India @ 70: Does forced philanthropy work?

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The first session of India @ 70: LSE India Summit 2017, presented by Apollo Tyres ltd, saw a confluence of corporate champions and civic campaigners consider contrasting courses for the conduct of corporate social responsibility (CSR) in India. ***Harish Alagappa*** *reviews the first panel of the summit.*

Clause 135 of the Companies Act of 2013 directs companies that generate annual revenues above Rs.10 billion (approximately £ 120 million) to institute a Corporate Social Responsibility Committee that should consist of at least three directors and further mandates a minimum spend of 2% of their annual profits on Corporate Social Responsibility (CSR) activities. The panel at opening session of the LSE India Summit 2017 featured distinguished businesspeople that have an extensive background in the social development sector and came from companies that historically have spent far more than 2% of their profits on charitable causes.

The moderator of the session was Harry Barkema, Professor of Management and founding Director of the Innovation Co-Creation Lab (ICCL) at LSE. Opening the session, he described the need for corporations to indulge in Smart CSR, rather than focusing on achieving the requisite minimum spend stipulated by the act. He illustrated this idea with a description of the Smart CSR activities undertaken at Gyanshala, an Ahmedabad-based NGO that provides disadvantaged children access to high-quality primary education, providing them with a base from where they can compete with children from wealthier, urban environments on a fair playing field. Speaking of the advantages of such an approach Prof Barkema stated that, 'Smart CSR makes existing players more effective and makes it attractive for others to do real CSR.'

Former Chairperson of Thermax Ltd and current Chairperson of the Teach for India campaign, Arnavaz 'Anu' Aga, expressed doubts about the effectiveness of the act, believing that 'it's difficult to make compassion mandatory,' adding, 'I'm not for compulsory CSR.' Leaning on her years of experience straddling the corporate world and the development sector, Aga expanded on how to effectively manage CSR activities from the vantage points of a company and an NGO. Advocating patience and according NGOs with sufficient time to effect change, Aga stated, 'Sometimes it takes a while to see the impact of your donations. Give the NGO a few years first.' To the NGOs themselves, Aga advised, 'Treat your volunteers well, they are an invaluable resource.'

CSR Panellists at India @ 70: LSE India Summit 2017. From left: Harry Barkema, Anu Aga, Mukund Govind Rajan, Neeraj Kumar, Rahul Bajaj.

Chief Ethics Officer and Spokesperson for the Tata Group, Mukund Govind Rajan, took a more optimistic view of the act. ‘The fact that eligible companies now have to include an independent Director of the CSR committee means that CSR has entered the boardroom.’ Describing this Tata Group’s history of philanthropic gestures, Rajan spoke of Jamshedji Tata’s ethos, ‘If the community is not successful, the business is not successful.’ He did strike a note of caution against loopholes in the act that can be abused and urged the government to be more proactive about ensuring corporations are staying true to the ideals of CSR. Rajan further suggested Indian corporations have their CSR teams trained to ensure better and more efficient activities, urging for a focus on mitigating the threats of climate change.

Vice-Chairman and Managing Director of Apollo Tyres Ltd., Neeraj Kanwar, believed the biggest learning from his experience of CSR was, ‘if you do good to your customer, good things happen to you in return.’ Kanwar described the extensive history of charitable work that has been supported by Apollo Tyres Ltd is a result of ‘the passion we have for CSR,’ and declared their intention to ‘continue doing CSR in India and abroad.’

Chairman of the Bajaj Group, Rahul Bajaj, described his experiences inheriting the trusteeship model that his grandfather, founder of the Bajaj Group, Jamnalal Bajaj, had learned from Mahatma Gandhi. Summarising the complex idea in a succinct sentence, Mr. Bajaj believed that companies are ‘trustees of the people’s money’ and ought to act accordingly. Reflecting on the long and wide-ranging history of charitable activities started by the Bajaj Group, Rahul Bajaj highlighted that, ‘there is no difference between our philanthropic initiatives and the CSR law,’ noting that they have usually more than 2% of their profits on their initiatives. He urged corporates in India to rethink their approach to conducting business, stating that, ‘the objective of a business is to meet the expectations of, and satisfy, the customer.’ Throughout his address, he articulated the importance of corporate ethics as essentially linked to CSR. ‘No amount of CSR expenditure justifies running a group unethically,’ he said, adding, ‘It is a tradition in India for the rich and strong to help the weak and poor.’

The session concluded with a lively question and answer session as the audience at the India Habitat Centre’s Stein Auditorium engaged with the panel regarding specific aspects of CSR practices and Indian labour law. Summarising the discussion, the Tata Group’s Mukund Govind Rajan stated that while the CSR clause of the Companies Act could result in a ‘cheque-writing competition, the good news is that among millennials, lots of young people are willing to work on CSR.’

India @ 70: LSE India Summit 2017 ran from 29-31 March 2017. Videos of all panels are available on our

Facebook, and video and podcast interviews with panellists will be available on the South Asia Centre website soon.

About the Author

Harish Alagappa *is a writer signed with the Asia Literary Agency and is currently working on his first book. He was formerly an Assistant Editor with the New Delhi-based think tank, TERI (The Energy and Resources Institute), and has written for The Times of India, The Encyclopedia of Energy, The Score Magazine, and Sportskeeda. In his spare time, he's an amateur stand-up comic, quiz enthusiast, and Radiohead aficionado. He tweets @chaosverse.*