



Mains Practice Question

Q. “Businesses cannot be successful when the society around them fails.” Analyse the need for Corporate Social Responsibility in light of the above statement. (250 words)

12 Sep, 2019 GS Paper 4 Theoretical Questions

Approach

- Introduce your answer by giving the relationship between society and businesses.
- Mention the need for CSR.
- Conclude your answer by giving an optimistic way forward.

Introduction

In the past, India has always been a **social economy**, where social ties governed the economic transactions. But, the encroachment of money economy has led to various inevitable changes and exploitation of this traditional fabric. Now a days, in this globalized economy, economic growth comes along with problematic social impacts like inequality, displacement of tribals, environmental degradation etc.

The **European Commission** defines **Corporate Social Responsibility (CSR)** as “**the responsibility of enterprises for their impacts on society**”. The term CSR may be relatively new to India, but the concept dates back to **Mauryan history**, where philosophers like **Kautilya** emphasized on **ethical practices and principles while conducting business**. Indian scriptures have at several places mentioned the importance of sharing one’s earnings with the deprived section of society. We have a deep rooted culture of sharing and caring.

Body

Need For Corporate Social Responsibility

- **Counter Social Discontent Against Development Project:** Displacement of tribals has been a major outcome of industrial projects which has led to increased discontent among tribal leading to violent protest on many occasions. According to a report released by the **UN Working Group on Human Rights in India (WGHR) in 2012**, India has the highest number of people displaced from development projects. CSR can play an active role in the rehabilitation of these people.
- **Making a Society more Equitable:** High economic inequalities have been a critical outcome of the market economy. CSR holds huge potential to alienate inequality from society by providing quality education and medical facilities to the deprived. **For eg:** Initiatives taken by **Azim Premji Foundation** in providing quality education in the hinterlands.
- **Environmental Restoration:** The new age debate revolves around ‘**market and its environmental impact**’, therefore it becomes crucial for businesses to invest in environmental restoration to provide a healthy and clean environment for people to live in.
 - **For eg: Reliance** observed the World Environment Day and motivated rural communities and employees to plant saplings.
 - **ITC’s** waste recycling programme, ‘**WOW - Well-Being Out of Waste**’, enables the

creation of a clean and green environment and promotes sustainable livelihoods for waste collectors.

- **Bridging the Trust-Deficit between Corporates and Society:** Communities around the world are sceptical of corporates' motives as they consider their only purpose is to make profits, therefore there lies a huge trust deficit between them. Corporate social responsibility goes a long way in creating a positive word of mouth for the organization on the whole.
- **Changing Social Expectations:** Consumers and society in general expect more from the companies whose products they buy. Due to increased educational status and awareness, now people expect corporates to become an active participant in weeding out social problems in the country as part of their societal responsibility.

Conclusion

CSR has no boundaries and are **not constrained by race, colour, religion or bureaucratic rigidity** to provide areas specific solutions. CSR is an unwritten contract with the community, therefore, this invisible culture can shape a brighter future for nations.

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