



CSR: A Cover-up for Irresponsible Business?

Corporate Responsibility Watch (CRW) launched its first ever CSR in India Report in the year 2016 with the objective of providing an overall status of Business Responsibility. CSR in its original avatar was considered as responsible operations by businesses in their core business. In its new avatar, the Companies Act 2013, Corporate Social Responsibilities (CSR) initiatives are often talked about or undertaken as if they were something special, which is rather problematic. Separating responsibility from core business operations might reduce CSR to acts of philanthropy, as companies continue being irresponsible in their primary business activities. While aligning both aspects, compliance becomes a given when discussing CSR. It is detrimental for a company's long term sustainability strategy to implement activities that have limited or no relationship to a company's operations, as this exercise will have limited contribution in realising social, environmental and ethical business practices. In today's India, growth occurs in a context where businesses pursue economic growth, and do comparatively little to integrate themselves within a holistic framework of social and environmental responsibility. Since the passing of the Companies Act 2013, the narrative of the two per cent spends on Corporate Social Responsibility (CSR) is insiduously narrowing the wider accountability of India Inc. CSR is now assuming an increasingly important and strategic role given its ability to act as an enabler of basic human rights within communities. Given its extensive role in public goods delivery, what begs questioning is the approach to development that characterises companies' CSR efforts. The reality is that while businesses have been engaging across multiple domains of community development in India, they have negligible formal guidance on what to do, and how to do it. It is set against this context that the Status of Corporate Responsibility in India today can be appreciated.

CRW (www.corporatewatch.in) is an initiative that is attempting to unpack, track and monitor corporate responsibility as well as clearly separate it from the overpowering CSR narrative that tends to absolve companies of their responsibilities to the nine basic principles towards social and environmental practices in the Ministry of Corporate Affairs' National Voluntary Guidelines (NVG) framework for business responsibility. After having published analyses of Business Responsibility Reports (BRRs) through the series Disclosure Matters and three editions of the India Responsible Business Index, this is the third in the series of Status of Corporate Responsibility in India reports. The narrative has been built on the analyses of the BRRs to unpack and nuance ground realities of corporate responsibility in India on issues as diverse as the dilution of environmental norms, corporate control of the media, bonded labour in the corporate sector and businesses and human rights defenders, among others. The report uses information available in the public domain, largely put across by companies themselves through their Business Responsibility Reports (BRRs), Annual Reports and annual CSR reports

Key Insights from Status of Corporate Responsibility Report, 2018

These inferences have been drawn from BRRs of 200 randomly selected companies among top 500 listed companies, as reported on BSE website.



- More than 50 per cent of the businesses had a male to female ratio of 10:1, or worse. Only 3% businesses reported representation of more than 50% women in their workforce, while 6% companies have not reported data.
- Over 65% of businesses studied have either zero disabled employees, or 1% or lower. Furthermore, 43 of the 200 businesses studied do not even report this data, meaning that almost 90% of the largest businesses in India either do not proportionately include disabled people, or do not think their stakeholders are interested in whether they include them or not.
- Among the surveyed businesses, the majority of those that provided data indicated that contractual workers make up 26 per cent or 25%, more of their workforce a significant number.
- Freedom of association is Constitutional right, but one that is currently available only in 55% of India's top 200 randomly selected companies. In this pool of companies, 73 did not have a recognised association, and 17 did not report whether they had such an association or not. It was found that levels of recognition were higher among the public sector companies (83% as compared to 51%). It is noticeable that these figures are only for permanent employees.
- BRR provides a simple 10-question framework to ascertain the implementation mechanism related to policies. Based on self-disclosures of the companies, the vast majority of businesses that were surveyed claim that they formed policies against NVG Principles in consultation with relevant stakeholders, had the policies approved by the board, communicated it to relevant stakeholders, and also established a grievance redressal mechanism. For the significant number of companies that have not have carried out an independent audit of various NVG-related policies,
- A closer look at the CSR spend across various sectors in the FY 2016-17 (amounting to INR 13,464 crore) sheds light on the fact that as in previous years, areas such as education, health and rural development make up the bulk of expenditure with 38%, 25% and 11% respectively, of the total share of CSR spend.
- Among states, striking comparisons can be made between, for example, Bihar, which received Rs 94.4 crore of CSR funds in 2016-17, and Maharashtra, which received Rs 2222.25 crore. The total CSR spend in Mumbai City is approximately 3.5 times that of the entire Vidarbha region. (From National CSR Portal)
- The companies that have reported, "at least one complaint received during the year" on sexual harassments, human rights violations and on child labour/forced labour are 51 per cent, 10 per cent and 0 per cent respectively in 2016-17. Zero reporting can be concluded as either existence of safe workspaces or a failure of systems encouraging any form of reporting of violations. It would probably not be difficult to assume that the grievance redressal systems are not yet strong enough for people to trust and report. What is interesting is the rise in companies reporting complaints on sexual harassment from 28 to 50. This jump can possibly be attributed to the presence of the law on anti-sexual harassment.

The 'good news' is that Human Rights is no longer a taboo word because as seen above, 94 per cent of the study sample companies have claimed that they have human rights policies. Further, about 89 per cent have stated that they even have in-house structures to implement these policies, including grievance redressal mechanisms. The percentage does reduce to 66 per cent



of companies that claim to have provisions for independent evaluation of the working of the policy. But, the companies having anti sexual harassment policies and CSR policies for marginalised groups, is as high as 95 per cent and 86 per cent respectively, whereas less than 6 per cent of the companies have policies relating to providing fair living wages, extension of social security benefits to contractual employees, provision of similar or better living conditions for project-affected people and providing for FPIC of communities during land acquisitions. Only 22 per cent extend their employment policy to supply chain. The greatest fear in the next decade would be sanitizing the term Human Rights. One can foresee a situation, where almost 100 per cent companies claim that they have policies on human rights; but they would have defined 'human rights' narrowly to mean a couple of provisions that are anyway mandated by law.

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