

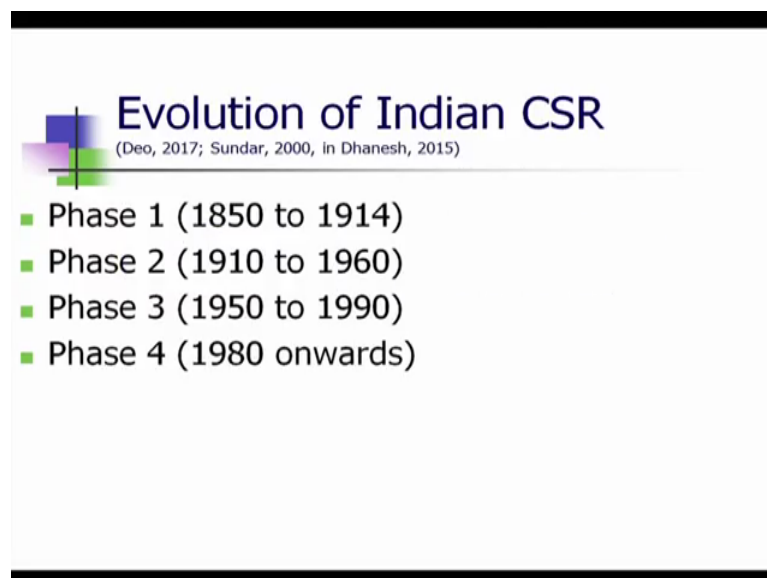
Corporate Social Responsibility
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Lecture - 11
CSR in India

Welcome back to the MOOC course title Corporate Social Responsibility, my name is Aradhna Malik and I am helping you with this course and we have discussed variety of things we talked about what CSR is, we have discussed theories of CSR, we have discussed the history and evaluation of CSR. Today we are going to talk about how CSR evolved in India. So, that is you know I am assuming most of the people enrolled for this course or taking this course for certificate you know going most of the people intending to enroll in this course with the explicit and intention of earning a certificate out of this are based in India and so, it very important for us to understand how CSR evolved in India and what is happening to the CSR efforts in India now.

So, the next this lecture and the next lecture we will focus exclusively on CSR efforts in India. CSR in India corporate, social responsibility efforts in India.

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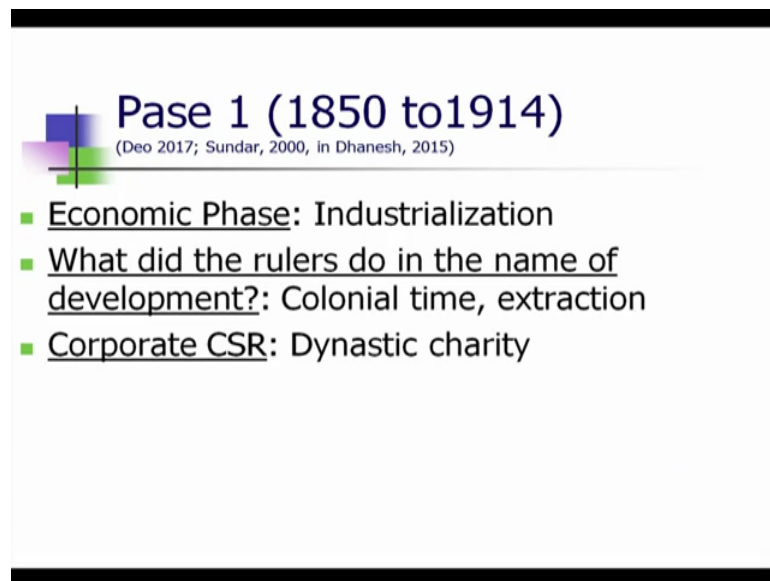


Now, the evolution of Indian CSR has been traced by various researchers and they have finally, categorized it into 4 different phases the first phase lasted from 1850 to 1914 the second phase went from 1910 to 1960. So, there was a bit of an overlap the third phase

lasted from 1950 to 1990 and the fourth phase lasted went on from 1980 onwards now again the some other researchers have broken this up further into more than 4 phases.

So, we have going to discuss the various phases of CSR, but this is one classification another classification is has 6 different phases and so, that is what we will talk about now phase one 1850 to 1914 the economic phase in this particular phase was industrialization.

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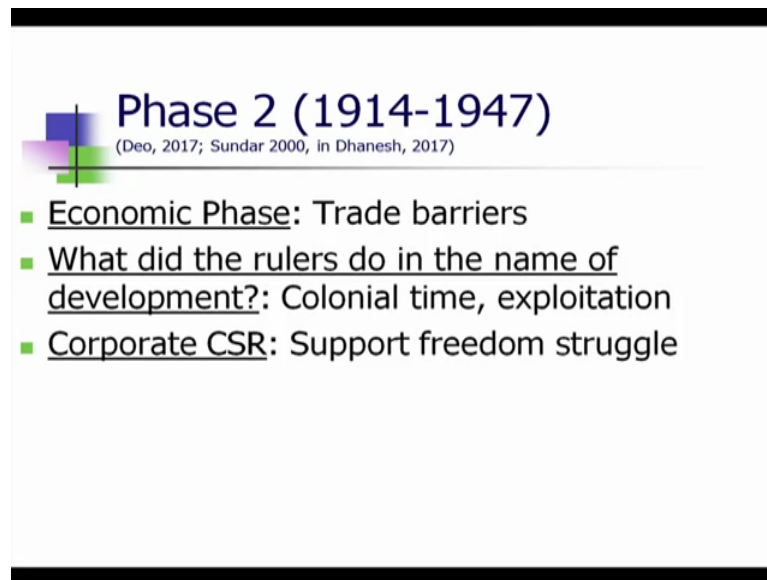


Pase 1 (1850 to1914)
(Deo 2017; Sundar, 2000, in Dhanesh, 2015)

- Economic Phase: Industrialization
- What did the rulers do in the name of development?: Colonial time, extraction
- Corporate CSR: Dynastic charity

In this time you know more and more industrialization was taking place lot of you know what did the rulers do in the name of development during this phase it was the colonial time the British had occupied India and in the name of development they were trying to extract the profits they were trying to extract money from people who were earning to build road to build infrastructure to develop the country. Corporate CSR was in the form of dynastic charity we had princely states we had little kingdoms here. So, these corporate social responsibility; you know formally was in the form of charities by dynasties by rulers by kings of these states.

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Phase 2 (1914-1947)
(Deo, 2017; Sundar 2000, in Dhanesh, 2017)

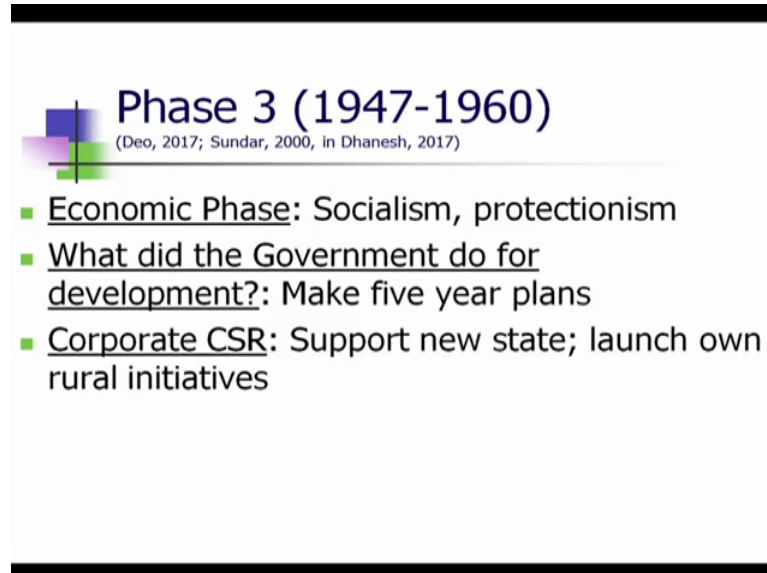
- Economic Phase: Trade barriers
- What did the rulers do in the name of development?: Colonial time, exploitation
- Corporate CSR: Support freedom struggle

In the second phase which lasted from 1914 to 1947, the economic phase was we had trade barriers now as you can see that second phase has been broken up you know in the first classification the second phase was from 1910 to 1960 the second phase in this qualify in this classification is from 1914 to 1947 and this has been broken up by Deo and you know she says that the economic phase in this time was trade barriers and you know. What did the rulers do at this time this was again a colonial time, but at this time the rulers the British knew that there was a lot of uprising in India in 1857 we had Mutinee; the first Mutinee you know officially noticed by the British and they knew that their time was going to be up.

So, they started exploiting the labor as you can see what did the rulers do in the name of development they started exploiting the labor they started exploiting people who were still listening to them in the name of development and they tried to get them to do things for the welfare of the country. So, people would still think that they were not doing. So, much harm to the country. Now again I have nothing against the current British I am just talking about historical facts here. So, the people who had taken over our India were not so comfortable they knew their time was up corporate CSR was in the form of support to the freedom struggle. So, anyone who had any extra money was trying to give funds to the parties, to the people, to the groups that were in the involved in the freedom struggle and till 1947 when finally, the British gave up India and India was free till that time

anybody who had extra money was in most cases pumping money into the corporate into the freedom struggle.

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Phase 3 (1947-1960)
(Deo, 2017; Sundar, 2000, in Dhanesh, 2017)

- Economic Phase: Socialism, protectionism
- What did the Government do for development?: Make five year plans
- Corporate CSR: Support new state; launch own rural initiatives

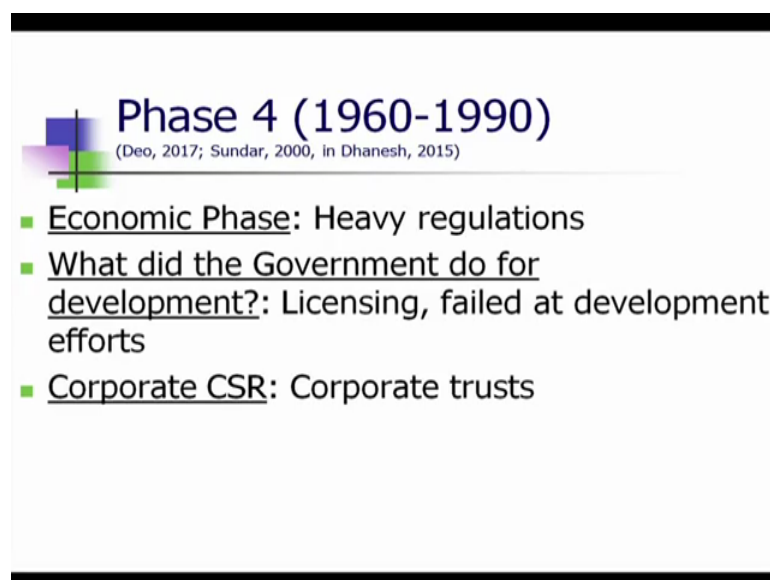
In the third phase that lasted from 1947 to 1960 now what happened was the country was in shambles, the country was totally broken up, the country was you know the British had left and we were new we did not know what a democracy was. A lot of princely states had been clubbed into this one big very nice country and a part of the country had broken up and become Pakistan and another part of the country had become East Pakistan which is now Bangladesh. So, bits of the country had broken up and the rest of the country had become united. So, these kingdoms had come together and people did not know what was happening there was lot of destruction the Indo-Pak partition let do a lot of lives being lost and at that time you there was I mean there was so much going on at that time that the focus was on building the nation.

So, the economic phase had this time was socialism and protectionism you know there was this; this need to protect to take care of the resources we had what did the government do for development we were a new democracy the government made 5 years plans and tried to be systematic in its development efforts. And they said this is how we will help the country build or help the country recover from this very big on slot from this very big tragedy from or you know we will we will help the new country grow as a excuse me as a very strong democracy.

So, the focus was on recovering whatever we could recover from all of these problems and then nurturing it and consolidating it and then building up the resources. So, the government did and now again if you see in the previous slides I have said; what did the rulers do by this time after 1947 we had become a democracy and we had a government. So, the government's responsibility was to look after the country not exploited. So, they made 5 year plans and they said this is what we will accomplished corporate CSR again in this time was to support new state now by state we do not mean these small states like Bengal and Himachal Pradesh and Gujarat and Tamil Nadu, we are not look talking about those states we are talking about the country as a whole. So, the corporate CSR anybody who had extra money that they could spare from their businesses was pumping the money into building the country into supporting anything that went into building the country.

And people were also trying to launch their own rural initiatives they knew that the majority of the Indian population lived in smaller villages they did not live in bigger cities of course, the cities were also not as developed as they are now, but large a very very large number of India's population lived in villages and these villages did not have basic necessities. So, a lot of this extra money went into looking after the rural people.

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Phase 4 (1960-1990)
(Deo, 2017; Sundar, 2000, in Dhanesh, 2015)

- Economic Phase: Heavy regulations
- What did the Government do for development?: Licensing, failed at development efforts
- Corporate CSR: Corporate trusts

Then the next phase lasted from 1960 to 1990 again if you see the previous classification was 1950 to 1960 1990 sorry Deo has broken this up into you know she has broken she

has made very clear classifications here and she says this third phase or fourth phase sorry went from 1960 to 1990 and in this phase it was the economic phase here or the economic under currents were there were heavy regulations.

Now, we have built something in the previous time we were trying to protect something there was socialism and then by then we had we had started building things. So, what did we need to do we needed to make sure that our whatever resources we had we had to stabilize ourselves were not lost and there is a difference between protectionism and regulations help the optimal or they facilitate the optimal use of resources are being used, but there is a very clear you know there are the loss had been put in place and we were finally, as a country we were are trying to see how we can use our resources as best as possible. So, the emphasis was on loss rules and regulations.

What did the government do for development we had license? So, everything was licensed everything had to go through a licensing authority and, but unfortunately the government seems to have failed at most of the development efforts again this is according to Deo. I do not you know I have I will not give own opinion at this about this over here, but corporate what corporate CSR did was again you know we were a new democracy we did not we were still learning I will not say we do not know we were still learning how to do things we were still learning how to manage the complexity of this huge nation called India I mean India is as diverse as it gets.

We have over 1500 officially mapped Dylex the administration of the country is currently run in more than 15 I think it is 18 official languages and we communicate with the center in English and Hindi either English or Hindi or both. So, every state has its own language and every language has so many Dylex and then there are so much of cultural diversity and with cultural diversity there comes this whole complexity of people believing in different things people doing things differently people having different priorities when we talk about corporate social responsibility a big part of CSR is prioritization what is important for one may not be important for another. So, one community may think the education of all the children is important and another community may say we do not have resources; we do not have fresh drinking water. So, our priority even before education is to make sure that everybody living in this geographical region has enough water to drink.

So, you know; how do you how make that distinction. In fact, I think it could be appropriate to mention a book that I read recently or not recently that I have read over a period of time you know several times and. So, I think it would be appropriate to mention a book that I have read about the socio economic diversity in India and that book is called everybody loves a good drought by P Sainath. If you have a get chance please read it and you will realize what we are what we were dealing with at that time you know its I mean it is shocking you cannot get through more than two or three stories without tearing up at least I cannot.

And a lot of problems that are mentioned in that book it is the collection of you know tiny stories 5 or 6 pages each, but then that helps us realize how different peoples priorities can be what people can need you know. So, when we talk about development when we talk about social responsibility of profit making organization a big part of it is prioritizing and that is what you know we were the government was probably struggling with what do they do what is going to be helpful to for the people and that is why probably in this phase there was a lot of mistakes were made I will not call them mistake they were just genuine failures at after having pride very hard to appeal to the needs of the people or to try to do something for the people.

So, in this phase the government tried, but was not very successful at development efforts the corporate social responsibility was in the form of corporate trust people said we have money we have a committee and everything will be what; what do trust do they have emission they have a special focus and they say we will give money, but only for this particular cause excuse me.

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Phase 5 (1991 to 2013)

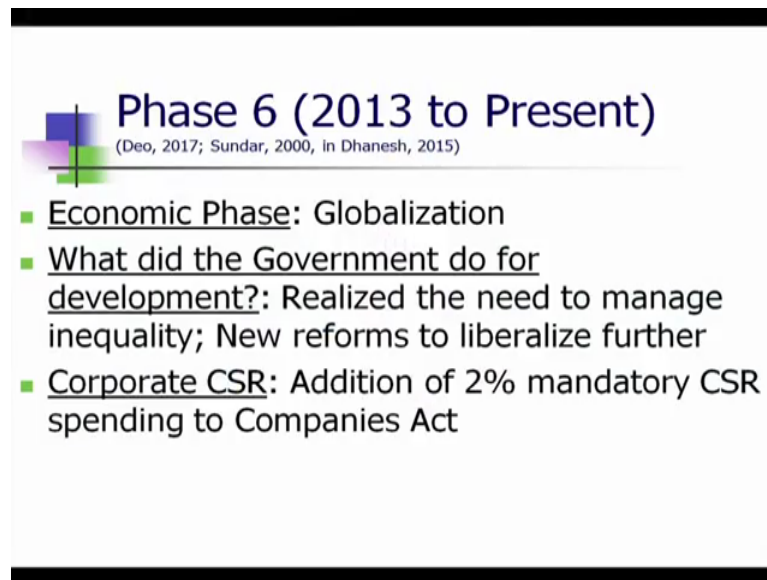
(Deo, 2017; Sundar 2000, in Dhanesh, 2015)

- Economic Phase: Liberalization
- What did the Government do for development?:
Shrinking in production; expanding in social provision
- Corporate CSR:
 - Family trusts, private-public partnerships, NGO sponsorship
 - 2009 (Updated in 2011): Ministry of Corporate Affairs: National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business

So, when people had money they said we will we will have this corpus of money and we will give it for this particular cause the next phase the fifth phase is lasted from 1991 to 2013 now again if you see here the first classification nineteen eighty onwards, but Deo has broken this up further and she says from 1990 91 liberalization started happening. So, we were stable we knew what we had we knew where we want to go what did the government do for development they started shrinking in production and they started expanding their efforts in social provision they said we need to look after our people we have infrastructure we have ideas we are stable, we are you know we are moving from a newly formed country to a developing country. So, let us now look after the people who are actually doing what the country is.

And the corporate CSR then focused on family trusts private public partnerships n g o sponsorship there were people who are funding NGOs in 2009 ministry of corporate affairs national voluntary guidelines on social environmental and economic responsibilities came out and these were updated in 2011. We will discuss this in these in detail you know you will be amaze to see how much the government has decided for us and how many details had been laid out what we have been you know the detail with which these guidelines have been made. So, it is really really very nice.

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Phase 6 (2013 to Present)
(Deo, 2017; Sundar, 2000, in Dhanesh, 2015)

- Economic Phase: Globalization
- What did the Government do for development?: Realized the need to manage inequality; New reforms to liberalize further
- Corporate CSR: Addition of 2% mandatory CSR spending to Companies Act

Then the last phase was 2013 to present the economic phase has this point was globalization now that we are comfortable with an our own skin we are comfortable within this particular state that we have let us move out of our borders and see what is happening outside.

What did the government do for development they realize the need to manage inequality and they came up with new reforms to liberalize further. So, they said we need to manage in equality we need to liberalize more new reforms were put in place and corporate social responsibility the new addition was the 2 percent mandatory CSR spending section was added to the companies act we will discuss this in greater detail in the next lecture. So, that is you know. So, you can see how we have come to this stage.

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Models of social responsibility in India

(Balasubramaniam et al., 2005, Arevalo & Aravind, 2011)

- Gandhian model/ Ethical model: "Voluntary commitment to public welfare based on ethical awareness of broad social needs"
- Statist model/ Nehruvian model: "State-driven policies including state ownership & extensive corporate regulation & administration"
- Liberal model/ Friedman model: "Corporate responsibility primarily focused on owner objectives"
- Stakeholder/ Freeman model: "Stakeholder responsiveness which recognizes direct & indirect stakeholder interests"

Now, the models of CSR have been studied in India and these have been put in a very nice paper by Professor Balasubramaniam of IIM, Bangalore and have been later explained by many people including Arevalo and Aravind in 2011 and they say that social responsibility efforts in India take the shape of 4 different or take 4 different shapes the first one is the Gandhian model or the ethical model. Now in the ethical model or the Gandhian model social responsibility takes the shape of the of voluntary commitment to public welfare based on ethical awareness of broad social needs we see what is happening in the what is happening around us we see what is required and we feel you we have this inherent need we have this inherent edge to go and help the community. So, that is the Gandhian model. So, that is the Gandhian model.

Then we have the statist model or Nehruvian model according to which state driven policies including state ownership and extensive corporate regulation and administration govern what kind of activities really take place. So, these policies drive the CSR efforts the state decides what you must do and you follow that you follow rules and regulations and something happens for the welfare of the of the community the third model they said or the third way by which CSR efforts take place in India are as per the liberal model or the Friedman model according to which corporate responsibilities primarily focused on owner objectives what do I want to achieve in the community, what do I want to do for the community. I have this extra money I am doing everything the law wants me to do I have some need may be somebody you know or maybe I am a self made person may be I

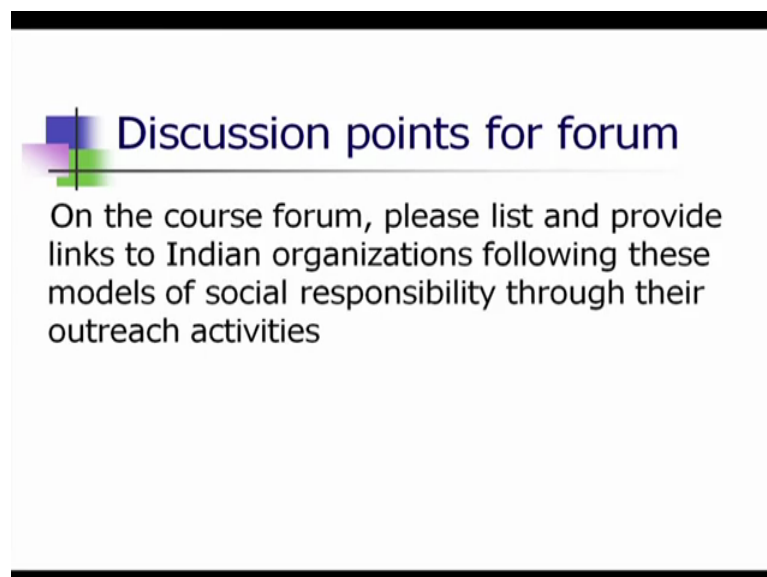
had trouble you know with access to education. So, I want to make sure that nobody from my hometown ever has trouble accessing good quality education.

So, what do I do when I have extra money I go back to my hometown build a school there may be I grow up in a village lots of people do this you know may be I grow up in village and at that time they were no resources and when I grow up I made lots of money I go back to my village build a school build a hospital. So, everything is dependent on my objectives.

What do I want to do for the community; the community's needs are taken into account, but its primarily the efforts are driven primarily by my own objectives my own urge which is routed in my personal experiences or history or something that that I have felt like doing at some point. So, that is the liberal model the last one is the stakeholder model or the freeman model we have talked about this, but I will still repeat a little bit stakeholder model talks about stakeholder responsiveness which recognizes direct and indirect stakeholder interest. So, companies profit making organizations actually go and find out what the community needs and they pool their resources together and try to give the community what the community needs.

So, these are the 4 ways in which CSR is taking place in India now I have some homework for you since this is a live classroom I think I can expect you to do a little bit of homework.

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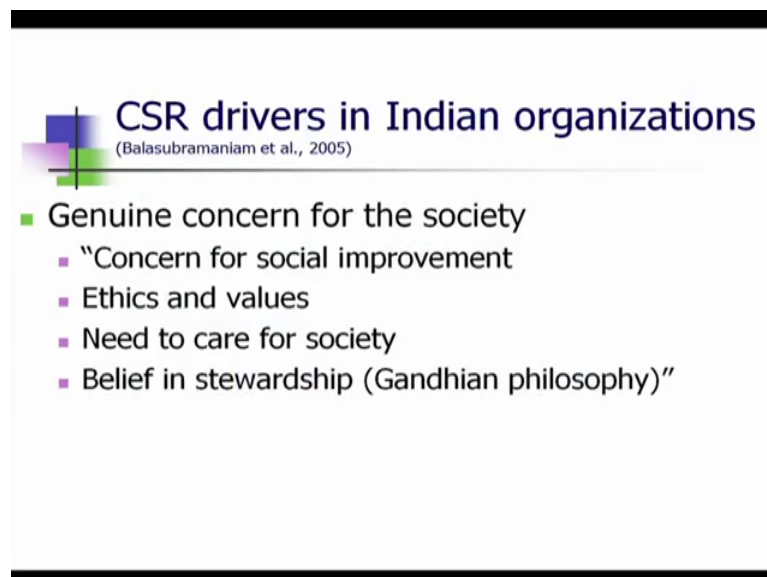


Discussion points for forum

On the course forum, please list and provide links to Indian organizations following these models of social responsibility through their outreach activities

So, this the homework on the course forum all of you are subscribed to the forum this is what I like you to do on the course forum please list and provide links to Indian organizations following these models of social responsibility through their outreach activities find out go online. And find out what organizations are doing for the community you may be associated with some MNC or some large organization you may even be a part of the CSR efforts of a profit making organization find out what these efforts relate to which of these models to each of these efforts relate to and please list them on the forum that will make for very interesting reading and a lot of inputs for the rest of the class. So, this is one homework I have for you.

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Now, excuse me what drives CSR in Indian organization the first one here is and again this is been studied by Professor Balasubramaniam and his associates and there is a genuine concern for the society. So, that is one of the drivers and in this there is a concern for social improvement people are genuinely concerned for the society they may be concerned for social improvement they may be driven by their own ethics and values they may be driven by need to care for the society or they may believe in stewardship. So, most of the Indian companies again I am not saying this does not happened abroad, but this is where a large number of Indian profit making organization seem to be focused on.

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CSR drivers in Indian organizations
(Contd.) (Balasubramaniam et al., 2005)

- Profit:
 - "Corporate reputation
 - Employee & customer relations
 - Stakeholder impact
 - Responsiveness to local communities
 - Legal compliance
 - Strategic/ corporate planning at board level"

The second thing that drives CSR efforts in Indian organizations is profit and what does profit mean? Profit could be in the form of corporate reputation we are doing good. So, we are great. So, please invest in us because we are looking after the community employee and customer relations this is another thing that could add to the value of the organization stakeholder impact responsiveness to local communities all these have an impact on the profits that are company makes legal compliance and strategic and corporate planning at the board level. So, all of these are drivers or this is how these are the reasons why organizations invest in CSR.

So, primarily for these 2 reasons you know in Indian companies there are primarily two reasons for which and again this is a study the study has been conducted by professors from IIM, Bangalore and that is what they found out you know. So, they found out that people invest in CSR for two reasons let us just go back to this as a genuine concern for the society and they could be doing this for profits and that is really what drives the CSR efforts in the country. Now I have another homework for you on the course forum please list examples of Indian corporate organizations whose work highlights each of these focus areas that is genuine concern for the society and profits. So, you just go in and find out and again this is only for discussion this is only for discussion I have lot respect for anyone who is helping the community if you will have extra money please go out and please do a little something for the not. So, advantage not so comfortable around you whether you doing it for profit or you doing it out of genuine concern for the society ii

think both are at par with each other, but it is important to know who is doing it for what reason and if you are in an organization that subscribes to each of different value systems or you know you are in an organization that that is sorry involved in CSR activities it would help you to know why they are doing it.

So, maybe you can find examples and list this examples on the forum for every bodies benefit now that is all we have time for in this lecture I hope you found it useful and we will continue with some more discussion with details about a couple of things that we discussed in this lecture in the next class.

Thank you very much for listening.