

# CSR – Creating an Enabling Ecosystem

The legislation for Corporate Social Responsibility (CSR) in the Companies Act 2013 has encouraged companies to innovate and integrate CSR strategies within their boardroom agendas and business strategies for creating enduring sources of livelihood and societal value. To be fair, many in Indian Industry were already deeply engaged in CSR, the new law helped to widen this group of companies.

According to the CII CSR Tracker 2017, 1,522 BSE listed companies spent Rs 8,897 crore or 92% of the two per cent requirement in FY17. This is an increase of about nine per cent in CSR spends in FY17 as compared to FY16. In the last few years of the legislation, strategies and processes have stabilized, organizational structures have been designed, tested and put in place, CSR strategies and plans rolled out, and implementation partners identified. We find that in 2017, companies are moving beyond compliance to focus on creating long-term impact for the beneficiaries. This indicates that corporates are on the right track and, slowly but steadily, there is enhanced compliance with the law, both in letter and spirit.

While companies have been initiating steps to meet the legislative requirements, CII has made three suggestions on how industry can leverage the legislation and actively participate in the development process.

First, companies could partner and strengthen Government's national programmes to address inclusive growth. Industry can go beyond CSR funds, and contribute its skills, time and subject matter expertise.

Secondly, companies could come together and pool their CSR funds to

drive high impact transformational projects. Significant scale can be achieved through collective implementation and monitoring.

And lastly, we expect industry to create innovative CSR projects as proof of concepts, which the Government can scale up.

Neither should regulators and legislators attempt to modify Section 135 to mandate effectiveness, efficiency and spends. Importantly, it will stifle innovation and creativity in development activities. The CSR legal framework is expected to provide an enabling framework, rather than a narrow and prescriptive one.

CII has been actively engaging, both with the Government and corporates to advocate on policy issues and make CSR an actionable business agenda for inclusive and sustainable growth. A key objective has been to encourage effective CSR initiatives by channelizing the capacities of change makers; individuals and organisations to catalyse social change and synergize their work in the social sector with the resources of the corporate world. Besides the mission of placing CSR and social objectives on every boardroom, the CII Foundation and CII-ITC Centre of Excellence for Sustainable Development are two institutions of its kind established as extended arms of CII engaged with issues concerning business and society. While CII is working with industry to innovate, integrate and create sustainable change, the Government needs to create enablers to make CSR all-encompassing and supportive. Only then can we create an inclusive and developed nation.

— **Chandrajit Banerjee**,  
Director General,  
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