

# 'Companies Act must amplify, not constrain the idea of CSR'

The Companies Bill will soon become a law. My particular knowledge and concern is clearly about only one part of it, which requires that companies of a certain size and profitability contribute 2% of profits to corporate social responsibility (CSR).

Many of us, including myself, have opposed this idea vociferously for multiple reasons, and this deliberation is on record for those who wish to know more.

However, this debate is now over. A framework has to be designed to comply with the new law. All big companies will use 2%

of their profits to fit into this framework and a lot of money will come on to the table soon. It will be as big an amount as any flagship scheme of the central government.

We now have to fix our attention on how this money will be used. The crux will be in the framing of the rules. By creating a good framework, the spirit, and not just the letter of the law, will actually be met.

I hope that the new rules will amplify rather than constrain the idea of corporate social responsibility. There is much work ahead,

and we must ensure that some of the innovative funding Indian corporations have already done with their own (and growing) sense of responsibility to society will not be curtailed. For example, if corporates want to fund an institute to conduct research on improving governance, or a community that revives its lost language, or also fund an avant-garde idea for a link between a last mile population and a first mile think tank — all of this must fall under the



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scope of CSR.

For example, if big companies that have adopted good practices for, say, pollution control of wastewater, want to fund small outfits that cannot afford the initial capital investments to treat their wastewater, I would plead to allow such initiatives to come under

CSR — it will have immense social benefits, which form the primary motive for this Bill.

I have now understood that it all depends on how the rules for the law are framed.

Draft rules that have gone into circulation are a bit disturbing in that they are written for a beleaguered bureaucracy which has to prove that the new law enables companies to do CSR. I am extremely empathetic to this concern. However, the draft rules seem to narrow rather than expand the notion of responsibility.

But surely, there is an opportunity for a creative exercise starting now.

Many corporations are already doing interesting work to reach out to all stakeholders, and not

just those in their supply chains. I hope they will inspire others, rather than treat this as one more corruption-riddled compliance exercise that they have been subjected to. I hope business leaders will come forward to propound the idea that *bazaar* (markets) and *sarkar* (the state) are legitimate only if they serve the *samaj* (society).

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