the Companies Act 2013 by the Ministry of Corporate Affairs (MCA) recommends for mandatory CSR there is a growing body of opinion that suggests that CSR is best left to the ethico- moral domain rather than being made a legislative obligation. More so, for a country like India where the practice of CSR, though in different forms has a long history.

In fact, much before the western intellectuals and business thinkers coined the expressions 'Inclusive Growth' and 'Corporate Social Responsibility' (CSR) our own Mohan Das Karamchand Gandhi, perhaps one of the greatest leaders India has ever produced propounded his famous trusteeship concept which suggested that the rich should be trustees of the poor and there should be no conflict between the rich and the poor. And he had a good many number of followers from the industry who were actually practicing this idea. Prominent among them were G D Birla, Jamna Lal Bajaj and JRD Tata. They saw wisdom in this unique Gandhian idea. We need to understand that CSR is something that needs to come from the heart rather than the head. By mandating CSR as a law the matter moves from the realms of the conscience to the jurisdiction of the conscious and this could make a difference, at least in the quality and commitment of the service that is intended through this law.

There is ample proof to suggest that the so called champions of CSR were not honest in their intention and for them the practice was more of a public relations gimmick, an image building exercise. The erstwhile Satyam Computer Services is a case in point. The Satyam scam was biggest in Indian corporate history. Its promoter Ramalinga Raju confessed to unscrupulous practices including fiddling with the books of accounts and forgery of bank deposit certificates in order to enable him and his family members to speculate in real estate business. In October 2012 the enforcement directorate had to attach Rs 822 Crore of fixed deposits of the company as a penal provision. Interestingly Raju was a celebrated CSR activist and had won several awards including a UK government award for CSR in 2008. We need to understand that even companies that are fraudulent in their conduct can also showcase themselves as paragons of corporate ethics. Consumers are duped by companies projecting themselves as champions of CSR. There are many more such examples that would prove that feigned ethics is more dangerous than a recognised criminal act - as the adage goes 'its better to have a known devil than a unknown one'. There is need to realise that far from being evidence of ethics, corporate spending on CSR may turn to be a cloak for gross misgovernance. Making CSR mandatory by law is missing the woods for the trees.

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