GENESIS AND EXPANSION OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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ABSTRACT:
The assessment of the existing literature on Corporate Social Responsibility (CSR) and social development showcase paucity of research studies in the field connecting the practicing realities of CSR to a stable and workable law and regulatory theoretical framework. The preponderance of business and management discipline in the theoretical groundwork of CSR has led to gaps and missing links when the deeper analysis is sought in terms of exploring the origins of CSR, its inclusion within specific regulatory arena and the trends that are being imposed with multiple governance fabrics in the contemporary scenario (Carroll and Shabana 2010). Although the growth of CSR processes and practices have been explosive worldwide, there remains miniscule understanding pertaining to critical components such as theoretical framework, contemporary shift and implications of such developments.

KEYWORDS: CSR, social development, regulation, business.

INTRODUCTION
Through the investigations and exploration incorporated in my research work, this article specifically aims at an in-depth analysis of the historical disposition to the present day CSR in order to seek answers pertaining to the changes in the formal welfare regime of the state to regulate corporate behaviour in a deriving market-friendly climate. It is discussed, such changes led to reshuffle the centralized approach to regulatory attributes towards a decentred evolutionary process (Mares 2008). Over the past decade, CSR has been found to be effectively influencing behaviour of individual companies when it operates at the level of corporation (Jenkins 2005). However as observed in existing research sources carrying out cross-country analysis- CSR initiatives lacked planning and intent to be holistic in terms of what was explicitly aimed through the rationale (Aras and Crowther 2009). The cases of CSR initiatives which assuredly asserted to make positive changes in the social development process were often witnessed to be uncoordinated, desultory and erratic towards attainment of such goals (Mallin 2009). The fundamental flaw in CSR initiatives has been observed as insufficient acknowledgment of the structural magnitude of business and society relationship (Lim and Tsutsui 2012). The issues of poverty, inclusion and marginalization are not being seen as the consequence of the hegemony built by the market actors rather it has been buttressed and normalized that globalization can have positive as well as negative consequences leading to an understanding that the poor and marginalized share values are universal (Broomhill 2007)

The contemporary picture urges on the necessity to embrace a critical and holistic perspective on the theory and practice of CSR, pertaining to the queries regarding the onset of the discipline and the practicing field, the causes that infer its present form, the transformations in the regulatory and governance space that gave rise to the renewed fabric earmarking its presence by primarily formulating a hybridized regulatory structure having international soft law underpinnings (Tulder and Zwart 2006). The nuanced
assessment of regulatory and institutional changes in the CSR paradigm recommends a substantive enquiry into the history of CSR in the county and the implication of international development framework. The historical genesis of CSR and the understanding of regulatory and structural fabric surrounding the same in Indian context is attempted to be understood with the analogue of social development. Further, the analysis aims to answer the questions of state actions and corporate strategies pertaining to CSR which would be proffered with scholarly and empirical accounts in the succeeding article. The assessment of Indian case with respect to the law and regulatory developments and advent of multiple institutions, partnerships and resources attempts to explore the rationale in bringing out renewed interest in CSR and the entire voluntary, legal and regulatory edifice around the same (Kalirajan, Bhide and Singh 2010).

One of the indispensable points of deliberation in the case of law and regulatory transformation around the space of CSR and social development could be the assessment of the way international development regime has evolved over the years. The concept of CSR has been shaped in a soft law framework through multilateral agencies, The United Nations as well as other significant countries like UK, France and Netherlands (Steurer 2010). At this juncture when the international soft law regime pertaining to CSR is analysed, it is observed that the way it unfolded in India has scant similarity with the international arena but the present framework remains sizably inspired from the international soft law paradigm as other countries (Runhaar and Lafferty 2009).

The corporations operating in India felt a need to adhere to the internationally accepted CSR mandates through several forums and guidelines in order to have transnational negotiation power, to exhibit the qualities of good corporate citizen and ensure the perceptibility at the international market, trade and investment (Neve 2009). Eventually, as the nation moved more towards the liberalized economy through shrinking the welfarist approach, the role of corporate sector enhanced, resulting in the state moving further towards a decentred regulatory space where corporation’s interests are harnessed in the post-regulatory hybrid designs (Wilensky 1975). In a nation where corporations have a vital role to play in the economic growth, state rearranges into a system primarily based on self-regulation, self-organization and self-promotion (Graham and Woods 2005). Such arrangements are a result of multiple actors gaining similar relevance and this further creates a situation where no system can straightforwardly act on one another. As highlighted by Teubner, the actors of a system have the capacity to regulate themselves which leads government standing at a distance to make things effective (Teubner 1988).

The research studies pertaining CSR which connect the same to the regulatory transformations through the lens of global soft law paradigm are in somewhat embryonic stage(Jackson 2010). The substantive principles of CSR need to be understood with the underpinnings of social development, as the foundations of social responsibility have originated with the guiding propositions of the aims to attain social development (Fox 2004). Although being purely emerged out of the businesses’ necessity of social legitimacy and consensus, the only way out was to endorse the dogma of social development in order to connect to the citizenry that are neither shareholders, nor employees or consumers but have immense impact on the operations of the corporations and vice versa. Therefore the Indian law1 and present day regulatory transformations pertaining to CSR2 have profound association with the development discourse at large,

1The Companies Act, 2013 passed by the Parliament has received the assent of the President of India on 29th August, 2013. The Act consolidates and amends the law relating to companies. The Companies Act, 2013 has been notified in the Official Gazette on 30th August, 2013. Some of the provisions of the Act have been implemented by a notification published on 12th September, 2013.
2 Corporate Social Responsibility (Policy) Rules [TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SUB-SECTION (i)] (www.mca.gov.in/Ministry/pdf/companiesactnotification2_2014.pdf) see (Annexure A)
Schedule VII (in exercise of powers conferred by sub-section(1) of section 467 of the Companies Act, 2013 (18 of 2013) central government made amendment in the Schedule VII dated 27 February 2014) [TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II SECTION 3, SUB-SECTION (i)]
underlining social development pursuit (Newell and Frynas 2007). This has been explored in the subsequent sections of the article.

**EVOLUTION OF CSR IN INTERNATIONAL ARENA**

In this section, I attempt to understand the unfolding of CSR discourse internationally. This analysis is carried out in the light of scholarly and empirical work existing in the body of knowledge in CSR space. Along with the secondary research the primary sources providing crucial information were approached. The main aim of understanding the origin of CSR in international arena is to answer the questions pertaining to its broad brushed and narrow impacts on Indian case of CSR. Assessing a brief historical account, the discussion moves to a more relevant contemporary setup of CSR at international scaffold. The holistic deliberation towards a comprehensive picture unfolds many aspects that might seem to be prescriptive but are suggestive and based on soft law in actuality. The Indian CSR finds many points of congruence with the international soft law frame, which is explored through this section. The International advancement of CSR is discussed through three phases namely, The Phase of Short Term Benefits, The Phase of Long Term Benefits and The Phase of International Soft Law Framework (Bantekas 2004). This section attempts to make a step forward and assess the chronological account of the three phases:

**The Phase of Short Term Benefits**

The origin of CSR in the western world primarily in America and Europe could be traced back to origin of business houses in the western nations and the concept of charity as a voluntary giving to the community came forward as a popular method to attain consensus to operate. The practices of charity first started through the wealthy individual under the influence of the Church. The notion of charity is deeply interlinked to religious preaching set out in the Bible. As the new business institutions emerged, the obligatory need to scale up and move ahead of charitable giving in order to operate freely in the communities took centre stage. Transcend from charity to philanthropy took place as the businesses got institutionalized. Philanthropy evolved as a more institutionalized form of giving, not only in form of monetary assistance but services as well. Backed by the philanthropic action, newly developed business insisted on the malice of life of communities living on agricultural modes of production and insisted on a need for rapid industrialization (Ostrower 1997).

Social, political and intellectual developments globally led to changes in the ideas about responsibility of individuals, organizations and nations towards social development. Such changes worldwide, transformed the nature and context of charity and philanthropy (Backer 2008). Earliest and most pronounced changes occurred in the western nations due to renaissance, reformation, industrialization, urbanization and the emergence of new liberal doctrines that further proliferated to the different parts of the world (Pinkston and Carroll 1996). The renaissance with its emphasis on the rationalism and humanism, unconnected with the religious beliefs, insisted on reducing the importance of religion in people’s life. With the dissolution of religious clerics and confiscation of sectarian properties, religious charity became scarce. The result was secularization of charity and philanthropy. Such action came to be guided by universalistic, ethical and legal norms instead of by religion, tradition and custom (Dicken 2004). Charity and philanthropy even post the social movements mentioned above, focussed on the short term goals wherein the success could be measured as immediate result of the charitable and philanthropic move (L. Salamon 1997).

**The Phase of Long Term Success Strategies**

Rapid industrialization that swarmed Europe and United States in the early 19th century resulted into curtailment in the wealth and power of feudal rulers and aggrandizement in the authority of corporations. However such autonomy and authority caused gross social, economic and environmental violations and miseries to the local communities eventually (Haufler 2001). By the latter half of the 19th century a skilled generation of the industrialists came into existence and industrial wealth began developing in a quasi-
aristocratic sense of obligation (Owen 1965). Corporate leaders got more involved into social development activities through philanthropy. David Owen points out that the motivation was not entirely altruistic. The new elites were doing their best to attain the status of aristocracy by using the wealth for philanthropy as stated in his book, “Such munificence not only earned the gratitude of society but more concretely assisted in the ascent of the social ladder” (Owen 1965).

The debates that could help to understand the forerunner concepts of CSR intrigued the western world rigorously in 1920s are very enchanting. John Maynard Keynes noticed the ‘tendency of big enterprise to socialize themselves’ (J. M. Keynes 1936). Keynes in his Collected Writings, as cited by Anand Chandavarkar (2009) has been prophetic in the observations on economic role of the state. The Keynesian paradigm on scope and rationale of the state’s role rely largely on private enterprise employing a mix of command and compensation (J. M. Keynes 1971-89). Such practices according to Keynes could include a political and economic setup which exercised liberalism. For Keynes, the political problem of a nation was to combine economic efficiency, social justice and individual liberty. Keynes suggested that proper role of the state is macroeconomic management to achieve economic efficiency and social justice (Chandavarkar, 2009).

Extrapolating the Keynesian precept in contemporary world, state has a concrete portrayal in the territory of the international organization. In order to have enhanced representation and support from the organizations like IMF and World Bank, state needs to adopt liberal pattern of governance with more involvement of private enterprises. This kind of setup claims to ensure comprehensive governance at the international development realm. The Keynesian understanding about the evolving state and private sector relationship attempts to address whether the interest of society was better served by doing business better and passing on the benefits to shareholders, consumers and to the state through taxes or through engaging themselves into social development endeavour (Heald 1970).

A formative influence on of early forms of CSR in the west could be attempted to be discovered through a relevant example from United States of America. Eminent business leader John D. Rockefeller in the year 1870 held that business could no longer be thought of simply as a profit making enterprise. He argued that every thoughtful person must concede that the purpose of business is linked to the advancement of social well-being the way it is to the production of wealth (Sealander 1997). The criticisms of the early forms of CSR were also observed through an analysis of the sources citing historical evidences. There were evidences of denunciations that showed reprove towards the philanthropic drive emerged in those times. Fredrick Gates in his lengthy memoranda sent to Rockefeller in the year 1906 urged that the corporation’s money should primarily be spent for research, ideas or endowments and they should not be used only for constructing concrete structures. He wrote to Rockefeller “Buildings bear the names of the donor and furnishes a splendid family memorial. [...] Sentimental people loved to build libraries with their alcoves, their special set of books and their special funds” (Sealander 1997).

The decade of 1900 witnessed the emergence of the concept of managerial trusteeship whereas notion of social responsibility still remained at the peripheries of business practices and essentially manager driven (Nehme and Wee 2008). Managerial trusteeship was distinct from the primitive individual

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3 Collected Writings of John Maynard Keynes comprises of 30 volumes that incorporate imperative his imperative works encapsulating The General Theory, his experiences at the Versailles Peace Conference, and correspondence with relevant economists demonstrating the development of his ideas.

4 See generally Liberalism and Labour by John Maynard Keynes

5 See generally Details about John D. Rockefeller
(http://www.pbs.org/wgbh/amex/jrockfellrs/facts/rockefeller人生的.html)
philanthropy of the wealthy being the in-charge of the corporate wealth (O’Cornell 1987). During the mid 20th century, the modernistic developments of the changing socio-economic order differed from the earlier welfare capitalism in going beyond welfare of the organization, employees, shareholders and consumers. The deliberation on propensity towards society at large and encompassing multiple stakeholders in business came into foray. The inducement of the ideas of advanced welfare capitalism was endorsed by corporations through company foundations or directly through companies to charitable organizations.

The concept of social responsibility of business came to the centre stage in 1953 in Howard R. Bowen’s book – Social Responsibilities of the Businessman, which referred to the obligation of the businessperson who pursues policies to make decisions which fall in line of actions desirable in terms of objectives and values of the society (Bowen 1953). During the 1960s, the widespread social unrest led to rethink the definition of social responsibility. It became clear to the corporate actors, that the survival and continued profitability depended on systematic involvement in regenerating social good to the local communities which went beyond consumer relations. The concept of giving was itself enlarged to include not only money but also close involvement with skills, facilities, equipments or products, deputation of personnel, marketing and accounting to civil society organizations. In some, being a good corporate citizen was synonymous to doing social good, however as discussed in the beginning of this article, the notion of social good and in terms voluntary giving primarily emerged out of social obligations, financial motivations and needs for sustainable existence (Wettestein 2009).

The Phase of adoption of International Soft Law

The analysis of the behaviours of corporate actors has not been a traditional subject of exploration. Historically, the applicability of international law with respect to the purview of corporate actors has been related to obligation of states with respect to trade and investment issues (Zerk 2006). International law whether hard or soft has inherently been applied to regulate the state jurisdictions and other actors within that and not the regulation of corporate entities independently (Abbot and Snidal 2000). At the onset of globalization, concerns regarding the economic, social and environmental impacts of the corporations led to new demands within the domain of international law. With the rising interconnectedness of the ‘regulatory opportunities’ rise in a renewed role of the international law was expected.

The core characteristic of international law to regulate states’ jurisdiction and their diplomatic rights through treaties, declarations, forums and conventions is constructed on ineluctable features of flexibility, negotiation, bargaining suggestion and norms. The aspects of international law which are purely based on hortatory and non-binding attributes fall under the purview of ‘soft law’. Soft law could be understood as such international law mechanisms which might appear to be either emblematic or consolidated based on their appearance but have important role in shaping the transnational legal order (Giovanoli 2002). CSR largely emerged to be the process driven by international soft law framework with participation of multiple actors such as international development agencies, civil society organization, credit rating agencies and reporting frameworks. Corporations are regulated by the soft law framework internationally is due to reason that they have become biggest drivers of economic growth globally and a restrictive and impeditive approach is not viable. Therefore a more dyadic approach has proved to be more practicable (Zerilli 2010).

Companies, therefore, were subjected to a more exposed and interactive environment after globalization had set in cross-nationally. The concerns largely focussed on the potential damage to their reputations that may accrue as a result of public exposure of corporate malpractice. Such entanglements were prescriptive of envisaging CSR with a negative portrayal. As a consequence, corporations’ emphasis was primarily on ensuring that the issues that bring in negative reflection should not be compromised in order to keep the social image intact. Some examples of such nature are violations of human rights, employment of child labour etc. CSR meant stressing on a list of things that corporations should not do (Utting 2005). Corporate actors within dialectic of globalization got strongly implanted on the neoliberal archetype of governance at national as well as supra-national levels. Globalization pushed nations to
endorse structural adjustment measures, privatization and liberalization in order to ensure survival in essentially interconnected world in terms of trade and exchange (Shamir 2008). The new governance framework deconstructs state’s image as a provider of all welfare measures and gives way to a more decentred space where non-state actors have an enhanced participation. This schema is reached at by providing larger and liberal geo-political milieu and greater recognition to corporate actors aiming at social development along with the profit considerations (Vogel 2005).

Globalization and the resultant transitions to neoliberal paradigm were observed in most of the western nations which once operated on the welfare model (Harvey 2005). Growth of capitalism led to an enhanced role of market actors in the domain of governance and distributive capacities. As a result, the infringements and harms incurred by the operations of the corporate actors were strategized to be balanced in the forms of social development initiatives (Aras and Crowther 2009). Thus it could be argued, as the public domain experienced involvement of the private sector, normative commitments started to get established between the state and the corporations to safeguard each other’s interest, motives and measures of control for a better fulfilment of each other’s goals. As the logic of market economy asserts in a neoliberal world, so the logic of CSR within a hybridized governance space (Bantekas 2004).

Internationally, for past two decades, market failures, gross social, economic and environmental violations and legal issues were observed in terms of operations of corporations which resulted into massive boycotts, shaming and financial repercussions (Carvalho and Rodrigues 2006). The corporate sector, realizing the gravity of such issues, has been more forthcoming for an enhanced public role. The genesis of the inevitable ties between the inexorable interconnectedness of CSR and social development could be clearly understood through the above mentioned adverse after-effects of the corporate behaviour in the absence of any check and balance mechanisms resulting into social upsurges. Ronen Shamir, in his recent discussion paper “The Commodification of Corporate Social Responsibility: An Israeli Test Case” argues,

The social responsibilities of corporations in this neoliberal era are becoming a political issue and are becoming a focus for deeply committed social movements and organizations. [...] Largely in response to such external pressures that CSR emerges as a corporate field of action and rhetoric. Thus the greater question about the social duties of corporations and their trajectory is a contingency of the ongoing tension between capitalism’s dialectical tendencies to produce its own sources of resistance and capitalism’s capacity to absorb and contain such dialectical counter-hegemonic forces (Shamir 2002).

Corporations, as a result of such reverberations claimed to pledge allegiance to the idea that they are committed to the goal of social development through robust CSR framework. The notions that emerged in this era marked contrast to previous notions of ethical obligations based on charity and philanthropy and constantly moved towards an approach that provided them social popularity (Castro 1996). The revised approach of corporations towards consolidating CSR for deeper strategic ends led to their evolved role in the international development paradigm. The creation of multiple avenues pertaining to CSR at the international level is a classic case of corporations urging to be an aspirant in the international development arena. This becomes clear when new forums such as UNGC, OECD Guidelines etc came into existence leading to corporations’ involvement into further development and endorsement of such normative commitments (Dickerson 2002).

This setup clarifies two aspects of the global restructuring that took place with respect to the corporations and international development arena in case of CSR. The corporations became willing to adhere to responsive regulation through participating into social development goals via negotiations and collaborations with non-profit interest-groups. This depicts the Responsive regulatory role supported by the international development foray in order to address thriving discontent with the ramifications of neoliberalism and the palpable results of uncouth corporate proliferation (Braithwaite 2008). The collaborative role being built up on responsive regulatory parameters could not have worked on a centralized system of hierarchical rules; therefore the adoption of the testament of soft law becomes
inevitable. The soft law setup of the international schema of CSR although urges towards a faint legal personality albeit it underlines the negotiable and self-regulatory underpinnings (Bantekas 2004).

**CONTEXT AND HISTORY OF CSR IN INDIA**

The Indian history of CSR is complex and emerged differently from the western counterparts. Indian businesses inherently have been dynastic (Tripathi, The Dynamics of A Tradition, KasturbhaiAlbhai and His Entrepreneurship 1981). The precursor of contemporary form of CSR has mainly been religious charity by businesses which primarily allowed them legitimacy to operate in a social space and make profit. The manner in which the present day CSR evolved in the country has not been a linear one; rather there have been socio-political and cultural intertwining. This section discusses a chronological account of the evolution of CSR in India from its primitive forms followed by an attempt towards theoretical rationale of the notion of voluntary giving in case of CSR. The historical evolution of CSR in India reveals, the origin and the causes of growth of precursor of CSR were different from that of west. Post globalization, as the western facet of CSR evolved to be internationalized, CSR in India resonated similar picture as unfolded internationally. The following subsections would set out a detailed account.

**Predecessors of Modern Day CSR in India**

Religious charity is the oldest, most acquainted and popular form of altruism (Sunder, Business & Community: The Story of Corporate Social Responsibility in India 2013). It implies giving alms and donations to the socially backward sections of the society to alleviate problems on temporary basis. This form charity has a strong adherence to the religious beliefs and preaching. The dynastic industrialism and even mercantilism quite evidently showcased religious substructure as all religions exhorted the followers to provide charity as a tool to salvation (Morris 1967). Religious charity or ‘daan’ in Indian context encompassed multiple aspects of alms towards poverty alleviation, education, welfare and other initiatives of social significance (Tripathi and Jumani 2013).

The existing literature and countrywide academic and professional work in the purview of CSR suggest, while there are undoubted similarities to developments internationally, Indian CSR has an organic evolution from within its own history and culture which sets it apart from the other countries (Brown 1988). The reason for this could be that the origin of the Indian business class was different from the western nations and primarily Europe and United States which we discussed in the preceding section. In India, modern corporate sector evolved from traditional business communities and family businesses, in its own political and cultural setting. The rise of modern indigenous corporations in India is considered to be dynastic rather than institutional. Family ownership still continues to characterize Indian corporate sector. The business-community relationship in India could be traced back to early nineteenth century; however the nature, extent and potential for contributing to public well-being became explicit focus of attention only from the latter half of the twentieth century (Tripathi 2004).

The roots of business-community relationship in India mark out their history from the time of merchant-capitalism (Dasgupta 1979). This engagement continued till the socio-economic and political conditions changed which further induced the business response to social development. The period of 1850-1914 showed evident shifts from the primitive forms of charity of merchants to a more west influenced philanthropic developments. This was the time when many developments pertaining to industrialization were witnessed. The dynastic arrangements of Indian business class began to set up their trusts and endowed modern institutions for the social development cause. Modern capitalism in India has emerged from large and flourishing merchant class which played an important part in its pre-industrial society. Starting with the merchant communities; the business sector has grown over a century and a half to the present phase.
Different business communities followed similar philanthropic practices that were based on short term success strategies like digging a well or building a road. Certain characteristic can be identified which were unique to respective businesses. One of these was a joint family organization which was not only a social characteristic but also the basis of economic activities (Dasgupta 1979). Another characteristic could be observed to be concentric obligation starting with the family and radiating outwards to the caste, religious faith and finally the society at large. Merchant families had all developed several institutional mechanisms such as Panchayats, Basas, Vithutis and Jammats for mutual self help, economic support, educational, welfare and other needs. Meeting these obligations and providing facilities and charity earned the business goodwill and support from the community and enhanced their status in the society (Sunder, Business & Community: The Story of Corporate Social Responsibility in India 2013). The advent of Industrialization could be traced back to the times while India was still a British colony, however the purpose was purely need based and there was no focus on economic growth of the country (Bayly 1983).

The origin of post-independence era earmarks the rise of a socialistic democracy that was constitutionally adopted and this led to what has been called a mixed economy (Tripathi 2004). In such setup, state owned mega-corporations coexisted with private sector actors, all until the end of twentieth century and the system operated in a state regulated and predominantly command and control environment. The early phase of the corporate involvement in social endeavours earmarks its advent by being influenced by Gandhian Trusteeship ideology. The Indian corporations provided donations for community oriented programmes through trusts established either by them or they being members to the trusts established by the third party. The concept of Gandhian Trusteeship focussed on creating the common-good and on providing systems of checks and balance within the organization. Mahatma Gandhi suggested the doctrine of trusteeship as a solution to economic inequalities. The corporations that adopted the same were primarily state owned enterprises and inherent family businesses. The salient features of ‘moral standards’ and a corporation as ‘trustee of wealth’ were two prominent points of influence (Chakrabarty 2011).

The trusteeship model was criticized of being based on arbitrary objectives and did not have uniformity of approach (Rolnick 1962). While trusteeship did not turn out to be a vibrant way to approach social development endeavours by the corporations, obvious tension between labour and capital and the state leadership were also observed in that era. The state seemed to have underplayed the contradiction. The consequence was an adverse impact on workforce because the government at that time was not willing to champion the workers’ cause in mills and factories, owned by Indian indigenous business houses (Tripathi and Jumani 2013). The symbiotic relationship between the government and Indian business houses paid off in the sense that both reaped the benefits. By supporting the industrialists and not the workers, the Congress led government in that era attempted to fulfil its Nehruvian dream of securing India’s economic future after independence. Along with trusteeship, Indian corporate sector got influenced from the notion of philanthropy in this era. Though violations were reported in the case of workers and communities, businesses adopted western model of philanthropy as a tool to conceal the inherent problems of non-compliance (Sunder 2013).

Philanthropy is derived from the Greek word Philein— to love and anthropos-man, means love for mankind (Sunder, Business & Community: The Story of Corporate Social Responsibility in India 2013). Philanthropy has been defined as ‘creative use of wealth for the long term benefits of the society’ by the proponents. It can be differentiated from charity in multiple ways. Philanthropy is greater planned, organized use of charitable funds whereas charity is observed to often of be random and arbitrary (Bremner 2000). Charity generally has a religious or a spiritual connotation and focuses at short term alleviation of a problem. The gambit of philanthropy has been broadened ahead of the financial boundaries to encompass time, technology, skills and labour attributes (Hammack and Heydemann 2009). The new generation of businesses thus began to explore new models of philanthropic actions which aimed to go beyond the
palliative action. However the core focus of wealth maximization remained intact leading to philanthropy being reduced to a tool to obscure problems of corporate wrongdoing.

The phase from 1914-1960 is marked as the era of advent of Indian capitalism. The evolution of business philanthropy could also be clearly witnessed in this period. The next shift came in the 1960s which ushered in the era of economic and political troubles and led to corporations operating under pressures and constraints. The state also took on many of the obligations such as education, healthcare, disaster management, social welfare which it could not efficiently implement. The mistrust in business started to grow and taxation increased discontent. This phase in the history of CSR could be called a phase of misplaced objectives and stagnant era in the CSR thoroughfare (Chakrabarty 2011).

Atrophy of Welfarism and the Rise of Market Economy

After independence, the state of India emerged with visions of rapidly catching up with the more advanced nations of the world in socio-economic and political spheres (Tripathi 2004). It was eventually realized that welfarism will have to give way to liberalism in the country to deal with more complex issues of global competitiveness (Esping-Anderson 1996). There were multiple roadblocks and the state was facing inability to build sustainable welfare measures. Implementation initiatives of plans, pace, flexibility and innovation emerged to be big challenges in front of the state. The advent of corporations, both state led Public Sector Units (PSUs) and private enterprises took place in the country rapidly (Majumdar 1996). The private sector was observed to have a distinct advantage over government in multiple fields. While government action was advantageous where huge resources and large coverage was necessary, it was not so productive when experimentation with new ideas and direction was needed because of inflexibility, bureaucratic control and redtapism. Therefore a variety of resources were needed to be harnessed and the corporate sector was seen to have distinct role for that purpose (Sunder 2000). The decade of 1970s thus saw a renewed flavour of corporate interest in social development paradigm. New distinct phenomena emerged, spurred partly by the realization that supporting community development through philanthropic activities is in their own best interest, and partly by a bit of meta-regulatory framework promoting corporate self-regulation from the side of the government.

The cynicism and malpractice associated with business operations and with philanthropy as a contrary trend also became visible in 1970s. It indicated that business attention was shifting from philanthropic giving measured in money terms to more institutionalized forms such as formulation of foundations and partnering with civil society organizations. The main intent of the corporations still appeared away from the social development objectives; rather the focus was only on social legitimacy to operate despite of cases of socio-economic and environmental violations through their operations. Meanwhile, social problems of the country increased manifold. Government’s professedly socialist policies with their emphasis on poverty reduction led to minuscule results (Bhagwati 1993). During the fourth five year plan, the actual rate of growth of national income measured in 1960-61 deteriorated from the targeted growth rate of 5.5 percent per annum. The per capita income fell from Rs 348.6 in 1971 to Rs 235 in 1972-1973.7 Apart from domestic troubles, unfavourable external factors such as escalation in petrol prices and maintenance of ten million refugees after the Bangladesh war also contributed to the dismal performance of the state (Sunder 2013).

The state’s dismal performance led to the rise of the third sector in India. The advent of Civil Society marked by the rise of Non-Government Organizations (NGOs) in the social development domain outside the government network was a relevant development during late 1970’s. State also gave impetus to the growth of voluntary sector. The need for relief in wake of calamities, inequality and deprivation during the 1960s had brought a fleet of aspirants into the voluntary movement. In the 1970s the intelligentsia class specially the doctors, engineers, economists, lawyers etc. emerged as a new bandwagon of activists to the voluntary

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7See generally Fourth Five Year Plan (http://planningcommission.nic.in/plans/planrel/fiveyr/4th/welcome.html)
sector (L. Salamon 1994). The voluntary organizations that inherently operated on charity funds evolved their horizons from charity to promoting ‘self-reliance’ and later ‘empowerment’ became the buzzword (Baviskar 2001).

There were growing social consciousness among the masses and one such vital example could be when ‘Sarvodya’ leader Jayprakash Narayan started total revolution movement in mid 1974 having country wide coverage. The movement resulted into massive social awareness and demanded bringing marginalized into mainstream (Hettne 1976). At the same time during emergency in the year 1975, country witnessed rise of social upsurge and the relevance of the third sector grew. The voluntary or not-for profit sector which popularized jargons of welfare, development and empowerment turned into a crucial aspirant in the governance arena that was in transition (Sen 2002). The decade of 1970s witnessed grandiosity of development issues at the international framework too. The initiatives like declaration of International women’s year, International Education Year and International Year for Action to Combat Racism and Racial Prejudice were major landmarks. Such developments resulted into large scale validity and legitimacy to voluntary sector.

In the meantime, Indian atmosphere changed and state began to realize that development strategy through welfare economy could not result into favourable outcome. The third sector did draw attention of the government in terms of innovating solutions, marking linkages and attempt of making positive impact. Such development led to initiatives by the state to come up with the strategy of ‘networking’ that exerted pressure on corporations and civil society (Bebbington and Hickey 2008). The strategy of incentive was introduced to the corporations through urging them to donate to voluntary agencies for social development activities. The confederations and chambers of commerce such as Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII) were urged to guide Indian Industries to consider wider public policy goals. Simultaneously the incentive of tax concessions to motivate industries to take up developmental work as well as to assist voluntary sector was done(Sunder 2013). In 1977, Section 35 CC of the Income Tax Act was introduced to provide for 100 percent tax deduction to a company with respect to expenditure incurred by it on approved programmes of social development. This induced many companies to enter the field of social development. However due to misuse noted the tax incentives were withdrawn in 1984.

In the 1990’s Indian economy was opened up to transnational corporations joining indigenous corporate sector. The state did not focus in homogeneity in size, origin or style of functioning thus different motivations and different approaches were witnessed. The era of post-globalization earmarked corporate functioning within the framework of revised set of goals and policies. The dialogues between the state and the corporate came out to be related with the economic matters, planning, the industrial policy, export promotion, regulation of industries and taxation among many others (Nayar 2006). The decade of 1990’s brought forth the tenets of globalization, privatization and liberalization in India that led to multiple guises visible pertaining to the enhanced role of private sector in the governance domain.

The advent of globalization and the evolved portrayal of corporate actors were necessarily constructed as a result of neoliberal regime. Such changes could be linked to the rise of the contemporary phase of business and community engagement. The era allocated its existence with advent of academic enquiry about the role of corporate sector and society because the size of corporate actors and specially private sector has grown exponentially in 1990s. The debate resulted into reaffirming the need for business

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8. See generally http://www.un-documents.net/a27r3010.htm
12. See generally for more details (http://www.nipfp.org.in/media/pdf/books/BK_17/Chapters/Preface%20%26%20Acknowledgement.pdf)
to be more involved in social development endeavours. Broadening the concept of CSR in post-globalized state led to intersection of the concept of corporate philanthropy with novel conception of sustainable development, corporate governance, inclusion and diversity, shared value, advocacy and action to adopt globally renowned goals in the CSR space. In the era of liberalization and privatization, the state felt the need to involve corporations to anchor the growth process along. As Indian economy started transformation towards a market oriented economy successively, there was a central dilemma keeping in mind the rearrangements for development initiatives in terms of creation of systems that could have the prominent corporate involvement. The state needed to facilitate the corporate sector. In order to do so, the state accentuated the idea that corporate sector is enthroned with qualities of independent, innovative and creative thinking and they could be pivotal agents to take the country forward. In a post-globalized setup it was deliberated that the support of the market actors was necessary to enable desired growth and development goals (Sunder 2013).

The regulatory decisions taken in the wider governance arena liberalized multiple avenues for the corporations to operate with minimum controls and evaluations of the efficacy and non-compliances. However, the results of such developments were not desirable. Gross violation of tenets of human rights, development and environment were witnessed in the country. The new industrial development projects, Fast-moving consumer goods (FMCG) growth and corporate profits were alleged to cause mass displacements, environmental degradation, violation of labour rights and dispersion of traditional livelihoods. The inequitable distribution of wealth brought forth low Human Development Index (HDI) in the country, lack of education, healthcare services and environmental abasement (Tripathi and Jumani 2013).

Adverse Impacts of Corporate Actions
Corporations’ capricious actions being more focussed in creation of wealth and not on sustainable methods to operate led to violations pertaining to social and environmental issues. The maleficent issues related to procurements, market competition, depletion of resources began causing social upsurge from multiple quarters. Whether business behaves responsibly while creating wealth, using resources, managing supply chain gradually became a part of larger global scrutiny. After 1990s when India adopted Liberalization Privatization Globalization model (LPG), the uncontrolled behaviours of corporations started coming into public eye globally. Such incidents led to massive unrest from the side of communities, consumers and other stakeholders leading to an attempt of transformation in corporate behaviours from wealth maximization to sustainable wealth creation in a fiercely competitive environment (Campbell 2007). In order to understand the corporations’ transformation towards socially responsible behaviour, it is worthwhile to analyse selected examples of the socio-economic and environmental violations inflicted by leading multinational corporations operating in the country.

Renewed Interest in CSR
In a marked contrast to older notions of ethical obligations based on a philanthropic spirit, the renewed version of ‘social responsibility’ has been articulated as a fusion of doing morally good with an explicit rational-instrumental approach by the corporations (Post, et al. 1996). This has also given social legitimacy to operate and capture markets to the businesses. Several non-economic variables are equally important in determining the nature and the level of business involvement. Similarly CSR categorically could be related to the notion of voluntary giving underlying the indisputable attribute that the dominant purpose of having a comprehensive CSR practice is building a sustainable environment to exist, operate, grow, compete and maximize wealth through global visibility as a responsible corporate citizen. This is translated and sketched along a sophisticated nomenclature highlighting corporations as one of the vital actor of new

13 The Human Development Index (HDI) is a statistical tool used to measure a country's overall achievement in its social and economic dimensions. The social and economic dimensions of a country are based on the health of people, their level of education attainment and their standard of living.
governance scaffold. This also claims that the corporations have an altruistic mindset rather focusing on the less preferable ‘social utility’ nomenclature. The counterproductive effects of increased proliferation of corporate actions could therefore be considered imperative cause of present form of CSR globally and similarly in the Indian context. However the rise in the corporate jingoism and reduced state intervention in the neoliberal framework required state to leverage facilitative attribute towards the corporate actors though the model of costs and benefits with varying degrees of precision in order to build a sustainable state-corporate relationship ensuring the goals, motives, measures of success are attained for both. Such costs and benefits could be identified through three sub-categories in the CSR space in India.

I. The intensity of Compliance- CSR domain in India has been looked through the lens of state as it is the need of the contemporary neoliberal framework. Facilitating CSR space through state actions provides advantage to the corporate sector in terms of meeting with their sustainable existence goal coupled with global visibility. The state has to take cognizance of that and build up a CSR model that gets its approval and in terms validation(Parker 2002). The model needs to tread the path of compliance carefully as corporations have become one of the vital actors in new era of governance. An overarched compliance model could prove to have counterproductive effects on state-corporate relationship.

II. Over and under-involvement- The involvement of a state in CSR space is a proposition attracting much predicament from the side of state and the corporate actors. The globalized substructure exerts pressure on state and corporate actors to be involved in the CSR agora with varying degree of multiple connections. The state through its policy framework leverages the corporate through dodging interference, relaxing the procedural formalities and alleviating avenues of corporate interest. This is how state earns a bargaining position in its relationship with the corporation yielding beneficial harvest for both the actors. CSR policy framework in the country in the neoliberal regime has turned out to be one such move. With the advent of National Voluntary Guidelines (NVG) this movement became more evident.

III. The implications of rulemaking- The regulatory line-drawing in the CSR space is the newest development is the state-corporate and social development discourse(Crowther and Nicolas 2008). The purpose of such rule-making needs to be understood within the analogue of the historical progression of the CSR discourse in India. The new era of CSR denominate its visitation after the nefarious instances of corporate irresponsibility in the decades of 1990s and 2000s. The origin of CSR rulemaking could be observed during 2008 and succeeding years when the impact of market failure and global slow-down were witnessed.

The role of state in reforming corporate imagery becomes an important point of deliberation while analysing CSR paradigm shift. The CSR rulemaking upon analysis encapsulate two findings. First, the rules made in the CSR scaffold in India were primarily in forms of suggestive guidelines aiming at congruence between corporate actions and its impacts. This trend loomed further in formulations of standards designed to guide the state and the corporate actors with a meta-regulatory approach(Rahim 2013).The implication of such rule-making primarily deciphered through rendering a set of negotiable rules that outweigh the countervailing issues, arising out of the distinct set of interest of corporations and the state. Therefore the rules are made on a soft law framework; the tangible impacts are expected due to distinct characteristic of malleability(Abbot and Snidal 2004). Such rulemaking has been a reality in Indian context wherein the Companies Act 2013 came up with Section 135 where 2% spend of profit (calculated as per financial statements in accordance with the applicable provision of the Companies Act 2013) of the corporations is earmarked for CSR. The CSR provision is backed by the CSR (Policy) Rules and Schedule VII incorporating an indicative list of CSR activities. All such advancements in the CSR space has been a result of gradual worldwide movement towards the socially responsible behaviour emanating out of charity, philanthropy, trusteeship, reduction of state control, fall of welfarism and corporate misconduct. Most recently,
concerning the empirical evidence of centred regulation accelerating the pace towards superior efficacy of state-corporate synergy, the purpose of state ratified CSR has been to build a structurally responsive market for the overall growth and development impact on state through hybrid regulatory frameworks (Black 2007). Capitalism gained its legitimacy from the idea that private production would lead to economic growth and in terms social gains. Such legitimacy convinces the actors to get involved in a form of social contract (Carroll 1999). Such social contract was not formally and explicitly recognized or fully formalized in laws and regulations but was only implicit in the stakeholders’ expectations resulting to non-cognizance of the same. Not only are the parts of the social contract unstated, but the contract is also the fluid, constantly changing to meet emergent conditions. Upon chronologic analysis of the origin and progress of CSR, it was explored that ignoring the impacts on stakeholders have resulted in adverse socio-political and economic effects leading to contravening of the social contract and the impact of which have been adverse on corporate sector also. Due to the negative impacts, the underlined implicit features of the social contract amongst the stakeholders needed to be taken seriously. In a neoliberal regime, the enhanced role of the corporations resulted into the emergent need of revisiting the requirement of fulfilling the inevitable expectations of social responsibility (Scherer and Palazzo 2011).

The issues that often lead to legislations start out as semiformal expectations about business which move towards a more advanced form have emerged out of the social obligations in neoliberal environment. The need for sustainable existence in a stricter environment is a result of interconnectedness and past incidents of non-compliance playing decisive roles (Lozano, et al. 2008). As CSR is formalized in the present day law and regulatory architecture, the social contract between corporations, state, civil society and the citizenry becomes more explicit. However there still remains much debate regarding the intentions of the state to bring up such regulatory framework that mandates CSR spending but does not have any decree on methodology or designed goals for the tangible impacts of CSR.

The arguments made in this section along with the empirical examples do corroborate the fact that CSR benefits the companies in multiple ways but the critical question of CSR building on plausible justification of making any impact in providing solution to India’s social problems or adding any value to the development indicators remains unanswered. State has indeed ceded space to the private actors; the statement on formalization of CSR leading to scope or potential to become real tool for social development remains debatable. The decision of bringing CSR in the legal purview to ensure any potential for positive change has multitude of challenges in socio-political environment where social development remains complex and little understood process. The resources and skills required in terms of financial aid, human capital and technical support are so enormous that it is beyond the scope and purpose of any corporation, howsoever large and prosperous. There is a lack of understanding in corporations about the social dynamics of development given that skills of making profit are exceedingly different. A collaborative initiative as proposed by different actors of governance is to partner with non government organizations has been much acclaimed among the government and corporations. However the regulatory interplay could clearly be seen to be decentred in nature in such setup. Presently the circumstances suggest major lacunae in coherence and feasibility of the renewed composition of CSR regulatory space in India (May, Cheney and Roper 2007). The questions of capabilities, processes and the measurement of such values of social responsibility with competitiveness remains an aphetic terrain.

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