

Gradual Tightening of CSR Rules in India – Evaluating the Impact and Concerns

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India's historical texts and timelines clearly demonstrates that concern for the People and Planet other than Profits were inherent into the scriptures and business practices. In *Kautilya's Arthashastra*, there are repeated concern shown for forests and wildlife, Mahatma Gandhi gave the concept of *trusteeship*, and the Indian corporates have been conscious of the concept of sustainability. While it is easier to say that voluntary mechanisms would be an ideal way to incorporate the concept of sustainability in business practices, in practicality, the profit rules out of the three Ps with least focus specifically on Planet. Ministry of Corporate Affairs, Government of India came up with Corporate Social Responsibility Voluntary Guidelines 2009 which was later revamped in 2011 as National Voluntary Guidelines (NVGs). These NVGs have been articulated in the form of nine (9) principles with core elements to actualize each principle. To assist implementation of the Guidelines, a section talks about developing Management Systems and Processes for responsible business, and Indicators that businesses can adopt to self-steer and regulate their journey towards becoming sustainable and responsible businesses. The Processes focus on changes in leadership and the leadership structure in the organization, the integration of the Principle and Core Elements into the very business purpose of the organization and ensuring that engagement with stakeholders happens on a consistent, continuous basis. These NVGs were launched to be practiced voluntarily by the corporates, however, slowly we see that SEBI introduced a compulsory reporting in the annual reports, called Business Responsibility Reporting (BRR), for the top 100 listed companies, later extended to top 500 listed companies. Companies Act 2013 introduced the concept of CSR investment in 'comply and explain' mode. The only thing mandatory was to report if the investment is done or not, for applicable companies whether there is CSR policy or not. However, things changed over last few years and now it is mandatory to invest in CSR for companies and non-compliance would be penalized. This paper would explore this journey in Indian CSR regime. CSR regime in India is one of the biggest in the world and this paper would attempt to bring forward the major hits and misses learnt so far from this regime and bring forward the lessons. The methodology adopted would be exploratory and majorly will concentrate upon the regulations and policy along with CSR data available on CSR Portal and analysis of some BRR reports.