ISSN 2249 - 9040

VOLUME 9 NO. 2 JULY-DECEMBER 2019

IPE Journal of Management

INSTITUTE OF PUBLIC ENTERPRISE
ICSSR, MHRD, GOI RECOGNIZED CENTRE FOR EXCELLENCE IN RESEARCH

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IPE Journal of Management is a bi-annual, peer-reviewed journal which publishes empirical, theoretical and review articles dealing with the theory and practice of management. The aim of the journal is to provide a platform for researchers, academicians, practitioners and policy-makers from diverse domains of management to share innovative research achievements and practical experience, to stimulate scholarly debate both in India and abroad on contemporary issues and emerging trends of management science and decision-making.

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We thank Indian Council of Social Science Research (ICSSR) for Financial Assistance for Publication of the Journal.

Published by: Satyam N Kandula on behalf of Institute of Public Enterprise

Owned by: Institute of Public Enterprise

Printed by: Satyam N Kandula on behalf of Institute of Public Enterprise

Printed at: Wide Reach Advertising Pvt Ltd, 21, Surya Enclave, Trimulgherry, Hyderabad - 500015.

Place of Publication: Institute of Public Enterprise, OU Campus, Hyderabad - 500007.

IPE Journal of Management

IPE Journal of Management

Volume 9 No 2 July-December 2019 ISSN 2249 - 9040

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IPE Journal of Management

ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 1-12

Does Experience Matter: A Study of Investments Made by Women Investors of Punjab

Tina Vohra*

Abstract

Empirical research demonstrates that the decision to invest in the stock market is primarily based upon the past experience of an investor. It is the experience of an investor that determines his or her level of satisfaction or dissatisfaction. The more positive is the experience, the higher is perceived to be the level of satisfaction. In general, a satisfactory experience about investing in the securities market is considered necessary in order to ensure the greater participation of investors in the securities market. In Indian context, men are more experienced than women and so men invest more as compared to women. The investment experience of women investors and the impact of demographic variables on her being an experienced investor have never been studied in the past. Thus, the present study is an attempt to examine the investment experience of women investors of Punjab and to explore if there is a significant difference in the investment experience of women investors of Punjab based on their demographics. For the purpose of the study, data were collected from primary sources using a pre tested, well structured questionnaire. Descriptive Statistics as well as Crosstabulation analysis have been used in order to analyze the collected data. The results of the study revealed that the investment experience of women is found to vary with their marital status, educational qualification, occupation and their personal monthly income. Also, significant differences were found in the investment experience of women stock and non stock investors. Moreover, the results of the study brought out that in spite of being less experienced, greater number of women have started entering the investment arena these days as compared to the past. The growing participation of women in the securities market may be attributed to the latest developments that have taken place in the securities market during the last few decades. The paper suggests that the government and the policy makers should design programs in order to ensure greater participation of women belonging to the various segments of the society in securities market in India. Moreover, the intermediaries dealing in the securities market should provide adequate support as well as the practical training to women so that they can deal with the technologically advanced securities market. Besides this, support from family as well as greater focus on education of women would help to improve the investment experience among women.

Keywords: Crosstabulation Analysis, Demographics, Experience, Investment, Women

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Introduction

An investor's experience is an impression about a product or a service as perceived by his conscious and sub-conscious mind (Paul and Garodia, 2012). It is a feeling or a thought which results from the impression, tangible and intangible from anything which is related to the product or service in any form. This experience about a product is based on a number of internal and external factors and hence varies from individual to individual. It also has a significant impact on his or her future purchase of the product or service (Paul, 2013).

Empirical research demonstrates that the decision to invest in the stock market is primarily based upon the past experience of an investor. It is the experience of an investor that determines his or her level of satisfaction or dissatisfaction. The more positive is the experience, the higher is perceived to be the level of satisfaction. In general, a satisfactory experience about investing in the securities market is considered necessary in order to ensure the greater participation of investors in the securities market.

Review of Literature

Gupta (1991) conducted the first all-India Survey of 'Indian Shareowners' in order to enquire about their investment profile, portfolio practices, experiences, preferences, risk perceptions, intentions and problems. The data was collected from 5212 household investors including shareowners and non shareowners selected randomly. It was found that the share ownership has now become a middle class phenomenon while it was earlier confined to the wealthy class only. Moreover, the investors preferred buying from the new issue market as compared to buying from the secondary market. Barber and Odean (1999) examined overconfidence as a factor responsible for the excessive trading by an investor. The authors partitioned the investors on the basis of gender. The data for over 35,000 households was collected from a large discount brokerage firm. The common stock investments of men and women for a period from February 1991 to January 1997 were analyzed. Descriptive statistics was applied to the data. Ratio of the market value to equity was calculated to measure the proportion to which a household's net worth was invested in common stocks. The gross and the net return performance and monthly portfolio turnover were also calculated. The authors found that men traded 45% more than women. Trading reduced men's net return by 2.65% points a year as opposed to 1.72% points for women. It was concluded that in the area of finance men were more overconfident than women and so men traded more excessively than women. Chen et al. (2004) studied the investing behavior and trading performance of individual investors in China. The data for the study was collected from 46,969 individual investor brokerage accounts from a brokerage firm in China. Descriptive Statistics, Univariate Analysis as well as Regression Analysis were used in order to analyze the results. The results of the study portrayed that the investor's experience does not necessarily mitigate behavioral biases nor improve his trading performance. Kiran and Rao (2004) aimed at segmenting the investors on the basis of their demographic and psychographic characteristics. Demographic variables included age, gender, marital status, place, education, profession, employment status, number of dependents in the family and the annual income of the investor while the psychographic characteristics included risk taking ability and preference for safety, tax saving, liquidity, long term appreciation, high returns, flexibility of installments, risk coverage and size of investments. The investment and saving instruments included stocks, bonds, IPOs, real estate, gold, post office (NCDs), fixed deposits, insurance, recurring deposits, PPF, pension funds and SIPs. Out of 200 questionnaires administered, 96 usable responses were received from all over India. The data was analyzed using Multinomial Logistic Regression (MLR) and Factor Analysis (FA). MLR was used to bring out the characteristics of investors which predominantly determined their risk-taking capacity while factor analysis was used to identify the major investor segments based on their demographic and psychographic characteristics. The results of the study indicated that the risk-bearing capacity of the investors was strongly related to their demographics and psychographics. Guiso and Jappelli (2005) attempted to analyze the lack of experience as the reason for limited financial market participation among Italians. Using the data from the Bank of Italy Survey of Household Income and Wealth conducted in 1995 and 1998, the authors attempted to analyze the implications of awareness on non participation as well as on the cost of participating in the stock market. Descriptive Statistics, Correlation Analysis and Tobit Regression techniques were used to analyze the results of the study. The results of the study uncovered that there was a dramatic lack of basic financial information among Italian investors i.e. 35 percent of potential investors were not aware of stocks and 50 percent of them were not aware about mutual funds. The results of the study also implied that the estimates of participation costs do not take experience into consideration and hence are based on biasness. Unais (2007) explored the savings and investment profile of 300 working women in urban Lahore, Pakistan in order to determine if the earnings gap due to gender, marriage and child rearing was the main cause of low savings and investment among these women. The data relating to the savings, investment as well as the demographics of women was collected with the help of a well structured questionnaire. Descriptive Statistics were used to analyze the results of the study. The findings of the study revealed that high importance given by women to family needs along with the lack of funds were the central reasons for low rate of savings and investment among women. Alipour and Jalalsadeghisharif (2010) attempted to study the experience of investors regarding the brokerage firms operating in Iran. The data for the study was collected from 70 brokerage firms and 40 investors in the Iranian stock market. Mann – Whitney U test was employed to analyze the results of the study. The finding of the study stated that the investor's were dissatisfied with regard to the service provided by the brokerage firms in order to attract the investors to the Iranian capital market. Estes and Hosseini (2010) attempted to identify the personal characteristics that influence the confidence of investors in an investment decision. Using a sample of 1359 respondents from the U.S., Multiple Regression analysis was applied in order to analyze the results of the study. The results of the study brought out that women had significantly lower confidence in an investment task as compared to men. Experience was found to be an important factor influencing the investment decision of an investor. Parashar (2010) attempted to find out the effect of personality traits on investment choice made by individual investors. Among other factors such as demographics, personality traits may also influence the risk taking capacity of an individual which in turn determines investing behavior. The data was collected with the help of a structured questionnaire which was divided into three parts. The first part identified the determinants of investor personality using a five point Likert scale. The second part of the questionnaire was designed to study the investor's risk tolerance and the investment decisions that individuals take when faced with alternative choices. Real estate and mutual funds were found to be the most preferred choices of investment among investors while PPF and bank fixed deposit were the least preferred. The third part aimed at classifying the investors into different personality types. For this purpose cluster analysis was used. correspondence analysis was used to explore the relationship between various demographic factors and the investment personality exhibited by the investors. To study whether the investors with different investment personalities and demographic characteristics differ in their choice of investment avenues, kruskal wallis test was used. Factor Analysis was used to identify similarities among variables and group them into identifiable categories. The study revealed that the risk takers and adventurous people tend to invest their money in equity and real estate while options like bonds and mutual funds are for the people who are risk averse. The authors concluded that the demographic variables such as gender, age, income, education, occupation as well as the various personality types affect the investment choice made by individual investors. Grinblatt et al. (2011) examined the effect of IQ of the investors on their experience of investing in the stock market. The IQ data of all inductees entering mandatory military service in Finland between 1982 and 2001 was used for the purpose of the analysis. Control function Regression, Blinder-Oaxaca-Fairlie decompositions and Random effects Probit were used in order to analyze the results of the study. A high correlation between IQ and stock market experience was found i.e. investors with high-IQ were found more likely to hold mutual funds and a larger numbers of stocks. Bayyurt (2013) attempted to study the experiences of investors regarding the various instruments dealt in the securities market. The results of these studies brought out that too much volatility and price manipulation aggravated the safety concerns of the investors and promoted them to invest in other safe instruments instead of stock market instruments. Kannadhasan (2015) attempted to examine whether demographic factors namely gender, age, marital status, income, occupation and education have an impact on the risk taking ability of retail investors. A sample of 778 retail investors with various levels of investment experience, covering a variety of demographic factors was used for the purpose of the study. The results of the study portrayed that the demographic factors have a significant impact on the risk taking ability of retail investors.

Research Design

Need for the Study

Academic researchers are of the view that experience is a factor that determines the amount of investments made by an investor. As far as the area of finance is concerned men are more experienced than women and so men invest more as compared to women. Moreover, investing in India (especially investing in securities market) has always been considered to be dominated by men.

Although, several studies have been conducted on the investment behavior of individual investors but there is a dearth of studies that have focused upon examining the investment experience of women investors. Moreover, none of the studies have tried to explore the impact of demographic variables on her being an experienced investor.

The study by probing into the factors (demographics) determining the investment experience of women will help the government and the policy makers in designing programs to ensure greater participation of women belonging to the various segments of the society in securities market in India.

Objectives of the Study

Following are the specific objectives of the study

- To examine the investment experience of women investors of Punjab.
- To explore if there is a significant difference in the investment experience of women investors of Punjab based on their demographics.

Database and Research Methodology

Investment experience refers to the number of years since the respondent has been making investments. The investment experience of women investors in India was examined with the help of a pre-tested, well-structured questionnaire. The questionnaire was divided into two parts. The first part of the questionnaire was designed to find out the investment experience of women investors in India. The second part of the questionnaire was related to the demographic profile of women investors. The data were collected from 400 women investors (200 stock investors and 200 non stock investors) from the four major cities of Punjab, i.e. Amritsar, Jalandhar, Ludhiana and the Union Territory Chandigarh. The sampled respondents were selected using Purposive Sampling Method. As far as the sample of women stock investors is concerned, a list of women investors was prepared with the help of brokerage firms. 5 brokerage firms were selected from each city and then 10 clients from each brokerage firm were selected from their client database. Similarly, for the purpose of selecting a sample of women non stock investors, a list of various service organizations in Amritsar, Jalandhar, Ludhiana and Chandigarh such as educational institutions, banks, insurance companies and medical organizations was prepared. The list was prepared with the help of websites and personal contacts. Thereafter, women working in these organizations were personally contacted. The questionnaires were sent to the respondents by post. Online questionnaires were also mailed to the respondents. The survey was conducted during December, 2013 to September, 2014.

Descriptive Statistics and Crosstabulation were used in order to analyze the collected data.

Sample Characteristics

As far as the demographic profile of the respondents is concerned, the sample comprised of variety of respondents belonging to different financial and professional backgrounds. The demographic profile of the sampled respondents is presented in Table-1. The table shows that the majority of the respondents (47.8%) belonged to the age group of 20-30 years, followed by 34.8% respondents belonging to the age group between 30-40 years. The next category of respondents was of the age group of 40-50 years (11.8%).The respondents falling in the age category of 50-60 were 4.8%, while those falling in the age category of above 60 formed just 1% of the sample.

As far as the marital status of the respondents is concerned, most of the respondents i.e. 67.8% respondents in the sample were married while 29% of them were single, 2.3% were divorced and the rest 1% widowed. As far as respondent's occupation is concerned, the table shows that majority of the respondents belong to service category (51.8%), followed by businesswomen/self employed women (27.3%).Professional women constituted 21% of the sample. Since the sample respondents were only working women, therefore housewives did not form a part of the sample.

Table-1: Demographic Profile of Respondents

Demographic Variables		No. of Respondents (%)
Age (Yrs)	20- 30	191(47.8)
	30-40	139(34.8)
	40-50	47(11.8)
	50-60	19(4.8)
	60-70	4(1.0)
	Total	400 (100)
Marital Status	Married	271(67.8)
	Single	116 (29.0)
	Divorcee	9(2.3)
	Widow	4(1.0)
	Total	400 (100)
Education Level	Matriculation	5(1.3)
	Under Graduation	7(1.8)
	Graduation	129(32.3)
	Post Graduation	255(63.8)
	Any other	4(1.0)
	Total	400(100)
Occupation	Businesswoman/Self employed	109(27.3)
	Professional	84(21.0)
	Service	207(51.8)
	Total	400(100)
Personal Monthly Income(Rs.)	Less than 40000	173(43.3)
	40000-60000	111(27.8)
	60000-80000	47 (11.8)
	More than Rs 80000	69 (17.3)
	Total	400 (100)

Source: Author's own Calculations. Based on collected data.

Table-1 also shows the education level of the sampled population. It brings out that 63.8% of the respondents were post graduates followed by graduates (32.3%). Few of them were undergraduates (1.8%) followed by 1.3% of the respondents with a matriculation degree and only 1% of the respondents had a doctoral degree.

The income categorization, shows that 43.3% of the respondents belonged to the personal monthly income category of less than Rs. 40000 followed by 27.8% belonging to the income category of Rs. 40000-60000. Only 11.8% of the respondents were of the income category of 60000-80000 while 17.3% of the women belonged to the income category of above Rs. 80000 income.

Analysis and Discussion

The respondents were asked that for how long they have been making investments, in order to determine their investment experience. Table-2 shows that the majority of the respondents 273 (68.3%) have an investment experience of less than 5 years. This is mainly due the fact that most of the respondents belong to the age category of less than 30 and from 30-40 years (as mentioned in the demographic profile). The second highest category of respondents i.e. 83 (20.8%) have made investments for a period less than 10 years followed by 20 (5.0%), 11 (2.8%), 3 (0.8%), 6 (1.5%) and 4 (1.0%) respondents who have made investments for less than 15,20,25,30 and 35 years respectively.

Table-2: Investment Experience

	Frequency	Percent
Less than 5 Years	273	68.3
Less than 10 Years	83	20.8
Less than 15 Years	20	5.0
Less than 20 Years	11	2.8
Less than 25 Years	3	0.8
Less than 30 Years	6	1.5
Less than 35 Years	4	1.0
Total	400	100.0

Source: Calculated through SPSS

Since the investment experience of the respondents depends upon their demographics, the following hypotheses were framed in order to measure the effect of demographics on the investment experience of the respondents.

H_{01a}: There is no significant relation between age of women investors and their investment experience.

H_{01b}: There is no significant relation between the marital status of women investors and their investment experience.

H_{01c}: There is no significant relation between educational qualification of women investors and their investment experience.

H_{01d}: There is no significant relation between occupation of women investors and their investment experience.

H_{01e}: There is no significant relation between personal monthly income of women investors and their investment experience.

H_{01f}: There is no significant relation between family monthly income of women investors and their investment experience.

H_{01g}: There is no significant difference between the investment experience of women stock investors and non stock investors.

Table-3: Crosstabs of Demographics of Women and Investment Experience

Age (Yrs)										
Investment Experience	**Less than 30**	**30-40**	**40-50**	**50-60**	**Above 60**	**Total**	**Pearson Chi-Square**	**df**	**Sig.**	**Decision**
Less than 5 Years	170 (89%)	86 (61.9%)	13 (27.7%)	3 (15.8%)	1 (25.0%)	273 (68.3%)	253.565	24	.000*	**Reject the Null Hypothesis**
Less than 10 Years	20 (10.5%)	42 (30.2%)	14 (29.8%)	5(26.3%)	2 (50.0%)	83 (20.8%)				
Less than 15 Years	0	9 (6.5%)	9 (19.1%)	2 (10.5%)	0	20 (5.0%)				
Less than 20 Years	1 (0.5%)	2 (1.4%)	6 (12.8%)	2 (10.5%)	0	11 (2.8%)				
Less than 25 Years	0	0	1 (2.1%)	2 (10.5%)	0	3 (0.8%)				
Less than 30 Years	0	0	4 (8.5%)	1 (5.3%)	1 (25.0%)	6 (1.5%)				
Less than 35 Years	0	0	0	4 (21.1%)	0	4 (1.0%)				
Total	191 (100%)	139 (100%)	47(100%)	19(100%)	4(100%)	400 (100%)				

Marital Status									
Investment Experience	**Married**	**Single**	**Divorcee**	**Widow**	**Total**	**Pearson Chi-Square**	**df**	**Sig.**	**Decision**
Less than 5 Years	162 (59.8%)	102 (87.9%)	7 (77.8%)	2 (50.0%)	273 (68.3%)	94.384	18	.000*	**Reject the Null Hypothesis**
Less than 10 Years	72 (26.6%)	11 (9.5%)	0	0	83 (20.8%)				
Less than 15 Years	18 (6.6%)	2 (1.7%)	0	0	20 (5.0%)				
Less than 20 Years	9 (3.3%)	0	0	2 (50.0%)	11(2.8%)				
Less than 25 Years	2 (0.7%)	1 (0.9%)	0	0	3(0.8%)				
Less than 30 Years	4 (1.5%)	0	2(22.2%)	0	6(1.5%)				
Less than 35 Years	4 (1.5%)	0	0	0	4(1.0%)				
Total	271 (100%)	116 (100%)	9 (100%)	4 (100%)	400 (100%)				

Education										
Investment Experience	**Matricu-lation**	**Under Graduate**	**Graduate**	**Post Graduate**	**Doctorate**	**Total**	**Pearson Chi-Square**	**df**	**Sig.**	**Decision**
Less than 5 Years	4 (80.0%)	6 (85.7%)	83 (64.3%)	179 (70.2%)	1 (25.0%)	273 (68.3%)	42.935	24	.010*	**Reject the Null Hypothesis**
Less than 10 Years	0	1 (14.3%)	25 (19.4%)	55 (21.6%)	2 (50.0%)	83 (20.8%)				
Less than 15 Years	0	0	13 (10.1%)	6 (2.4%)	1 (25.0%)	20 (5.0%)				
Less than 20 Years	0	0	2 (1.6%)	9 (3.5%)	0	11 (2.8%)				
Less than 25 Years	0	0	0	3 (1.2%)	0	3 (0.8%)				
Less than 30 Years	1 (20.0%)	0	5 (3.9%)	0	0	6 (1.5%)				
Less than 35 Years	0	0	1 (0.8%)	3 (1.2%)	0	4 (1.0%)				
Total	5 (100%)	7 (100%)	129 (100%)	255 (100%)	4 (100%)	400 (100%)				

Investment Experience	Occupation: Business-woman / Self Employed	Professional	Service	Total	Pearson Chi-Square	df	Sig.	Decision
Less than 5 Years	76 (69.7%)	58 (69.0%)	139 (67.1%)	273 (68.3%)				
Less than 10 Years	20 (18.3%)	13 (15.5%)	50 (24.2%)	83 (20.8%)				
Less than 15 Years	8 (7.3%)	4 (4.8%)	8 (3.9%)	20 (5.0%)				
Less than 20 Years	0	6 (7.1%)	5 (2.4%)	11(2.8%)	24.522	12	.017*	Reject the Null Hypothesis
Less than 25 Years	1 (0.9%)	1 (1.2%)	1 (0.5%)	3(0.8%)				
Less than 30 Years	4 (3.7%)	2 (2.4%)	0	6(1.5%)				
Less than 35 Years	0	0	4 (1.9%)	4(1.0%)				
Total	109 (100%)	84 (100%)	207 (100%)	400 (100%)				

Investment Experience	Personal Monthly Income (Rs.): Below 40000	40000-60000	60000-80000	Above 80000	Total	Pearson Chi-Square	df	Sig.	Decision
Less than 5 Years	126 (72.8%)	79 (71.2%)	39 (83.0%)	29 (42.0%)	273 (68.3%)	49.982	18	.000*	Reject the Null Hypothesis
Less than 10 Years	33 (19.1%)	24 (21.6%)	6 (12.8%)	20 (29.0%)	83 (20.8%)				
Less than 15 Years	7 (4.0%)	5 (4.5%)	1 (2.1%)	7 (10.1%)	20 (5.0%)				
Less than 20 Years	2 (1.2%)	2 (1.8%)	0	7 (10.1%)	11(2.8%)				
Less than 25 Years	2 (1.2%)	0	0	1 (1.4%)	3(0.8%)				
Less than 30 Years	3 (1.7%)	1 (0.9%)	0	2 (2.9%)	6(1.5%)				
Less than 35 Years	0	0	1 (2.1%)	3 (4.3%)	4(1.0%)				
Total	173 (100%)	111 (100%)	47 (100%)	69 (100%)	400 (100%)				

Investment Experience	Family Monthly Income (Rs.): Below 40000	40000-80000	80000-120000	Above 120000	Total	Pearson Chi-Square	df	Sig.	Decision
Less than 5 Years	11 (64.7%)	39 (70.9%)	48 (73.8%)	175 (66.5%)	273 (68.3%)	21.408	18	.259	Accept the Null Hypothesis
Less than 10 Years	3 (17.6%)	11 (20.0%)	11 (16.9%)	58 (22.1%)	83 (20.8%)				
Less than 15 Years	2 (11.8%)	1 (1.8%)	4 (6.2%)	13 (4.9%)	20 (5.0%)				
Less than 20 Years	0	0	1 (1.5%)	10 (3.8%)	11 (2.8%)				
Less than 25 Years	0	1 (1.8%)	1 (1.5%)	1 (0.4%)	3 (0.8%)				
Less than 30 Years	1 (5.9%)	3 (5.5%)	0	2 (0.8%)	6 (1.5%)				
Less than 35 Years	0	0	0	4 (1.5%)	4 (1.0%)				
Total	17 (100%)	55 (100%)	65 (100%)	263 (100%)	400 (100%)				

Investment Experience	Stock Investors / Non Stock Investors: Non Stock Investor	Stock Investor	Total	Pearson Chi-Square	df	Sig.	Decision
Less than 5 Years	148 (74.0%)	125 (62.5%)	273 (68.3%)	18.828	6	.004*	**Reject the Null Hypothesis**
Less than 10 Years	27 (13.5%)	56 (28.0%)	83 (20.8%)				
Less than 15 Years	10 (5.0%)	10 (5.0%)	20 (5.0%)				
Less than 20 Years	6 (3.0%)	5 (2.5%)	11 (2.8%)				
Less than 25 Years	3 (1.5%)	0	3 (0.8%)				
Less than 30 Years	5 (2.5%)	1 (0.5%)	6 (1.5%)				
Less than 35 Years	1 (0.5%)	3 (1.5%)	4 (1.0%)				
Total	200 (100%)	200 (100%)	400 (100%)				

Source: Calculated through SPSS

The analysis reveals that the investment experience of the respondents varies with their age. Majority of respondents belong to the age group between 20 to 40 years and have an investment experience of less than 10 years. The investment experience of women is also found to vary with their marital status, educational qualification, occupation and their personal monthly income (as shown in Table-3). Similar findings were reported by Estes and Hosseini (2010) and Kannadhasan (2015). Significant differences have also been observed in the investment experience of women stock and non stock investors. The results of the study reveal that on the whole, a greater number of women have started entering the investment arena these days as compared to the past but a relatively greater participation is seen in case of the securities market in India. This may be attributed to the latest developments that have taken place in the securities market during the last few decades.

Managerial Implications of the Study

Following are the managerial implications of the study:

- The government and the policy makers should design programs to ensure greater participation of women belonging to the various segments of the society in securities market in India.
- The results of the study reveal that in spite of being less experienced, women have shown greater participation in the securities market in the last few decades. The intermediaries dealing in the securities market should provide adequate support as well as the practical training to women so that they can deal with the technologically advanced securities market.
- The study revealed that the investment experience of the respondents varies with their age, marital status, educational qualification, occupation and their personal monthly income. Therefore, the financial intermediaries dealing with women should consider the demographic profile of their clients so as to provide them with services relevant to their unique and individual situations.
- The results of the study revealed that married women tend to invest more as compared to women belonging to other categories. Therefore financial advice

from the male members in the family namely father and husband is likely to support women in the financial endeavours undertaken by them and improve their investment experience.

- As regards education, the analysis reveals major differences in the investment experience as far as educational qualification of the respondents is concerned. Therefore, greater focus on the education of women can help to improve their investment experience in the stock market.
- Since the personal monthly income of women affects their investment experience, providing additional exemptions (tax deductions) to women investing in the stock market would help to improve the investment scenario for women.

Scope for Further Research

Following are the areas on which further research can be carried out:

- Research can be carried out on specific segments of women investors such as rural women, pure housewives etc. in order to find out their investment experience. Also a comparison of the investment experience of women investors belonging to different segments can be made.
- Besides demographics, the other factors influencing the investment experience of women can also be explored.
- The investment experience of women investors regarding different segments of the stock market i.e. IPO, Mutual Funds, Derivatives, etc can also be examined separately.

Conclusion and Recommendations of the Study

Experience is considered as a determinant of investor satisfaction where greater experience leads to greater satisfaction and thereby greater investments. As far as the area of finance is concerned men are more experienced than women and so men invest more as compared to women. Although, several studies have been conducted on the investment behavior of individual investors but there is a dearth of studies that have tried to examine the investment experience of women investors. Therefore, the current study attempted to examine the investment experience of women investors of Punjab and to explore if there is a significant difference in the investment experience of women investors of Punjab based on their demographics. The results of the study brought out that the investment experience of the respondents varies with their age. The investment experience of women is also found to vary with their marital status, educational qualification, occupation and their personal monthly income. The results of the study also revealed that women had entered the investment arena long ago but were hesitant to invest in the securities market. This hesitation is on account of the fact that women are less techno savvy and finds investing in the securities market cumbersome and tedious. They are reluctant to use computer technology due to security concerns which reduces their participation in the stock market. But nonetheless, in spite of being less experienced, greater number of women have started entering the investment arena these days as compared to the past and a relatively greater participation is seen in case of the securities market in India. This may be attributed to the latest developments that have taken place in the securities market during the last few decades.

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ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 13-26

Global Banking Developments*

RBI

The global economy has been shedding momentum in a downturn that commenced from the first quarter of 2018 in an environment vitiated by escalation in trade tensions, elevated financial vulnerabilities, geo-political risks and associated policy uncertainties. The implementation of global regulatory reforms after the global financial crisis (GFC) has led to an increase in banks' capital and liquidity buffers. Their efforts to reduce bad loans and strengthen balance sheets have, however, been hindered in the environment of low growth and low interest rates. Globally, policy makers have been fortifying the regulatory framework and implementing internationally accepted norms for banks. These policies may not show immediate results, but they should pay back in the medium to long run by enhancing the soundness and resilience of the global banking system.

Introduction

The global economy has been shedding momentum in a downturn that commenced from the first quarter of 2018 in an environment vitiated by escalation in trade tensions, elevated financial vulnerabilities, geo-political risks and associated policy uncertainties. Across the world and across advanced and emerging market economies (EMEs) alike, monetary policy has turned accommodative in order to counter the slowdown and prevent it from deepening. Available fiscal space is being used to support demand, but with the stark recognition that policy space is either limited or exhausted.

Bank lending to the non-financial sector has moderated since the latter half of 2018 across advanced economies (AEs) and EMEs as heightened financial fragilities, including elevated and rising debt levels, have purveyed risk aversion alongside the weakening of demand. Although banks and financial institutions remained well capitalised, their profitability remains muted.

Against this backdrop, Section 2 reviews the macro-financial setting in which global banking system is dealing with these testing challenges. The performance of the global banking system is analysed in Section 3 followed by a focus on the performance of the world's 100 largest banks in Section 4. The path travelled on the global policy reforms agenda is discussed in Section 5. Section 6 concludes the chapter.

The Macro-Financial Environment

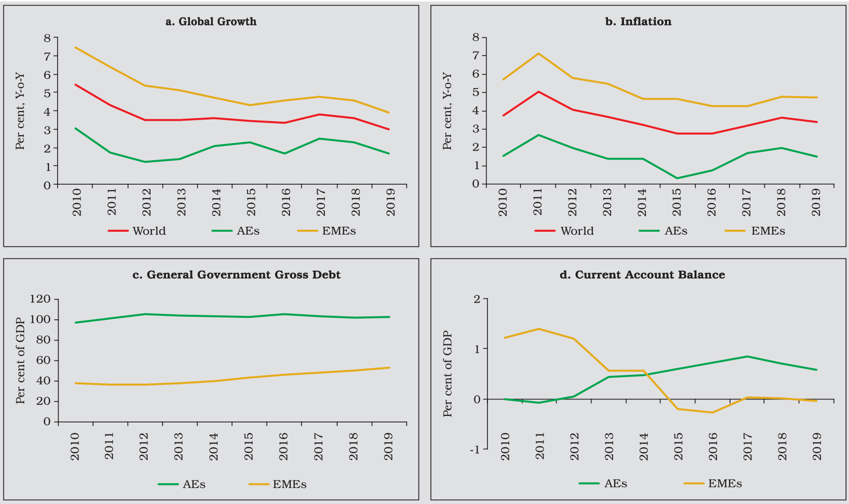
Although the growth slowdown is synchronised across more than 90 per cent of the global economy, it is turning out to be more pronounced in AEs[1]

* This is Chapter II of the 'Report on Trend and Progress of Banking in India 2018-19' published by RBI.

1 International Monetary Fund (2019), 'Transcript of International Monetary Fund Managing Director Kristalina Georgieva's Opening Press Conference, 2019 Annual Meetings', October 17, available at https://www.imf.org/en/News/Articles/2019/10/17/tr101719-transcript-managing-director-kristalina-georgieva-press-conference-2019-annual-meetings.

(Chart II.1a). Structural weaknesses in systemic economies, natural disasters, and country-specific factors have exacerbated the growing slack. In EMEs, heightened volatility in capital flows, exchange rates and asset prices have marred macro-economic prospects as global spillovers have interacted with country-specific factors in some of them, including unsustainable macro-balances, high levels of government debt and inflation pressures stemming from currency depreciations despite weakening of commodity prices (Chart II.1b, c and d).

Chart-II.1: The Macro Backdrop



Note: Data for 2019 are estimates of the IMF.
Source: World Economic Outlook Database.

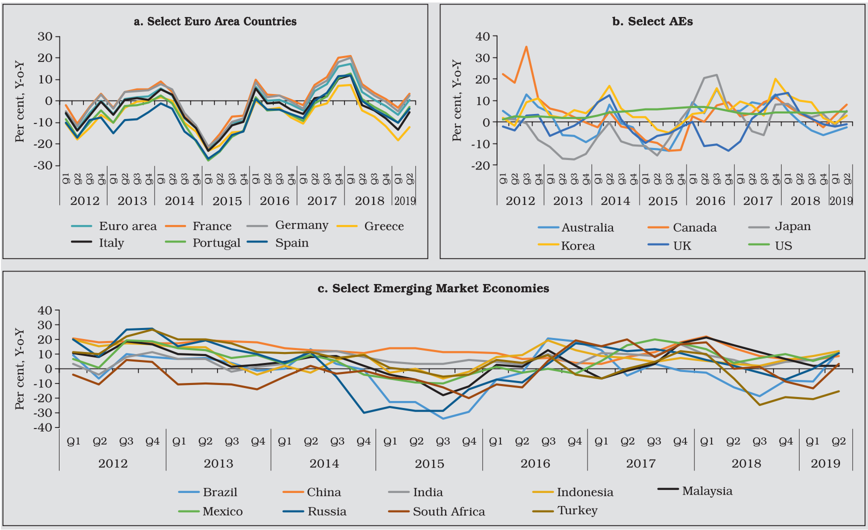
Taking into account these factors, the International Monetary Fund (IMF) downgraded its forecast of global growth for 2019 to 3 per cent in October 2019, the slowest pace since the global financial crisis (GFC)[2]. The World Trade Organisation (WTO) also lowered its projection of world merchandise trade volume for 2019 to 1.2 per cent from 2.6 per cent projected earlier[3].

Though bank credit growth moderated through H2:2018 and Q1:2019, some recovery was witnessed in Q2:2019. However, the pace has varied on country-specific factors, such as financial conditions and the health of bank balance sheets. In some AEs, notably the US, pro-cyclical fiscal expansion, accommodative monetary policy and supportive financial conditions have shored up credit expansion. By contrast, credit growth in the Euro area was anaemic, reflecting deceleration in demand and fragilities in the banking sector. The large exposure of Euro area banks to sovereign bonds remained a major risk, although considerable cross-country heterogeneity was evident within it (Chart II.2).

2 International Monetary Fund (2019), 'World Economic Outlook - Global Manufacturing Downturn, Rising Trade Barriers', October.

3 World Trade Organisation (2019): 'Trade Statistics and Outlook', October 1, available at https://www.wto.org/english/news_e/pres19_e/pr840_e.htm.

Chart-II.2: Growth in Bank Credit to the Private Non-Financial Sector



Among EMEs, wide variations are evident, with one end of the spectrum experiencing credit contraction as in Brazil on account of deleveraging of subsidised credit, high intermediation margins and weak demand. In some other EMEs such as Russia and India, elevated loan delinquencies operated as a drag on credit growth, whereas in China, policy-induced rebalancing, regulatory tightening and deleveraging efforts are acting as inhibiting factors.

Performance of the Global Banking Sector

Progress was made albeit at varying speeds across jurisdictions in the application of Basel III norms. In this context, a core set of indicators measuring profitability, asset quality, capital adequacy and leverage are reviewed in this sub-section.

Return on Assets

In an overall environment of low profitability, US banks performed considerably better than those in the Euro area and Japan. In the Euro area, bank profitability was impacted by weak growth and high NPLs, although in peripheral economies such as Portugal and Spain, there was a modest recovery due to lower loan loss provisioning. For the region as a whole, though, structural weaknesses such as low cost-efficiency, limited revenue diversification and high stocks of legacy assets in some jurisdictions remain as headwinds to a fuller revival. Australian and Canadian banks maintained better profitability than their peers in other AEs.

Among EMEs, the profitability of Indian banks remained muted, though recent quarters indicate improvement. The profitability of Chinese banks also came under pressure in 2018 from asset quality issues, ongoing deleveraging, decelerating loan growth and weak balance sheets of small and medium-sized banks. in 2019 so far, Chinese banks showed resilience as their profits bounced back. This was backed by reduction in provisioning and was led by large banks. Profitability of Russian banks improved despite high loan delinquencies, as non-performing loans (NPLs) were well provisioned for, and both net interest income, and fee and commission income also increased. Indonesian banks turned out to be among the most profitable among EMEs on the strength of high interest margins and robust credit growth. Banks in Mexico, South Africa and Brazil posted robust RoAs (Table-II.1).

Capital Adequacy

Capital positions have improved consistently across major AE banks on the back of implementation of Basel III norms, including additional capital buffers for systemically important entities. In countries such as Greece and Italy, however, the improvement in capital position was halted by elevated levels of non-performing loans.

Table-II.1: Return on Assets (per cent)

Advanced Economies										
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019:Q1**	**2019:Q2**
Australia	1.19	1.18	1.38	1.20	1.42	0.78	1.15	1.33	0.87	-
Canada	1.13	1.11	1.10	1.11	1.04	1.02	1.11	1.15	1.03	1.07
France	0.39	0.31	0.49	0.23	0.40	0.40	0.42	0.42	0.31	0.38
Greece	-9.52	-1.79	1.44	-0.97	-2.55	0.09	-0.17	-0.04	0.18	0.30
Germany	0.53	0.45	0.36	0.37	0.40	0.37	0.37	0.32	-	-
Italy	-0.87	-0.06	-0.77	-0.20	0.26	-0.53	0.61	0.46	-	0.30
Japan	0.33	0.27	0.39	0.40	0.37	0.34	0.33	0.30	0.09	-
Portugal	-0.38	-0.33	-0.76	-1.34	0.16	-0.59	0.31	0.66	0.98	0.84
Spain	0.09	-1.39	0.38	0.43	0.48	0.39	0.52	0.61	0.62	0.57
United Kingdom	0.29	0.17	0.22	0.33	0.28	0.25	0.49	0.50	-	-
United States	0.28	0.33	0.38	0.33	0.36	0.37	0.34	0.39	0.41	0.42
Emerging Economies										
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019:Q1**	**2019:Q2**
Brazil	1.73	1.41	1.38	1.35	1.49	1.12	1.47	1.58	1.66	1.73
China, P.R.: Mainland	1.28	1.28	1.27	1.23	1.10	0.98	0.92	0.90	1.02	1.00
India	0.89	0.95	0.74	0.67	0.45	0.37	0.33	-0.01	-0.18	0.43
Indonesia	2.89	3.10	3.05	2.74	2.25	2.12	2.41	2.51	2.56	2.50
Malaysia	1.51	1.58	1.49	1.49	1.24	1.35	1.44	1.42	1.35	1.51
Mexico	1.54	1.83	2.08	1.66	1.63	1.69	2.05	2.20	2.41	2.26
Philippines	1.60	1.81	1.88	1.57	1.38	1.35	1.34	1.32	1.40	1.49
Russian Federation	2.47	2.39	1.87	0.95	0.23	1.20	1.01	1.59	-	-
South Africa	1.54	1.52	1.45	1.43	1.51	1.71	1.70	1.68	1.64	1.60
Turkey	2.23	2.35	2.02	1.69	1.48	1.89	2.04	1.78	1.53	1.44

Note: 1. - Not available.
2. Data pertain to end-December. Data for Japan are for end-September.
3. Deep red depicts the lowest RoA whereas deep green reflects the highest RoA for a particular country during 2011-2019.

Source: Financial Soundness Indicators, IMF and Supervisory Returns (global operations), RBI.

Banks in major EMEs managed to build up capital buffers, with Indonesian banks maintaining the highest CRARs. Chinese banks strengthened their capital positions, particularly the small and medium sized ones. Although stressed assets remained elevated, the capital position of Russian banks improved during 2018 but were lower than in other major EMEs. CRARs of banks in India improved on the back of capital infusion in public sector banks by the Government and capital raising efforts by private sector banks (Table-II.2).

Asset Quality

NPLs eased in most of the peripheral economies of the Euro-zone as the process of deleveraging continued, mainly through institutional and government intervention. Impaired loan ratios of Greek banks remained the highest in Europe despite asset sales and write-offs. The search for yields in a low-interest rate and low growth environment is pushing banks across the Euro area to increase their holdings of government securities, although it could also be inducing some degree of adverse selection in loan books. NPA ratio in core Euro area economies, such as France and Germany, remained at a much lower level with declining trend.

Table-II.2: Capital to Risk-Weighted Assets Ratio (Per Cent)

	2011	2012	2013	2014	2015	2016	2017	2018	2019:Q1	2019:Q2
Advanced Economies										
Australia	11.6	11.9	11.6	12.2	13.8	13.6	14.5	14.8	14.7	-
Canada	15.9	16.2	14.3	14.2	14.2	14.8	14.8	15.2	15.2	15.2
France	12.3	14.5	15.4	16.3	17.1	17.8	18.9	18.7	18.9	19
Germany	16.4	17.9	19.2	18	18.3	18.8	19.4	18.9	18.7	18.8
Greece	10.3#	9.6	13.5	14.1	16.5	16.9	17	16	15.6	16.5
Italy	12.7	13.4	13.7	14.3	14.8	13.8	16.7	16.1	-	16.5
Japan	14.2	14.2	15.9	15.3	15.9	16.2	16.7	17	17.2	-
Portugal	9.8	12.6	13.3	12.3	13.3	12.3	15.1	15.2	16	16.1
Spain	12.1	11.6	13.3	13.7	14.7	14.8	15.6	15.6	15.4	15.6
United Kingdom	15.7	17.1	19.6	17.3	19.6	20.8	20.5	21.4	-	-
United States	14.7	14.5	14.4	14.4	14.1	14.2	14.5	14.8	14.9	14.9
Emerging Economies										
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019:Q1**	**2019:Q2**
Brazil	16.3	16.4	16.1	16.7	16.4	17.2	18.1	18	17.8	18
China, P.R.: Mainland	12.7	13.3	12.2	13.2	13.5	13.3	13.6	14.2	14.2	14.1
India	14.2	14.2	13.9	13	13	13.3	13.7	13.8	14.3	14.1
Indonesia	16.1	17.3	19.8	18.7	21.3	22.7	23	22.9	23.3	22.5
Malaysia	17.7	17.6	14.6	15.4	16.3	16.5	17.1	17.4	18	17.4
Mexico	15.7	15.9	15.6	15.8	15	14.9	15.6	15.9	16	15.7
Philippines	17.1	17.8	17	16.1	15.3	14.5	14.4	14.9	15.2	15.3
Russian Federation	14.7	13.7	13.5	12.5	12.7	13.1	12.1	12.2	-	-
South Africa	15.1	15.9	15.6	14.8	14.2	15.9	16.3	16.1	16.3	16.8
Turkey	16.6	17.9	15.3	16.3	15.6	15.6	16.8	17.3	16.4	17.7

Note: 1. - : Not available.
2. Data pertain to end-December. Data for Japan are for end-September.
3. # : Data pertain to end-September.
4. Data relating to India pertain to end-March and are based on Indian supervisory returns.
5. Deep red depicts the lowest CRAR whereas deep green reflects the highest CRAR for a particular country during 2011-2019.
Source: Financial Soundness Indicators, IMF and Supervisory Returns (domestic operations), RBI.

The asset quality of EME banks showed a mixed picture, improving in Brazil and India but deteriorating in Russia, South Africa and Turkey. In particular, NPL ratios of Russian banks worsened further due to fragile economic conditions and sanctions. Banks in South Africa and Turkey also experienced deterioration in asset quality as financial conditions weakened. Various sector specific issues continued to weigh on the asset quality of banks in India. However, progress in resolution of impaired assets and various measures to clean up balance sheets albeit slow, is imparting a stabilising influence (Table-II.3).

Table-II.3: Non-performing Loans Ratio (per cent)

	2011	2012	2013	2014	2015	2016	2017	2018	2019:Q1	2019:Q2
Advanced Economies										
Australia	2	1.7	1.4	1	0.9	1	0.9	0.9	1	-
Canada	0.8	0.7	0.6	0.5	0.5	0.6	0.4	-	-	-
France	4.3	4.3	4.5	4.2	4	3.6	3.1	2.7	2.7	2.6
Germany	3	2.9	2.7	2.3	2	1.7	1.5	1.2	-	-
Greece	14.4	23.3	31.9	33.8	36.6	36.3	45.6	42	42.2	40.3
Italy	11.7	13.7	16.5	18	18.1	17.1	14.4	8.4	-	8.1
Japan	2.4	2.4	2.1	1.7	1.5	1.4	1.2	1.1	1.1	-
Portugal	7.5	9.7	10.6	11.9	17.5	17.2	13.3	9.4	8.9	8.3
Spain	6	7.5	9.4	8.5	6.2	5.6	4.5	3.7	3.6	3.4
United Kingdom	4	3.6	3.1	1.7	1	0.9	0.7	1.1	-	-
United States	3.8	3.3	2.5	1.9	1.5	1.3	1.1	0.9	0.9	0.9
Emerging Economies										
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019:Q1**	**2019:Q2**
Brazil	3.5	3.4	2.9	2.9	3.3	3.9	3.6	3.1	3.1	3.1
China, P.R.: Mainland	1	1	1	1.2	1.7	1.7	1.7	1.8	1.8	1.8
India	2.7	3.4	4	4.3	5.9	9.2	10	9.5	8.9	9.2
Indonesia	2.1	1.8	1.7	2.1	2.4	2.9	2.6	2.3	2.4	2.4
Malaysia	2.7	2	1.8	1.6	1.6	1.6	1.5	1.5	1.5	1.6
Mexico	2.1	2.4	3.2	3	2.5	2.1	2.1	2.1	2	2.1
Philippines	2.6	2.2	2.4	2	1.9	1.7	1.6	1.7	2	2
Russian Federation	6.6	6	6	6.7	8.3	9.4	10	10.1	-	-
South Africa	4.7	4	3.6	3.2	3.1	2.9	2.8	3.7	3.8	3.7
Turkey	2.6	2.7	2.6	2.7	3	3.1	2.8	3.7	3.8	4.1

Note: 1. - Not available.
2. Data pertain to end-December. Data for Japan are for end-September.
3. Deep red depicts the highest NPL ratio whereas deep green reflects the lowest NPL ratio a particular country during 2011-2019.
Source: Financial Soundness Indicators, IMF and Supervisory Returns (global operations), RBI.

Leverage Ratio

Leverage ratio, defined as supervisory Tier 1 capital divided by total exposure, aims to counteract pro-cyclicality embedded in risk-based capital requirements. Basel III norms require a minimum leverage ratio of 3 per cent. Since 2010 a general improvement in the leverage ratio has occurred across both AEs and EMEs due to Basel III regulatory requirements. uptick in the leverage ratio of banks in countries such as Mexico and the Philippines reflected the implementation of the minimum leverage ratio (Table-II.4).

Table-II.4: Leverage Ratio (per cent)

Advanced Economies

	2011	2012	2013	2014	2015	2016	2017	2018	2019:Q1	2019:Q2
Australia	5.3	5.1	5.1	5.2	6	6.6	6.9	6.9	6.8	-
Canada	4.9	4.9	5	4.9	5.1	5.2	5.2	5.2	5.2	5.3
France	4.8	5.2	5.8	5.3	5.8	5.9	6.6	6.5	6.3	6.2
Germany	4.4	4.7	5.5	5.6	5.9	6	6.3	6.5	6.3	6.2
Greece	5.7#	5.8	7.5	8.1	10	10.7	12	10.7	10.5	11
Italy	5.4	5.4	5.4	5.9	6.2	5.5	6.6	6.3	-	6.5
Japan	-	-	5.6	5.5	5.6	5.5	5.4	5.5	5.4	-
Portugal	5.1	6.7	6.8	6.4	7.2	6.5	7.7	7	7.5	7.4
Spain	5.9	5.8	6.8	7.2	7.4	7.8	7.6	7.6	7.5	7.5
United Kingdom	5.1	5.5	6.3	5.6	6.8	7	6.8	6.8	-	-
United States	12.2	12	11.8	11.7	11.7	11.6	11.7	11.7	11.8	11.9

Emerging Economies

	2011	2012	2013	2014	2015	2016	2017	2018	2019:Q1	2019:Q2
Brazil	10.1	10.1	9.3	9	8.5	9.3	10	10.1	10.2	10.3
China, P.R.: Mainland	-	-	-	7.2	8.4	8.1	8.6	9.1	9	8.9
India	6.7	7	6.9	7.1	7.2	7.2	7.4	7.5	7.5	-
Indonesia	11	12.2	12.5	12.8	13.6	14.4	15.2	15.1	15.5	15.2
Malaysia	8.9	9.4	9.6	10	10.5	11	11.2	11.2	11.4	11.6
Mexico	9.9	10.6	10.4	10.8	10.4	9.9	10.4	10.7	11.1	10.7
Philippines	11.1	11.7	9.7	9.9	10	9.7	10	10.7	11	11.1
Russian Federation	11.8	11.8	11.5	8.5	8.9	10.4	10.5	10	-	-
South Africa	7.2	7.8	7.9	7.6	7	8.2	8.8	8.4	8.3	8.4
Turkey	11.7	12.1	10.9	11.6	11	10.7	10.7	10.8	10.4	11.3

Note: 1. - : Not available.
2. Data pertain to end-December. Data for Japan are for end-September.
3. # : Data pertain to end-September.
4. Deep red depicts the lowest leverage ratio whereas deep green reflects the highest leverage ratio for a particular country during 2011-2019.

Source: Financial Soundness Indicators, IMF.

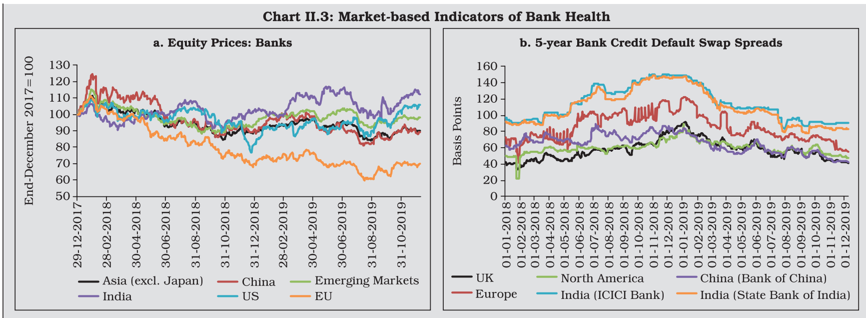
[4] International Monetary Fund (2019), 'Global Financial Stability Report', October.

Financial Market Indicators

Stock indices relating to US banks declined by around 18.3 per cent during 2018 followed by robust recovery of 29.4 per cent in 2019 (up to December 9). The volatility in US bank stock prices partly reflects ebbs and flows attributed to trade tensions and temporary truces and uncertainty about the global economic outlook[4]. In the Eurozone, negative interest rates, subdued economic growth outlook, various structural issues and political uncertainty weighed on bank stock indices, which lost about 30 per cent of their levels since the end of 2017. Returns on bank stocks in EMEs were held down by poor performance. Sell-offs by portfolio investors also pulled down prices (Chart II.3a).

4 International Monetary Fund (2019), 'Global Financial Stability Report', October.

Chart-II.3a: Market-based Indicators of Bank Health



Source: Thomson Reuters.

Credit default swap (CDS) spreads indicate the perceived solvency of banks and their ability to refinance. Banks with lower and more stable CDS spreads pay lower risk premia which in turn enables cheaper and easier financing terms for their customers. CDS spread of banks has ebbed after increasing in H2:2018. The lowest CDS spreads were reported by banks located in the UK and North America. In recent months, CDS spreads of Bank of China closely tracked those of UK and North American banks. Euro zone bank spreads remained higher than those in the US and the UK due to lower sovereign credit rating and poorer loan quality. The sensitivity of CDS spreads to political uncertainty in Euro area has remained high due to the sovereign-financial sector nexus in many of the peripheral economies (Chart II.3b).

World's Largest Banks[5]

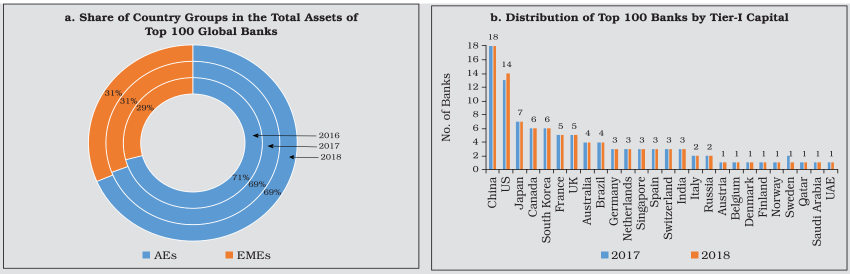
The number of banks in the top 100 category, ranked by Tier-I capital, remained the same across 2017 and 2018 in the AEs and EMEs (Chart II.4a). An increase in the share of assets held by banks in EMEs in 2018 was driven by China, which had 18 banks in the top 100 list. The US increased its share in the top 100 banks at the cost of Sweden (Chart II.4b). However, the total assets of the top 100 banks witnessed a marginal decline in 2018 across AEs and EMEs from a year ago. One bank each in Germany, UK, Japan and Brazil recorded declines in assets of more than 10 per cent.

The median RoA of the top 100 banks declined in 2018 due to a fall in both net interest income and net non-interest income. Provisioning requirements declined, however, on a marginal improvement in asset quality (Chart II.5a and b).

The capital positions of the top 100 banks remained strong, with 48 banks recording CRARs of more than 16 per cent in 2018. At the other end of the spectrum, banks with CRARs less than 12 per cent declined. Another area of improvement was the leverage ratio, with only three banks – one each in France, Germany and Japan – going below 4 per cent but remaining above 3 per cent as prescribed under Basel III regulations (Chart II.6a and b).

5 Data are drawn from the Banker Database of the Financial Times.

Chart-II.4: Distribution of Top 100 Banks by Tier-I Capital



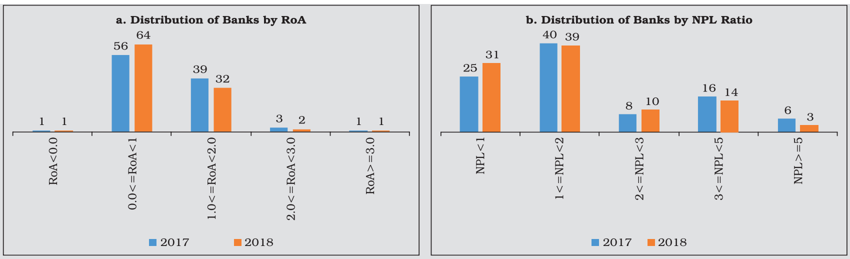
Source: The Banker Database – Financial Times.

Global Banking Policy Developments

The implementation of global regulatory reforms after the GFC has led to an increase in banks' capital and liquidity buffers. Their efforts to reduce bad loans and strengthen balance sheets have, however, been hindered in the environment of low growth and low interest rates.

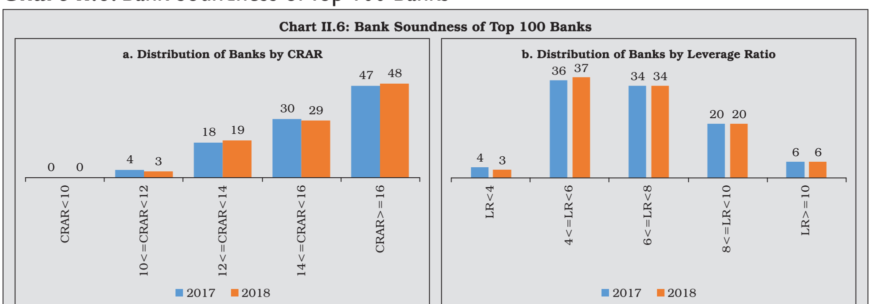
Post-GFC global financial sector reforms initiatives consist of four key elements: (i) making financial institutions more resilient; (ii) ending the too-big-to-fail (TBTF) phenomenon; (iii) making derivatives markets safer; and (iv) promoting resilient non-bank financial intermediation. The reforms are at various stages of implementation. The Financial Stability Board (FSB) evaluates their effectiveness, and simultaneously develops new policies to address emerging risks to financial stability. Work is also underway to strengthen governance standards to reduce misconduct risks and to assess and address the decline in correspondent banking.

Chart-II.5: Profitability and Asset Quality of Top 100 Banks



Note: The number of banks may not add up to 100 due to some missing values.
Source: The Banker Database – Financial Times.

Chart-II.6: Bank Soundness of Top 100 Banks



Note: Number of banks may not add up to 100 due to some missing values.
Source: The Banker Database – Financial Times.

Building Resilient Financial Institutions

II.23 Most FSB members have adopted the core elements of the Basel III risk-based capital rules and the leverage ratio. Significant progress has been made in the implementation of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR)[6]. However, the latest progress report of the Basel Committee on Banking Supervision (BCBS)[7] points out three areas where adoption of Basel standards is lagging across jurisdictions, viz., i) securitisation framework; ii) capital requirements for equity investments in funds; and iii) margin requirements for non-centrally cleared derivatives (NCCDs)[8].

Too-Big-To-Fail

Implementation of the policy framework for too-big-to-fail banks has advanced the most for global systemically important banks (G-SIBs). However, substantial work remains to be done for achieving effective resolution regimes and operationalising plans for systemically important banks and non-bank financial institutions. Almost all G-SIB home and key host jurisdictions have in place comprehensive bank resolution regimes that align with the FSB's Key Attributes of Effective Resolution Regimes for Financial Institutions. However, implementation of resolution powers and of resolution planning requirements is still incomplete in several jurisdictions. External total loss-absorbing capacity (TLAC) requirements have now been finalised in all the AE G-SIB home jurisdictions (six more since 2018). However, implementation of internal TLAC is less advanced and only a few jurisdictions have introduced the BCBS requirements on TLAC cross-holdings or disclosures.

Making Derivatives Markets Safer

Significant progress has been made in the over-the-counter (OTC) derivatives market reforms. Comprehensive trade reporting requirements have been implemented in 23 jurisdictions (one more since 2018), although internationally, trade reporting remains less than truly effective. Implementation of frameworks for central clearing (18 jurisdictions), platform trading (13 jurisdictions) and margin requirements for non-centrally cleared derivatives (16 jurisdictions) are still underway. India has implemented trade reporting and interim capital requirements, while it has shown positive changes in margin requirements and platform trading in respect of OTC derivatives. Currently, India is fully compliant with the G-20 commitment on trade reporting requirements. All OTC derivative trades – both inter-bank and client trades relating to interest rate, forex and credit (Rupee Interest Rate Swap (IRS) / Forward Rate Agreement (FRA), Forex forwards, Forex options, CDS etc.) – are reported to the Reserve Bank's approved trade repository, i.e., the Clearing Corporation of India Ltd. (CCIL). India has also mandated the use of Legal Entity Identifier (LEI) for all non-individual OTC derivative trades in interest rate, forex and credit markets.

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6 Final guidelines on the NSFR for banks in India were published in May 2018 and the banks have to implement it from April 1, 2020.

7 Basel Committee on Banking Supervision (2018), 'Fifteenth progress report on adoption of the Basel regulatory framework', October 26, available at https://www.bis.org/bcbs/publ/d452.htm.

8 The adoption of securitisation framework is yet to commence in India, while the implementation of margin requirement for NCCDs is in progress.

Promoting Resilient Non-bank Financial Intermediation

Non-bank financial intermediation provides a valuable alternative to bank financing in greasing the wheels of real economic activity. However, maturity/liquidity transformations inherent in such intermediation inevitably involve leveraging, and liquidity mismatches which can become a source of systemic risk. Interconnectedness vis a vis the banking system is an additional source of risk. Globally, the total financial assets of the monitoring universe of non-bank financial intermediation (MUNFI) grew by 7.0 per cent to US$184.3 trillion in 2017[9]. The assets of other financial intermediaries (OFIs) grew by 7.6 per cent to $116.6 trillion. Structured finance vehicles (SFVs) expanded their balance sheets for the first time since the GFC.

The implementation of FSB policy reforms for non-bank financial intermediaries are at an early stage[10]. Out of 24 member jurisdictions, nine have not implemented measures for valuation, liquidity management and stable net asset value (NAV) for Money Market Funds (MMFs); similarly, 9 out of 24 jurisdictions have also not implemented measures for securitisation framework. India, on the other hand, has both the implementation measures in place.

Climate-related Financial Disclosures

The FSB published the second status report on adoption of the recommendations of the Task Force for Climate-related Financial Disclosures on June 5, 2019. The report observed that disclosure of climate-related financial information has increased since 2016, but is still insufficient for investors, especially on the financial impact of climate-related issues on companies.

In this regard, green finance offers new opportunities for diversification of financial assets and enhances the ability of the financial system to mobilise private capital for a more sustainable low-carbon economy (Box II.1).

Box II.1: Opportunities and Challenges of Green Finance

The impact of climate change on the financial system manifests through various risks, inter alia, loss or damage to tangible assets arising from frequent natural disasters and financial stability implications emanating from volatility in food prices due to erratic weather trends, elevated credit spreads and greater precautionary saving. Enormous amounts of investments are required to combat climate change and bring about a transformation towards sustainable and low carbon development. As public funding alone cannot finance the necessary transformation required to address climate change, green finance is required to be harnessed for financing environment-friendly sustainable development.

9 Financial Stability Board (2019), 'Global Monitoring Report on Non-Bank Financial Intermediation 2018', February 4, available at https://www.fsb.org/2019/02/global-monitoring-report-on-non-bank-financial-intermediation-2018/.

10 Financial Stability Board (2018), 'Implementation and Effects of the G20 Financial Regulatory Reforms: Fourth Annual Report', November 28, available at https://www.fsb.org/2018/11/implementation-and-effects-of-the-g20-financial-regulatory-reforms-fourth-annual-report/.

The green finance ecosystem seeks to raise financial flows from banking, micro-credit and insurance sectors as well as from public, private and not-for-profit sectors.

Central banks can use several policy tools for climate change mitigation including disclosure requirements relating to all climate-related financial risks, green macro-prudential regulation such as higher risk-weights for carbon-intensive sectors; differentiated capital and reserve requirements for banks with higher green lending; and green credit policy instruments in the form of subsidized loan rates for priority sectors (UN Environment, 2017).

European Central Bank has formally identified climate-related risk as one of the key risks facing the banking sector. It computes the impact of climate-related changes on banks' capital positions, and, ultimately, on the supply of funds to the economy. People's Bank of China considers environmental factors in its monetary policy framework and financial stability assessments. The Central Bank of Brazil requires banks to factor in environmental risks while computing capital requirements. Similarly, upon ascertaining the energy saving potential of the financed project, the Central Bank of Lebanon gives exemption to commercial banks in the form of lower required reserves for financing such projects.

Green bonds, carbon market instruments, and FinTech-based green funds are now at the forefront of climate change financing. The market for green bonds has issuers from more than 50 countries, including multilateral institutions like the World Bank. During 2007-2018, cumulative issuances of green bonds worldwide has been US$ 521 billion, with India ranking second among EMEs in these issuances (Climate Bonds Initiative, 2019). Green loans are another vibrant instrument, with issuances amounting to US$ 60 billion in 2018, with an average maturity of over 15 years. Over 75 per cent of outstanding green loans were directed to renewable energy and power generation companies (Institute of International Finance, 2019).

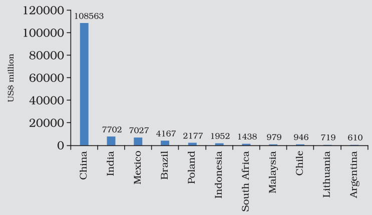
Supranational institutions have been increasingly contributing to these efforts, with the International Monetary Fund (IMF) already incorporating the same into its multilateral and bilateral surveillance. In September 2019, the Bank for International Settlements (BIS) launched an open-ended US dollar denominated fund for central bank investments in green bonds aimed at management of their forex reserves and to support the deepening of the green-bond market.

Notwithstanding its advantages, literature provides no irrefutable evidence that sustainable funds out-or-underperform conventional funds. There is also little evidence that costs of issuance of green bonds are lower than those of conventional bonds (IMF, 2019). Studies suggest that developing universally accepted standard and definition will improve the pricing of green bonds and foster the development of green bond markets (World Bank, 2018).

In the Indian context, preliminary estimates conducted for Paris Agreement suggest that at least US$ 2.5 trillion (at 2014-15 prices) will be required for meeting its climate change actions between 2015 and 2030 (Government of India, 2015). India's ambition of generating 175 gigawatts of renewable energy by 2022 also entails massive funding.

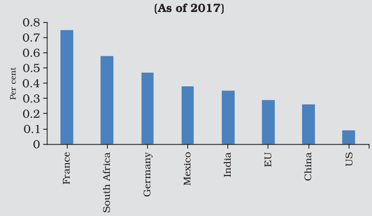
As early as 2007, the Reserve Bank emphasised the need for non-financial reporting and urged financial institutions to adhere to sustainable development practices. Banks in India have been sensitized to the various international initiatives including the Equator principles[11]. In 2015, the Reserve Bank included lending to social infrastructure and small renewable energy projects within priority sector lending targets, thereby giving a further fillip to green financing. India figures prominently vis-à-vis its EME peers in green bonds issuances (Chart 1).

Chart 1: Emerging Market Green Bond Issuance, 2012-18



Source: Emerging Market Green Bonds Report, 2018, International Finance Corporation.

Chart 2: Green Bonds' Share in Overall Debt (As of 2017)



Source: Climate Transparency Group, G20 Brown to Green Report, 2017

As a proportion to the total bond market too, Indian issuances of green bonds compare favourably with its peers (Chart 2). With the green bond issuances gaining momentum – totalling about US$ 7.7 billion during 2012-2018 – SEBI set out disclosure requirements for the issuance and listing of green debt securities in India in May 2017.

Notwithstanding this progress, the development of green finance faces many challenges, such as "greenwashing" or false claims of environmental compliance, plurality of green loan definitions, and maturity mismatches between long-term green investment and relatively short-term interests of investors. Policy action is needed to establish an enabling framework that promotes the green finance eco-system in India by fostering awareness through coordinated efforts. Deepening of corporate bond market, standardisation of green investment terminology, consistent corporate reporting, and removing information asymmetry between investors and recipients can make a significant contribution in addressing some of the shortcomings of the green finance market.

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11 The Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.They are based on the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability.

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World Bank (2018), 'The Price of Greenness: Some Evidence from Green Bond Markets', September 27.

Misconduct Risks

II.30 In November 2018, the FSB introduced a toolkit of measures which supervisors and firms can use to strengthen the governance frameworks of financial institutions by increasing the accountability of senior management for misconduct within their firms. The recommendations identify a core set of data for the effective supervision of compensation practices. The toolkit complements other elements of the FSB's Misconduct Action Plan, including compensation recommendations that align risk and reward better, as part of broader measures to restore public trust in the financial system.

Correspondent Banking and Remittances

Recent years have witnessed a decline in correspondent banking[12] due to de-risking, a development impinging on the access to the international financial system. As the reduction in correspondent banking relationships has a significant impact on the ability of the remittance service providers (RSPs) to access banking services, this in turn may drive some payment flows underground. In 2018, the number of correspondent banking relationships and active corridors[13] declined further by 3.5 per cent and 2.0 per cent, respectively[14], after having declined by about 20 per cent and 10 per cent, respectively, during 2012-2018. For EMEs in which remittance flows are a key source of funds for households, this could have potentially adverse consequences on growth, financial inclusion and international trade. In March 2018, the FSB recommended a set of measures to address problems faced by RSPs in obtaining access to banking services and identified a variety of intertwined drivers underlying the termination of banking services to RSPs, including low profitability, the perceived high risk of the remittance sector from the point of view of anti-money laundering / combatting the financing of terrorism (AML/CFT), supervision of RSPs and compliance with international standards.

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12 FSB defines correspondent banking as the provision of banking services by one bank (the "correspondent bank") to another bank (the "respondent bank").

13 Defined as country pairs that processed at least one transaction.

13 Bank for International Settlements, 'New correspondent banking data - the decline continues', accessible at https://www.bis.org/cpmi/paysysinfo/corr_bank_data/corr_bank_data_commentary_1905.htm.

Summing up

Hand in hand with the growth slowdown that began in 2018, credit growth, being procyclical, has slowed down across major economies, which, in turn, has adversely affected bank profitability. Despite distinct improvement in asset quality, structural weaknesses remain in the banking systems in various economies across the world, although capital position has been strengthened. Banks are facing increasing competition from non-traditional players, such as FinTech and BigTech firms, which are taking advantage of digital innovation. They too pose a challenge to banking regulators in achieving a balance between promoting innovation and applying a uniform supervisory and regulatory framework. Globally, policy makers have been fortifying the regulatory framework and implementing internationally accepted norms for banks. These policies may not show immediate results, but they should pay back in the medium to long run by enhancing the soundness and resilience of the global banking system.

IPE Journal of Management

ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 27-39

Glimpses of Sustainable Tourism in India: Cases and Discussions

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Abstract

Sustainable tourism or sustainable development through tourism or tourism development in terms of sustainable tourism is becoming increasingly relevant among contemporary scholars from different countries. The relevance of sustainable tourism has evolved from eco-tourism to community tourism and from community tourism to sensible tourism involving 'waste management' , 'energy management' etc. In the present paper, attempt has been made to review the concepts and practices of contemporary sustainable tourism, those have evolved over the periods of time. The three major early sustainable tourism initiatives in the states of India, those are considered as 'Early bird states' have also been briefly discussed in the paper. Finally, a short survey based empirical study has been conducted to do a comparative study based on the opinions related to 'sustainable tourism in India', where some Indian tourists and 'non-Indian/foreign tourists', those have travelled to India in recent years have been involved.

Keywords: Early Bird States, Empirical Study, Sustainable Tourism

Introduction

Sustainable tourism or sustainable development through tourism or tourism development in terms of sustainable tourism is becoming increasingly relevant among contemporary scholars from different countries. The concept of sustainable tourism refers to the wider conception of sustainable development, which stresses the need of rational management of natural environment resources (Butowski, 2012). The first in the global scale sign of the necessity of change in the general conception of economic development was the report of the Secretary General of the United Nations – U Thant titled 'Man and His Environment'', published in 1969. Significant was also the 1st Report of the Club of Rome titled 'Limits to Growth', published by in 1972. The problems of the threat to the natural environment were the main subject of discussion during the UN conference in Stockholm (so called Stockholm Conference), organized in the same year. At that time, the term 'sustainable development' was introduced. The next milestone in the worldwide discussion on sustainable development was the publication of the

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report entitled 'Our common future', which contained a summary of the activity of the World Commission on Environment and Development, the so called Bruntland Commission. This document adopted the fundamental, still valid, assumption that sustainable development 'seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future'. In 1992 in Rio de Janerio the United Nations Conference on Environment and Development, the so called 'Earth Summit' took place. During the conference two documents, significant from the point of view of the sustainable development conception were adopted. These were the so called Rio Declaration, containing 27 principles defining rights and duties of nations in the field of sustainable development, and AGENDA 21, the global action plan referring to the actions necessary in order to achieve sustainable development and high life quality (Paul et. al., 2015 and Aminu et al., 2013).

Conceptions of tourism development referring to the principles of sustainable development began to appear in the international literature on a larger scale in the mid 1980s. It should however be noted that as early as 1965 W. Hetzer formulated the definition of the so called 'responsible tourism'. Which in fact was very close to these principles (Blamery, 2001), as cited in Kowalczyk (2017). It seems, though, that the moment which began the discussion on new ways of developing tourism was when the conception of the so called 'alternative tourism' arose. J. Krippendorfer, who published in the 'Annals of Tourism Research', in 1986 the article entitled 'Tourism in the system of industrial society', is considered the author of its definition. As the name itself suggests, it arose in opposition to the so called mass tourism, viewed by the proponents of this conception as the so called 'bad option'. Alternative tourism, often identified with small-scale tourism and treated as the 'good option', was meant to oppose the 'bad option' (Clarke, 1997; Weaver, 2001).

In the same period various conceptions connected with the so-called eco-tourism began to appear in the international literature. H. Ceballos-Lescurain (1987) is considered the author of its first definition. At the same time scholars began to introduce terms similar to 'eco-tourism' or 'alternate tourism' such as 'green tourism', soft tourism, environment friendly sensible tourism, discreet tourism, ethno-tourism etc. (Boo, 1990; Cater, 1994; Krippendorf et al., 1998; Niezgoda, 2006). It should be noted that the authors of these definitions stressed first of all the (desired) way of cultivating tourism, types of values (mainly natural) and the (small) scale of the phenomenon. They often used the evaluating approach with juxtaposed the 'new' forms of tourism with these 'old', often identified with mass tourism.

A broad overview of diverse definitions of sustainable tourism was included in R.W. Butler's research entitled 'Sustainable tourism: a state of the art review' (1999). The researcher was skeptical towards views that sustainable tourism constitutes a panaceum for contemporary tourism's problems, presents his own view on this essence. He claims that sustainable tourism can be seen in two ways (Butler, 2005). Firstly, from the semantic dictionary side, taking into consideration its feature of sustainability as a warranty of long-term survival on the market. According to John and Crompton (1998), such an approach seems to be closer to the representatives of the economic party, who stress the problem of self-maintenance of tourism development. The second way of understanding sustainable tourism by Butler is much closer to the conception of sustainable development. It suggests treating sustainable tourism as a tool for the development of reception areas without breaking the principles of sustainable development. As one many guess, this attitude is closer to the representatives of the natural sciences and the humanities. Butler's views on ambiguity in understanding the term sustainable tourism are supported by A. Niezgoda (2006), who claims that conception of sustainable tourism occurred as a result of research on interrelations between tourism, environment and development. According to this author sustainable tourism is treated by scholars as a tool for realization of sustainable development or a tool for the development of tourism itself.

Bryan H. Farell and Louise 'Twinning-Ward' (2003) has presented a different scientific basic of the sustainable tourism conception (or sustainable development through tourism). According to them, a total change has been noticed in the methodological approach towards the studies of tourism, which also includes sustainable tourism. These authors have been found to be critical of the traditional narrow approach of the research on tourism in traditional forms. According to them, such an approach cannot guarantee satisfactory results due to complexity and unpredictability of behavior of tourist systems, those influence tourism as a whole. Instead they have proposed a new paradigm that is based on the interdisciplinary approach encompassing relatively new fields, such as ecosystem ecology, ecological economics, global change science and complexity theory. Apart from the broad and varied in views discussion on the essence of sustainable tourism present in numerous scientific publications, also institutional documents devoted to sustainable tourism that are of declarative, explanatory or quasi-normative character are winning wide renown (Table-1). Among numerous publications of this type, it should be noted that the Charter for Sustainable Tourism (adopted in 1995), whose signatories agreed that development under the influence of tourism should refer to the principles of sustainable tourism, where the long term needs of the natural environment are considered. The same document also claims that tourism should contribute to sustainable tourism through strict integration with the natural and anthropogenic environment on reception areas. Also in 1995, World Travel and Tourism Council, United Nations World Tourism organization and Earth Council adopted the document titled ' Agenda 21 for the Travel and Tourism industry: Towards Environmentally Sustainable Development'. This document defines the priorities of environmentally sustainable development. This document defines the priorities of sustainable tourism. In 1999, the United Nations World Tourism organization published the Global Code of Ethics for Tourism, which took into consideration the postulates of sustainable tourism. In 2004, the same organization defined the principles of sustainable tourism as those which refer to all forms of tourism (mass tourism included). At the same time, it was highlighted that in order to ensure a long-term balance the principles of sustainable development in tourism must concern environmental, economic and socio-cultural issues to the same degree. In 2008, during the World Conservation Congress, which took place in Barcelona, the document containing Sustainable Tourism Criteria was adopted. Finally, in 2017, the same organization has drafted the modified criteria and attempted to align the same with the work of the UN 10 Year Framework of programmes on sustainable Tourism.

Table-1: Selected Documents Concerning Sustainable Tourism

Document	Publishing Subject	Year	Place of Publication
Character for sustainable tourism	World Conference on Sustainable Tourism	1995	Lazaretto, Canary Islands, Spain
Agenda 21 for the Travel and Tourism Industry: Towards Environmentally Sustainable Development	WTTC, UNWTO, Earth Council	1995-1996	Madrid, Spain
Berlin Declaration	International Conference of Environment Ministers on Biodiversity and Tourism	1997	Berlin, Germany
Global Codes of Ethics for Tourism	UNWTO	1999	Santiago, Chile
The encyclopedia of ecotourism	Weaver D.B (ed.) CABI publishing	2001	Oxon (UK)-New York (USA)
Sustainable development of tourism. Conceptual definitions	UNWTO	2004	Madrid, Spain
Global Sustainable Tourism Criteria	World Conservation Congress (Rainforest Alliance, UNEP, UNWTO)	2008	Barcelona, Spain
Global Sustainable Tourism Criteria	World Conservation Congress (Rainforest Alliance, UNEP, UNWTO)	2017	Barcelona, Spain

Liberalization, privatization and globalization has fuelled the creation of a rapidly changing and highly competitive environment worldwide. Nations, industries and firms are strategically working to develop sustainable competitive advantage across sectors. Most of the developing economies are in rapid transit towards becoming 'service economies' and therefore, the relative competitiveness of the service sector is emerging as a crucial factor as it influences the overall competitiveness of a country. Playing a significant role, here is the tourism industry, the largest and fastest growing industry in the world, employing over 319 million people and generating $ 8.8 trillion revenue in 2018 (wttc.org, 2018). As noted by the World Tourism Organization (2018), sustainable tourism principles refer to the environmental, economic and socio-cultural aspects of tourism development. A suitable balance must be established between three dimensions to guarantee its long term sustainability. It's importance lies in the objective which is to conserve resources and increase and preserve local cultures and traditions. In simple terms, sustainable tourism is responsible tourism intended to generate employment and income, thereby reducing any deeper impact on the environment and local culture. The principles of sustainable tourism lay special emphasis on the participation of local communities at tourism destinations. Here the active involvement of local people should reap direct benefits from tourism development as reflected by the expansion of local business opportunities. Training and programmes also play an important support role here as they help to improve cultural heritage and the management of natural resources.

Present Research Framework

As discussed, sustainable tourism has remained a highly discussed and researched area not only in Indian context, but internationally. The present study has attempted to highlight some of the important observations on the matter and has briefly discussed three successful sustainable tourism initiatives of India. The present research has also incorporated a minor survey to capture the response patterns of both the Indian and non-Indian/foreign nationals, those who have visited India during recent past. An attempt has also been made to compare the opinions received from both the group. In that sense a mixed method approach has been adopted in the present research.

Sustainable Tourism in India – An Overview

According to the world bank report published in 2016, India has emerged as one of the fastest growing locations for tourism due to rapidly improved access to distant locations, larger disposable income and rising lifestyle aspirations of the domestic population and the number of international tourists, which has grown by about 33% during 2010-2016 in India (World Bank, 2016). It is the largest service industry in the country that contributes to roughly 7.6 % of GDP and 9.9 % of all the jobs (Ishtiaque, 2018) demonstrating the need for providing not only luxurious, safe and authentic experiences to tourists but also protecting the social, cultural and environmental integrity of destinations. In August 2014, rising to the opportunities of Sustainable Tourism, Government of India launched the Comprehensive Sustainable Tourism Criteria for India (STCI) for accommodation, tour operators and beaches, backwaters, lakes & rivers sectors. Though the implementation of STCI was made voluntary and incentive-based, the government's intent and future policy direction was declared to be guided by resource conservation and growth of a more just and fair social order. In line with the goals of Sustainable Tourism, there are some 'early bird States' took the leap and also received numerous accolades for their efforts. Through innovative means and political will, they have not only invigorated local cultures and fragile ecosystems, but also boosted local incomes through alternate livelihood generation. Three main states were the 'early bird states' in this direction. These are Kerala, Himachal Pradesh and Sikkim. In the present article, attempt will be made to discuss these three 'early bird states' cases.

'Early Bird States' of Sustainable Tourism-Cases

Sustainable Tourism in Kerala

Kerala is the first state in India that has been conferred upon the top United Nations Award, UNWTO Ulysses Award for Innovation in Public Policy and Governance, the highest honor given to government bodies for shaping global leadership and creating innovative initiatives for sustainable tourism. Located in the southwestern coast of the country, bordered by the Arabian Sea on the west and Western Ghats on the east, Kerala is famous for its beautiful backwaters, pristine beaches, lush tea gardens, cultural extravaganza and traditional healing practices. The path-breaking 'Responsible Tourism' (RT) project in Kumarakom has successfully linked the local community with the hospitality industry and government departments, thereby creating a model for empowerment and development of the people in the area while sustaining eco-friendly tourism. This was achieved through a three-pronged strategy encompassing: economic sustainability, Social responsibility and Environmental responsibility.

Under economic sustainability, activities were designed in such a way that all stakeholders got an equitable share in the economic benefits of tourism. In order to revive agriculture in the region, the Kumarakom Panchayat (local self-government) established a link between local farmers and hotels for the uninterrupted supply of vegetables. Despite the agreement, hotels and resorts refused to buy local produce expressing concerns in price, quality and regularity of supply. This necessitated the establishment of an 'Responsible Tourism Cell' (RT Cell) to enable continuous dialogue between concerned parties. Eventually, after prolonged efforts the stakeholders were convinced about the importance of the RT initiative and supply-chain mechanisms were strengthened to alleviate their looming concerns. Under social sustainability, a detailed study was conducted to identify the local art and culture of the area; women and children were involved to form cultural groups and perform in hotels and resorts with the support of the Responsible Tourism Cell (RT Cell). An innovative package was also developed under the same initiative called the Village Life Experiences (VLI) Packages - a day with farmers, a day with fishermen and beyond the backwaters - to showcase rural life and sustain traditional occupations. As per the data received from Kerala Tourism Development Corporation (KTDC), almost 39 lakhs domestic and international tourists have availed Village Life Experiences (VLI) Packages since 2010-2018. Under environmental sustainability, The RT Cell collaborated with the local Gram Panchayat in organizing and training for the program called 'Zero Waste Kumarakom' and a subsequent one on vermicomposting for proper waste disposal and treatment in the area. Additionally, mangrove regeneration programs were organized in which seeds were distributed to resort owners to plant in backwaters and local clubs, students, activists were roped in to create awareness. The Kumarakom Initiative won the National Award for Best Rural Tourism Project and also the PATA Grand Award for Environment. In order to ensure the sustainable growth of tourism in the state, Kerala adopted a "high value, low volume" perspective (Banerjee, 2013); a tourism management strategy that aids in controlling the overall impacts of tourism while ensuring that the industry remains one of the top economic performers for the region (Cornelissen, S. ,2017). Through this policy, Kerala limited the quantity of tourists entering the state while monitoring the quality of tourists to ensure that they are culturally sensitive, environmentally friendly and economically viable. Taking lessons from the success of other destinations around the World that have minimized the negative impacts of tourism while maximizing the profits, Kerala required all potential tourists to go through registered tour agencies that follow the sustainability requirements and have an annual set quota barring independent travelers from visiting the state without prior approval. While limiting the number of tourists might not be a viable or even advisable option for all destinations, this approach strives for a balance and can serve as a good starting point for certain places (Nair and Rao, 2017).

The Homestay Scheme: Himachal Tourism

The Indian State of Himachal Pradesh is nestled in the Western Himalayas amidst a majestic, almost mythic terrain famous for its beauty and serenity. Forests cover two-thirds of the geographic area of the state and are crucial for the economic, social and environmental well-being of the region; they are a storehouse of rich biodiversity and a primary source of livelihood for the rural communities. Owing to the fragile Himalayan eco-system, unplanned or lack of infrastructure has always been a valid concern. As accommodation is an important tourism component, the government of Himachal Pradesh came up with a novel scheme that not only promises authentic experiences to tourists but also ensures that host communities reap maximum benefits. The 'Home Stay' Scheme, which was launched in 2008, sought to draw tourists away from posh and crowded urban areas to the rural hinterland replete with natural surroundings, by providing them clean, comfortable and budget-friendly accommodation and food. The scheme helped divert the tourist traffic to new untapped places while also ensuring an alternate source of income generation for rural folks. The Himachal Pradesh government provided several incentives to promote this scheme such as exempting home stay units from luxury and sales tax and charging domestic rates of electricity and water. The Department of Tourism lists the registered Home Stay houses on its website, free of charge. It also includes them in the online Reservation system, on payment of commission, as fixed by the department from time to time, which automatically generates clientele for the stakeholders. With a focus on rural tourism to generate income and promote alternate tourist destinations showcasing the unique heritage and culture of the hills, the Himachal Pradesh government came up with another scheme called 'Har Gaon ki Kahaani' (the story of every village). The villagers were asked to come up with fascinating tales, folklores and anecdotes related to their villages to lure tourists. Selected stories were compiled into a book and spread across various marketing channels; the funds thus raised were used to improve rural infrastructural facilities of the state. The unconventional schemes received overwhelming response from local communities and international tourists. In the course of three years there were a total of 891 rooms and 332 units registered under the Home Stay Scheme. It also received 25 awards including the National Level Award for Rural Tourism Promotion. Hence, anticipated growth in this sector warrants a comprehensive Sustainable Tourism strategy that builds the capacity of the rural poor and enables them to act as owners and decision makers in tourism based on their natural and cultural heritage (Sharma, 2013).

Community Based Tourism Development in Sikkim

The eastern Himalayan state Sikkim provides suitable backdrop for the promotion of rural and community based tourism with its predominantly rural setting (75.3 per cent rural population, Census of India 2011) and beautiful natural scopes. The physical features of the state include rugged mountains, deep valleys and dense forests consort with raging rivers, lake and waterfalls. The state has the steepest rise in altitude over the shortest distance and has within its 7,096 sq. kms the entire climatic range, from tropical to temperate to alpine. Sikkim covers 0.2 per cent of the geographical area of the country and has tremendous biodiversity and has been identified as one of the hot spot in the Eastern Himalayas. Sikkim falls under Himalayan (2) Bio-geographic zone and Central Himalaya (2c) biotic province (Champion and Seth, 1968).

The cultural diversity of the state comes from its three major tribes of Lepcha, Bhutia and Nepalese. The Lepchas were the original inhabitants of Sikkim. The Lepchas are predominantly the Buddhists but many of them are also Christians. But before adopting Buddhism or Christianity as their religion, the earliest Lepcha settlers believed in the bone faith. The Bhutias originally belong to the Tibet. These people migrated to Sikkim after the 15^{th} century and settled in North Sikkim. The Nepalese migrated in large numbers in Sikkim from Nepal. They introduced the terraced system of cultivation. Today, the Nepalese constitute more than 80 per cent of the total population of Sikkim. Nepalese are sub divided into Limboo, Tamang, Chettri, Rai, Gurung, Newars, Sherpa and Bhawan. They are Hindus except the Tamangs, Gurungs and Sherpas, who are Buddhists. Tourism plays a significant role in the economy of Sikkim and it is Sikkim's one of the largest revenue generating sector after agriculture, mining and forest (Information and Public Relations Department, Govt. of Sikkim). he natural strength of Sikkim has been aptly supported by the government policies and Sikkim is the first state to have a policy on ecotourism and it‟s strictly enforced. The concepts of rural tourism, ecotourism, adventure tourism and homestays have become popular here. There are number of villages in Sikkim where community based tourism and rural tourism is being promoted. Ministry of Tourism, Government of India is promoting 11 villages under Rural Tourism project in Lachen in north; Chumbung, Tingchim, Maniram Bhanjgyang, Rong, Srijunga Martam and Darap in west; Pastenga, Pendam Gadi Budang and Tumin in East and Jaubari in South Sikkim. The UNESCO project for the development of Cultural Tourism and Ecotourism in the Mountainous Regions of Central and South Asia is sponsored by the Norwegian Government which aims to promote cooperation between local communities, national and international NGOs, tour agencies in order to involve local populations fully in the employment opportunities and income generating activities that tourism can bring in form of rural tourism and village tourism. The following are the villages supported under UNESCO project Dzongu, Kewzing, Yuksom, Uttarey, Darap, Hee-Bormiok, Lachen, Assangthang, Kabi, Chumbong and Rey Mindu. Two villages, Darap in west and Pastanga in east have been chosen for the study to find out the local community perceptive on Community Based Tourism Development. These villages were identified as successful case studies of rural tourism in the evaluation studies of Government of India (Ministry of Tourism, Govt. of India 2010, 2011, 2012 and 2013). The rural tourism projects of Government of India are based on community participation.

Darap is a small village in west Sikkim at an altitude of 5,100 feet or 1554.48 meters above sea level. The word Darap has its origin from the Limboo (Tribal) word "Tan-lop/Therap" which literally means a flat land. This valley is exposed to temperature variations of 5^0C to 28^0C. This makes Darap storehouse of various rare and endangered species of flora and fauna and various unique and rare aspects of the Limboo culture are preserved in this valley. The village is inhibited by 95 per cent Limboo population occupies a place of pride in one of the richest limboo culture heritage of Sikkim. Darap has towering Khanchendzonga – 3^{rd} highest peak (also the guardian deity) and is just 7 kilometers from the tourist hub of Pelling offering peaceful environment similar to Pelling. Since 2012, The village has come up as one of the major village tourism and offbeat travel destination of Sikkim for its sustainable tourism practices through Community Based Tourism Development. The initiative to develop the village as a tourist destination by using local resources was taken up by local NGO named Darap Eco Development Committee which was formed in the year 2005. They organized the families and helped develop homestays in the village houses. They also identified potential destinations for visitors and created an infrastructure to develop the tourist spots. Currently 20 homestays and house owners are registered with the NGO but each family in the village is reaping the benefits of the tourism initiative. Each family has two-three single or double bed rooms to accommodate the tourists. For homestay facilities the visitors have to pay USD 30-35 per person, per night including breakfast, lunch and dinner. The guides are paid USD 5 per day per group. They have different rates for trekking, excursion and other adventure activities. Tourists in Darap can pick and choose from an array of products ranging from trekking to picnic to meditation and farming. They can also arrange mountain biking and learning the local language and cooking. The local resident of Darap and President of Darap Eco-tourism Committee received award for State best tourism development committee in 2010 by department of tourism, Government of Sikkim and he is also recognized as "Top 10 locals in tourism in the world" by leap local published in guardian U.K on 19th June 2012 (Government of Sikkim tourism report, 2014).

Pastanga in Lingzey is a small village in the East Sikkim at an altitude of 4676 feet or 1425 meters. It is just a two hour drive and 28 kms from Gangtok (Capital of Sikkim). The village name is derived from its older names "Pa-Sing-Tel" in Kulung Language meaning "forefather"s wood collecting place" and "Pasing Tengkha" in Bhutia language meaning "below bamboo forest" that gradually changed to Pastanga. More than twelve varieties of bamboo thrive in the area and the nearby hills. Attractions include orchids and rhododendrons and various species of birds. The village is inhabited by three ethnic communities namely Rai, Bhutia and Lepcha. The majority population is of farmers and earns the livelihood through traditional organic agriculture, horticulture practice and dairy farming. The village is one of the main producers of large cardamom and ginger. The village has total of 95 households constituting the population around 500 people. The majorities among the population are Rai followed by Bhutias and Lepchas. Tourists are rotated among the ten members of KEEP (Khedi Eco-Tourism and Eco-Development Promotion) local NGO, who have homestay facilities, and pay between USD 24 to 26 (depending on the size of the group and type of visitors) per night, of which from 2% to 10% is deposited with the organization for village development, tourist amenities development, conservation activities, operation and maintenance of office and maintenance of office and programs and the rest is paid to the homestay operators, guides, porters and cultural dancers. The guides are paid USD 2 per day per group. Tourists can also trek to Khedi on the Malinggo trail, a three to five night adventure for which they pay USD 42 per night, and there are plans to offer mountain biking. (Sikkim Tourism report, 2016).

Sustainable Tourism – A Brief Survey from Indian and Foreign Tourists' Perspectives

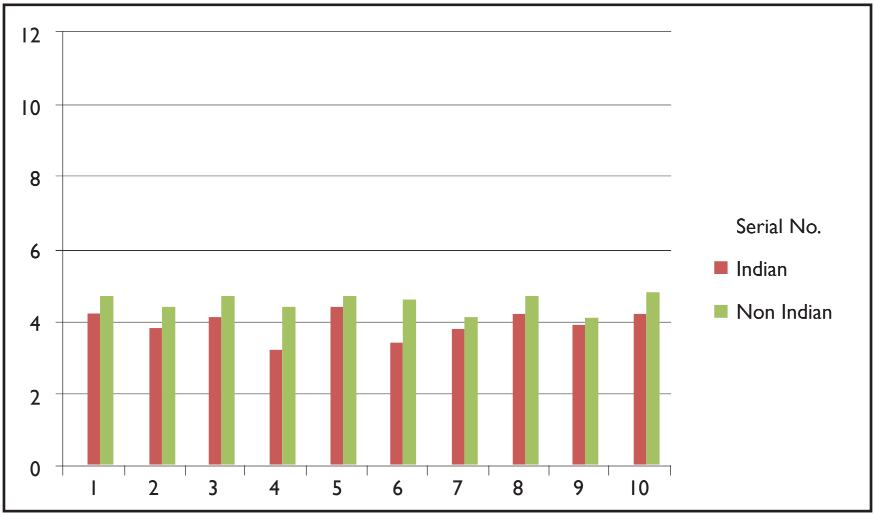
A brief study has been conducted on the selected group of tourists, those have visited India during 2017-2019. A structured questionnaire comprising 10 statements has been used to collect the responses. All the statements of the questionnaire have been adopted from the study conducted by Dauti, Merita Begolli (2014). The statements have attempted to capture the respondents feedback on some of the most relevant aspects for the present study such as economic contribution of the sustainable tourism to the communities, which are otherwise remained neglected. Other aspects such as influence of any destinations, those ensure natural, cultural harmony with tourism and agreeableness of the tourists to spend more for sustainable tourism experience etc. have also been included in the questionnaire. The feedbacks have been captured through 5 point Likert scale, where 1 indicates most negative response like 'strongly disagree' and 5 represents most positive feedback, i.e., 'strongly agree' etc. The questionnaire was designed on the survey monkey platform and the link was shared on the blogs used by the Indian and international travellers to travel to India. Initially, 267 responses were received. However, after careful analysis, the total feedbacks of 250 respondents have been considered for the purpose of the study. Out of them 140 were found to be Indian travellers and remaining 110 travellers were foreign nationals. All of them have travelled to India in recent years, as mentioned above. Based on a detailed analysis of response patterns on each of the statements by both Indian and foreign nationals, following response patterns have been found (Table-1).

Table-1: Response Patterns Comparison

Sl. No.	Statement	Mean Score (Indian)	Mode (Indian)	Mean Score (Foreign nationals/ non-Indians)	Mode (Foreign nationals/ non-Indians)
1	I believe tourism is a strong economic contributor for those communities, otherwise neglected	4.2	4	4.7	4
2	Interest in nature influences me for selecting a tourist destination	3.8	3	4.4	4
3	There is severe challenges to develop tourism in India in harmony with the natural environment	4.1	4	4.7	4
4	Interest in local culture significantly influences me for selecting a tourist destination	3.2	3	4.4	4
5	There is severe challenges to develop tourism in India in harmony with the cultural environment	4.4	4	4.6	4
6	Home stay and community living attracts me to visit a tourist destination	3.4	3	4.4	4
7	I feel attracted to the idea of rural tourism	3.8	3	4.1	4
8	I feel attracted to the idea of eco-adventure tourism	4.2	4	4.7	4
9	I think sensible tourism is more important than mass tourism in India	3.9	3	4.1	4
10	I am ready to spend more for an eco-tourism, community tourism experience	4.2	4	4.8	4

Source: Primary data

Figure-1: Response Patterns Comparison



Source: Primary data

It is found from the analysis of the response patterns (Refer Table-1/Figure-1), Non-Indians are more positive on all aspects on sustainable tourism as captured through the questionnaire than the Indians. Among Indian responses, the challenges to develop tourism in India in harmony with the cultural environment has been considered most challenging, whereas, the foreign responses have been found to be most positive on belief economic contribution of sustainable tourism for the otherwise neglected communities, severe challenges to develop tourism in India in harmony with the natural environment etc. However, both Indian and foreign tourists have shown strong agreeableness to spend more for having an eco-tourism, community tourism experience.

Implications and Future Scope of the Study

Implications of the Present Study Can Be Identified as Follows

- The present study has attempted to explore some of the success stories of sustainable tourism in India and the stories selected and discussed have attempted to cover some of the major dimensions of the fundamental aspects of tourism. For example, the Kerala tourism model has not only shown the ways of community based eco-tourism, but it has also directly promoted 'cultural aspects' of a successful sustainable tourism model. Though, the 'Home Stay' scheme based Himachal tourism model has not reached the success level like the Kerala tourism model, yet it has attempted to effectively combine two major aspects of sustainable tourism, i.e. 'community tourism' and 'cultural tourism'. As per a recent report published by the Himachal Tourism Board, the 'Home Stay' scheme of 'sustainable tourism' has directly benefitted more than ninety thousand people till 2016, those are residing in far flung areas of the state, who were otherwise neglected and isolated from any social inclusion initiatives. The present study has also highlighted the very innovative 'Khedi Eco-Tourism and Eco-Development Promotion (KEEP) Scheme', promoted in Sikkim, which has been effective in combining all three aspects of 'sustainable tourism' practices, i.e., community living, cultural tourism and eco-tourism. A recent report published in the year 2017 by the CII Tourism cell, has shown that this particular scheme has directly and indirectly generated earning opportunities for more than 120000 local people. All these significant developments have been attempted to be covered in the present study.

- The present study has also conducted a small survey to understand the opinions of both the Indian and foreign travellers to India, on sustainable tourism and related matters. The findings of the study has already been shared (refer Table-1/ Figure-1).

However, this research can be further improved by adding few more examples of sustainable tourism in India. Examples of successful sustainable tourism practices from Rajasthan, Madhya Pradesh etc. can also be discussed in a future study. A more in-depth comparative study on the successful sustainable tourism practices and models can also make any future story more comprehensive. More critical comparison between the more successful and relatively less successful sustainable tourism in India can also be incorporated in a future study. Regarding the empirical research, the sample increased, more parameters of sustainability in tourism can also be added.

Conclusion

While attracting only a small proportion of international visitors relative to its massive population base, India has one of the most diversified tourism profiles of any Asian country. Domestic tourism in India has been growing at a phenomenal rate and such growth rate has been consistently remained above the rate of international tourism. Therefore, it has been widely accepted that India has the enormous potential to emerge as the leading tourism destination globally and domestically. However, sensitive tourism in spirit and practice as adopted at different levels and rigours can not only cause immense financial benefit for the country, but also provide employment, earning opportunities to the millions without damaging nature, culture and heritage.

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IPE Journal of Management

ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 40-49

How CSR Can Stop Company Frauds

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Abstract

Accounting scandals and frauds fester in an environment where there is a culture of corporate apathy towards human error. This is not error in terms of day to day mundane activities. They are planned, coordinated and deliberate efforts to guise human error as Standard Operating Procedure. The reality is that there are not adequate laws to shield against such frauds. There are laws that punish wrongdoings and yes, this fear of lawsuits instils a sense of fair-trade practice. But fear can only do that much. Companies have always been adept at finding loopholes in the justice system to minimize their risks. CSR aims at creating an ecosystem where fair-trade practice is not only rewarded but absorbed as company values. This paper explores some infamous company frauds and how adoption of CSR practices could have prevented a lot of them. It also shows the relationship between corporate governance and Corporate Social Responsibility.

Keywords: Bankruptcy, CSR, Corporate Governance, Fraud, Scandal

Introduction

Corporate social Responsibility (CSR) refers to the obligation of an enterprise towards the society, which aims in contributing to societal goals, activist, charitable nature or ethic-oriented practices' is also known as corporate citizenship, responsible business, sustainable responsible business or corporate social performance. CSR concept is based on the fact that an enterprise operates in the society and uses its resources through which it has some moral responsibility towards the society, when an enterprise adopts the principles of CSR, it has to fulfil the responsibility towards environment, communities - consumer stakeholders and other members of the society. The enterprise performs its responsibility by encouraging growth and development of the community and surroundings. It also works towards the elimination of unfair trade practices and other practices that negatively affect the society and public interest, regardless of legality.

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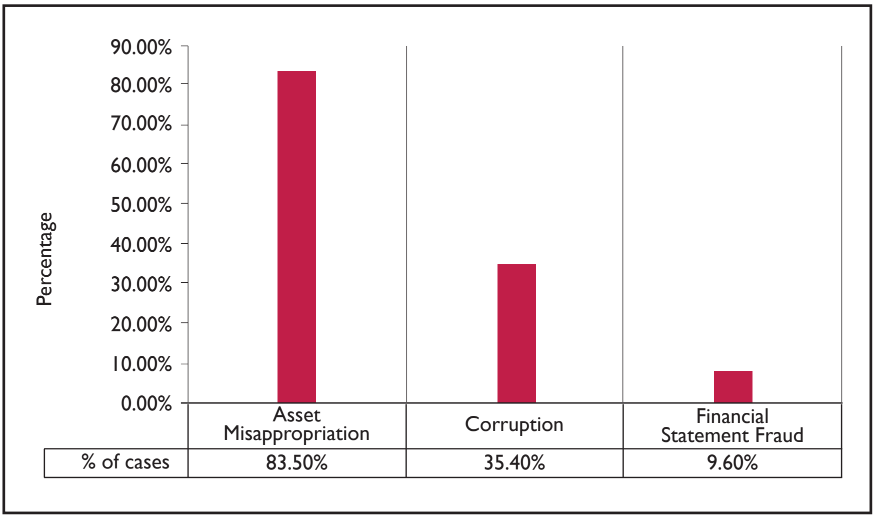
Corporate fraud can be classified in three areas, such as (Cornford, 2006):

- Accounting fraud or financial fraud – It consist of falsifying financial information by fudging the books thereby misleading the investors, it's usually perpetuated by management.
- Self-dealing by corporate insiders – It is mostly related to misappropriation of corporate assets by senior executives such as loans granted to senior management that are never intended to be repaid, reimbursed personnel expenses, failure to disclose forgive loans and extra ordinary personnel expenses changed to the company.
- Obstructive conduct – It is erasing computer files, falsifying testimony to regulators shredding documents, creating or altering document to support illegal conduct.

Fraud can be categories in various categories. For example, from a legal perspective it can be distinguished between frauds by organization and fraud against the organization. Frauds committed against the corporation carry financial risk and frauds committed by organization carry legal risk that is the loss of assets or income. Internal and external misappropriations of assets are the most common fraud against the organization.

Figure-1: Frequency of Cases



Source: Association of Certified Fraud Examiners (ACFE) report to the nations, (2016).
The numbers include the frequency of the cases which fall under more than one category

The primary motive of this study is to explore fraudulent disclosure practices in the context of corporate social reporting, the accounting scandals of two banks and two companies were analyzed and scrutinized by means of case study. The case studies have been discussed in the context of:

- What the scandal was,
- How it was perpetrated and
- The aftermath and best-case practices adopted thereafter.

Enron Scandal (2001)

Enron was an American, Houston based commodities, energy and service corporation, it was formed in 1985 by Kenneth Lay. It was the largest trader of electricity and natural gas; it also served as a gas bank where producers sold their natural gas to Enron and then Enron sold this natural gas to the customers. It was heavily involved in the energy brokering, electronic energy trading and global commodity.

The Enron scandal revealed in October 2001, which led to the bankruptcy of the Enron corporation of facto dissolution of Arthur Andersen, on October 16, 2001 Lay announced losses of $618 million and on November 2001, it admitted accounting errors, inflating income by $586 million (Healy and Palepu, 2003). It started losing 2 billion in a week, its stock price dropped up to 61% and had to payback $690 million in 2 weeks. The shareholders lost $74 billion, thousands of employees and investors lost their retirement accounts, and many employees lost their jobs. Enron shareholders filed $40 billion lawsuit after the company's stock price which achieved a high of US$90.75 per share in mid-2000 and plummeted to less than $ 1 by the end of November 2001. The U.S. Securities and Exchange Commission (SEC) began an investigation and Houston competitor Dynegy offered to purchase the company at a very low price, Enron filed for bankruptcy under chapter 11 of the United States bankruptcy code (Eichenwald, 2005).

The company balance sheet which did not make sense to analysts. It late 1990s, Enron had begun shuffling much of its debt obligation into offshore partnerships created by Chief Financial Officer Andrew Fastow. Enron was reporting inaccurate trading revenues and the traders at Enron were using schemes like serving as a middleman on contract trades, linking up buyers and sellers for future contracts and booking the entire sales as Enron's revenue. Enron was also engaged in using its vast network of partnership to sell contracts to and fro with itself and clocking revenue each time. During February 2001, Kenneth Lay former CEO received an anonymous memo from Jeffrey Skilling about Enron's possible accounting scandals and wrong doings (Duane, 2004).

When Enron's plan of reorganization was approved by the U.S. Bankruptcy Court, Enron's name was changed by the new board of directors as Enron's Creditors Recovery Corporation (ECRC). The company new mission was to reorganize and liquidate certain of the operations and assets to the pre-bankruptcy, it paid its creditors more than $21.7 billion from 2004 to 2011 and its last pay out was in May 2011. The company faced criminal charges when Arthur Andersen was one of the first employees to have been indicted for Enron's wrong doings. In 2002, the firm was caught guilty for shredding Enron's financial documents to conceal them from the SEC, the conviction was later overturned, on appeal and the firm was deeply disgraced. The aftermath of all of Enron's wrong doings culminated into its eventual filing for bankruptcy. Its shareholders lost $74 billion. To pay off its debt Enron held auctions to sell off its assets including art, logos, pipelines and photographs. It's also resulted in the passing of the Sarbanes-Oxley Actin July 2002, one of the main provisions of the act was the establishment of the "Public Company Accounting Oversight Board "to develop the standards for preparation of audit reports, independence of its audit committee members and expansion of financial disclosure of companies' relationships with unconsolidated entities (Vidhi and Yaniv, 2007). Even the New York stock exchange (NYSE) announced new governance proposals which was approved by the Securities and Exchange Commission (SEC). The provision of NYSE proposal included, the compensation committee, nominating committee and audit committee should consist of independent directors, all companies must have a majority of independent directors, all audit committee members should be financially literate etc.

Lehman Brothers Scandal (2008)

Lehman was the first Wall Street firms to move into business of mortgage origination.in 1997, Lehman brought ALT-A lender which was Colorado-based lender Aurora Services, they purchased West Coast subprime mortgage lender BMC Mortgage LLC as to expand their mortgage origination pipeline. By 2003, Lehman made $18.2 billion in loans and by 2004, this number became $40 billion, in 2006, Aurora and BNC were lending nearly $50 billion per month (Williams, 2010). Lehman borrowed amounts to fund its investing in the years leaded to its bankruptcy in 2008, a significant portion of this investment was in housing-related assets, investment banks such as Lehman were not subject to the same regulation applied to depository banks to restrict the risk taking. In 2007 August, Lehman closed its subprime lender, NC Mortgage, by eliminate 1200 position in 23 location and took $25 million after-tax charge and a $27-million reduction in goodwill (Williams, 2010).

In 2008, Lehman had to face an unprecedented loss due to the continuing subprime mortgage crisis. The company loss resulted from having held onto large positions in subprime and other lower-rated mortgage tranches while securitizing the underlying mortgages. Lehman reported losses of $2.8 billion and decided to raise $6 billion in additional capital by offering their new shares. On 22 August 2008, Lehman shares closed up 5% on reports that the state-controlled Korea Development Bank were considering for buying Lehman. On 10 September 2008, Lehman announced a loss of $3.9 billion and intended to sell off a majority stake in their investment management business which included Neuberger Berman (Associated Press, 2008).

Lehman brothers filed for chapter 11 bankruptcy protection on 15 September 2008, which remains the largest bankruptcy filing in U.S. with Lehman holding over $600 billion in assets. The bank and financial services firm had become so deeply involved in mortgage origination that had effectively become a real estate hedge fund disguised as an investment bank. It was exceptionally vulnerable to any downturn in real estate values, at the height of subprime mortgage crisis. The bankruptcy triggered a one-day drop in the Dow Jones Industrial Average of 4.5% which was the largest decline since the 11 September 2001, attacks (Gary, 2018).

On 22 September 2008, the deal was proposed to sell the brokerage part of Lehman Brothers which was put before bankruptcy court, with a $1.3666 billion plan for Barclays to acquire core business of Lehman Brothers was approved. Lehman brothers became a victim that effect the icon to fall in a tsunami that has befallen the credit markets.

The Dow Jones closed down over 500 points on 15 September 2008, at the time of the largest drop by points in a single day and this drop was subsequently exceeded by larger 7.0% .Lehman bankruptcy was expected to cause some depreciation in the price of commercial real estate, in mortgage securities Lehman's $4.3 billion got liquidated sparked a selloff in the commercial mortgage backed securities (CMBS) market. Several money funds and institutional cash funds had significant exposure to Lehman with the institution cash fund run by the Bank of New York Mellon and the Reserve Primary Fund, money market fund which fall below $1 per share called "breaking the buck", that lost on their holdings of Lehman assets. The fallout from Lehman Brother's collapse was nothing short of disastrous while other factors contributed to the economic turmoil that ensued, the firm's failure seemed to the element that unleashed widespread recession, over an estimated 6 million jobs were lost and unemployment rose 10% (Sraders, 2018). Lehman was a country party to mortgage financier Freddie Mac lend unsecure transactions that matured on 15 September 2008. Lehman bankruptcy will forever be synonymous with the financial crisis which result wealth destruction.

Satyam Scandal (2009)

Satyam computers was an IT services and bank office accounting firm which was started by Ramalinga Raju and his brother-in-law in 1987. Raju was Harvard graduate and an impressive personality. Satyam was Hyderabad based company in 1991-92 Satyam computers was listed on Bombay Stock Exchange (BSE) and in 2001 it was listed on New York Stock Exchange (NYSE), it was one of the fast-growing company of India.

The Satyam scandal was a corporate scandal affecting Indian based company Satyam Computer Services (SCS) in 2009, in which chairman Ritik Agarwal confessed that the company's accounts had been falsified. Satyam Scam was the big corporate scam which is also regarded as "Debacle of the Indian Financial System". On 7 January 2009, the chairman of Satyam, Byrrraju Ramalinga Raju, resigned confessed that he had manipulated the accounts of Rs 14,162 crore in several forms. In February 2009, CBI over the course of the year took the case and filed three partial charge sheets, all the charges arising from the discovery were later merged into single sheet and on 10 April 2015, Ramalinga Raju was convicted along with other members(10). The company misrepresented its accounts both to board, stock exchange, regulators, investors and all other stakeholders (SEC, 2018).

Satyam Computer Services were served independent auditors by PriceWaterhouseCoopers when the report of scandal in account books of Satyam broke. The Indian arm of PwC was fined $6 million by the US Securities and Exchange Commission (SEC) for not following the code of conduct and auditing standard in the overlooking of its duties related to the auditing of the accounts of Satyam Computers. In 2018, Securities and Exchange Board of Indian (SEBI) barred price water house from auditing listed company in India for 2 years saying that the firm was complicit with the main perpetrators of the Satyam fraud and did not comply the auditing standards. SEBI ordered disgorgement of over Rs 13 crore wrongful gained from the firm and 2 partners and PwC also announced their intent to get a stay order (Economic Times, 2009).

On 10 January 2009, Satyam Company Law Board decided to bar the current board from functioning and appoint 10 nominal directors. "The present board has failed to do what they were required to do, the credibility of the IT industry should not be allowed to suffer," said Corporate Affairs Minister Prem Chand Gupta. Chartered accountants' regulator ICAI issued a show cause notice to PricewaterhouseCoopers (PwC), Satyam's principal auditor on the account's misrepresentation. Analysts in India have termed the Satyam scandal India's own Enron scandal, it was also reported that Satyam auditing firm PricewaterhouseCoopers will be scrutinized for complicity in this scandal. SEBI, the stock market regulator was found it guilty, its license to work in India may be revoked.

Satyam's shares fell to 11.50 rupees on 10 January 2009, their lowest level since March 1998, compared to a high of 544 rupees in 2008 (BBC News, 2009). In New York Stock Exchange, Satyam shared peaked in 2008 at US$29.10. On 14 January 2009, the Indian division of PricewaterhouseCoopers, announced that its reliance on potentially false information provided by the management of Satyam may have rendered its audit reports "inaccurate and unreliable". On 22 January 2009, CID told in court that the actual number of employees in only 40,000 and not 53,000 as reported and that Mr. Raju had been allegedly withdrawing million (US$3 million) every month for paying these 13,000 non-existent employees (TNN, 2009). On 4 November 2011, the Supreme Court granted bail to Ramalinga Raju, as well as two others accused in the scandal, since the investigation agency CBI has failed to file a charge sheet, despite having already had 33 months. Thus, corporate governance after Satyam scandal has to be in conformity with the amended Companies Act and other guidelines. The scandal has also exposed the role of dishonest external auditors and has forced the Government to provide for checks and balances.

Wells Fargo (2016)

Wells Fargo & company is an American multinational financial services company. It is the world's fourth largest bank by market capitalization and the fourth largest bank in the US by total assets. The Wells Fargo account scandal is an ongoing creation of millions of fraudulent savings and checking accounts on behalf of Wells Fargo clients without their consent. The employees received bonuses for opening new credit cards and checking accounts and enrolling customers in products such as online banking. In 2010, New York Department of Financial Services (NY DFS) issued the interagency the Interagency Guidance on Sound Incentive Compensation Policies with these policies they monitor incentive-based compensation structures, and requires that banks appropriately balance risk and rewards and be compatible with effective controls and risk management and that they are supported by effective corporate governance (Davidson, 2016).

In 2016, the wake of a scandal involving the creation of over 2 million fake bank accounts by wells Fargo employees, including United State Consumer Financial Protection Bureau (CFPB), fined the company a combined US$185 million as a result of the illegal activity. The company has faced additional civil and criminal suits reaching an estimated $2.7 billion by the end of 2018. Employees were encouraged to order credit cards for per approved customers without their consent and to use their own contact information while filling out requests to prevent customers from discovering the fraud. It also created fraudulent checking and saving accounts, a process that sometimes involved the movement of money out of legitimate accounts. They also took measures to satisfy quotas included the enrolment of the homeless in fee accruing financial products. In December 2016, it was revealed that employees of the bank also issued unwanted insurance policies, which included policies by Prudential Financial and renter's insurance policies by Assurant. Prudential brought the fraud to light and fired those employees and announced that it might seek damages from Wells Fargo.

Wells Fargo clients noticed the fraud after being charged unanticipated fees and unexpected credit or debit etc. Initial reports blamed Wells Fargo employees and manager for the problem. The bank fired around 5300 employees between 2011 and 2016 as a result of fraudulent sales (Egan, 2016). John Shrewsberry, the bank's CFO, said the bank had invested $50 million to improve oversight in individual branches. Stumpf was subjected to a hearing before the Senate Banking Committee and also agreed to forgo $41 million in stock options that had not vested after being urged to do so by the company's board (Zeke, 2016). The bank utilized a claw back provision in Stumpf's contact to take back $28 million of his earnings. The bank experienced decreased profitability in the first quarter after the news of the scandal broke. After earning were reported in January 2017, the bank announced that it would close over 400 of its branches by the end of 2018 and in May 2017, the bank announced that they would cut cost through investment in technology, decreasing reliance on its "sales organization", and also revised up its 2017 efficiency ratio goal from 60 to 61(Keller, 2017).

Wells Fargo employees described intense pressure with expectations of sales high. During the fraud period, some Wells Fargo branch level bankers encountered difficulty gaining employment at other banks. The banks issued U5 document to departing employees a record of any misbehavior or unethical accounts. Approximately 85,000 of the accounts opened incurred fees total $2 million, customer's credit scores were also fake accounts (Matt, 2016). The bank was able to prevent customers from legal action as the opening of an account that mandated customers enter into private arbitration with the bank. The bank agreed to settle for $142 million with their customers who had accounts opened in their names without permission in March 2017, and the money for fraudulent fees and damages were repaid to those affected.

Conclusion

Corporate social responsibility is a changing philosophy of business. Corporate accounting scandals are not the direct outcome of hard economic conditions. They take place when management is poor, in terms of corporate governance, accounting and financial reporting, or when there is a discern lack of independence on the part of audit professionals. Even the banking sector, government and regulatory bodies should formulate rules and regulations regarding CSR practices. Thus, CSR is a significant aide to the legitimacy against accounting frauds and scandals.

Corporate governance is the first step towards corporate social responsibility. In the past decades, Corporate governance (CG) research has gradually shifted from its traditional focus on agency problems to address issues in transparency, accountability and disclosure. Such mechanisms entail Corporate Social Responsibility (CSR) board committee, code of conduct, corporate units dealing with business ethics. Both corporate Governance and CSR focus on the ethical practices in the business and the responsiveness of an organization to its stakeholders and the environment in which it operates.

The convergence of CSR and CG recognizes that the interests of the corporation are served by recognizing the interests of stakeholders and their contribution to the long-term success of the corporation. It is viewed as an innovative shift which lead to decentralized of regulatory power away for public bodies to private sector in the post-Enron era and to the development of sustainable shareholders. The concept of CSR was, initially pure in terms of charity and is based on the concept of self-governance which is related to external legal and regulatory mechanism CSR is gradually combined into companies' Corporate Governance practices. Both Corporate Governance and CSR focus on the ethical practices in the business and responsiveness of an organization to its stakeholders and the environment in which it operates. CSR and Corporate Governance results into better image of an organization and directly affects the performance of an organization. The objective and benefits of CSR and Corporate Governance are similar in nature, such as rebuilding of public trust and confidence by increased transparency in its financial as well as non-financial reporting and thereby increasing the shareholders' value, establishing strong brand reputation of the company, contributing in the development of the region and the society around its area of operation, etc.

Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. These include monitoring the actions, policies, practices, and decisions of corporations, their agents, and affected stakeholders. Corporate governance is particularly important nowadays, in the age of maximizing profits, but at what cost?

This is where CSR comes in. CSR is the next step towards achieving that. Corporate governance is more or less a self-regulating process. Companies have their goals, objectives and missions outlined along with Standard Operating Procedures. But what happens more often when companies self-regulate themselves is that they set the bar very low. Due to this, when a mistake is committed on the part of individuals, the management absorbs the problems and dilutes the situation with shadow practices that hides their faults. This is primarily done to save the organization from possible expensive lawsuits. This is something that needs to change. CSR bridges this gap between self-dissemination of information for personal profit and PR stunts to being a socially responsible entity which conducts itself in an ethical way and as part of its core values. One can say that corporate governance is persuasive and CSR is being responsible. As we have seen in the above discussed frauds and scandals, if the organizations had fair trade practices and CSR ingrained in their core values, human mistakes would not have blown up into scandals. The eventual demise of Lehman brothers and the financial crisis would never have occurred if companies had crisis redressal systems and laws against malpractices.

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ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 50-59

A Study on Understanding and Efforts of Social Responsibility of Gen Y in Addressing SDGs

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Abstract

This paper was written with the intention to find out the pulse of Generation Y when it comes to their contribution towards enabling development in society. Generation Y has a huge impact on the economy and the societies that we currently live in. Studies suggest that the behaviors, aspirations and attitudes of Generation Y have tremendous implications on the future of various businesses and also on the future of the planet. This survey focused on Generation Y who are students as they are the basic building blocks when it comes to forming the foundation of modern societies. Students were interviewed, to know their responses regarding how they can contribute to transform the current state of societies that we live in to better places. A report was then made by compiling the information that was obtained from the participants in tabular formats and a conclusion was drawn by visualizing various charts.

Keywords : CSR, Corporate Social Responsibility, Generation Y, Sustainable Development Goals, SDG, Students, Social Activities, Student Participation

Introduction

The survey gives an insight into the mindsets of the Generation Y if they would be inclined towards the idea of CSR or not. Generation Y, are becoming the predominant force entering into the workspace. It is expected that they comprise 75% by the year 2025. As Generation Y would be in the race to become the next business leaders and also entrepreneurs, the survey attempts to throw light on their current mindsets about their inclination towards CSR at an early age. (Njemanze, 2016)

Corporate Social Responsibility (CSR)

CSR can be defined as "the economic, legal, ethical and discretionary expectations

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that society has of organizations at a given point and time." Long term business success can only be achieved when CSR is added into their process. In India, CSR was made mandatory in April 2014 by the Companies Act. According to a report of Times of India (2016), after the new Companies Act made it mandatory, India's total CSR reporting increased by 27% in 2015, the maximum among 45 countries surveyed by international audit firm KPMG. The oil and gas sector which includes both public and private sector are the leaders in CSR spending followed by services and banking sector in India.

CSR began with the focus on role of business leaders, on how they managed their organizations with a view to the society. There are two perspectives one being socioeconomic and the other being classical school of thoughts. Classical or shareholder approach views that CSR is for maximization of profit whereas socioeconomic school of thoughts believes that we are responsible to give back something to our society (Mishra R.K et al., 2018).

Sustainable Development Goals (SDGs)

The Sustainable Development Goals often called SDGs are the goals that were adopted by the United Nations countries in 2015 to end poverty, save our planet and ensure that peace and prosperity prevails around the globe by the year 2030. India being home to more than 17% of the world population, played a major role in making the declaration and its progress in achieving that these goals are important for the world. The SDG India index which was released by the NITI (National Institution for Transforming India) Aayog and the United Nations shows that India has a composite score of 60 in 2019 which saw an increase from 57 in the year 2018.

The Seventeen Sustainable Development Goals

- No Poverty
- Zero Hunger
- Good Health and Well-Being
- Quality Education
- Gender Equality
- Clean Water and Sanitation
- Affordable and Clean Energy
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Reduced Inequalities
- Sustainable Cities and Communities
- Responsible Consumption and Production
- Climate Action
- Life Below Water
- Life on Land
- Peace, Justice and Strong Institutions
- Partnerships for the Goals

Emphasis on Need for Sustainable Development Goals

In order to make sure that we leave a better planet for the future generations, we need to act fast and act better to achieve these goals in a sustainable manner. The facts which are detailed below urges us to understand why we need to achieve the goals by the prescribed timeframe.

- More than 1 billion people live in extreme poverty these days (less than $1.25 a day, which converts to 88.42 INR today).
- The current scenario is that 8 men have as much wealth as the bottom 3.5 billion poorest people (which is half the world population).
- In the year 2017, more than 75 crore people went to bed hungry every night.
- In 2017, more than 6 million children passed away before their 5th birthday because of various preventable diseases. This accounts to more than 15,000 deaths each day.
- Currently about 26.3 crore children and youth are out of school.
- 49 countries have no laws especially protecting women from domestic violence.
- In the year 2012 at least 1.8 billion people were exposed to drinking contaminated water.
- Today, more than a billion people don't have any kind of access to electricity.
- The estimated number of people living in slums is at 863 million, when compared to 760 million in 2000 and 650 million in 1990.
- In 2017, it was estimated that youth were almost three times more likely than adults to be unemployed (12.8%).
- The number of deaths from natural disasters are on rise. From 1990 to 2015, more than 1.6 million people died due to natural disasters internationally.
- Every year, the world generates roughly 1.3 billion tons of waste which is expected to soar to 4 billion tons by the year 2100. It should be noted that in the United States alone, about $200 billion a year is spent on solid waste management.
- Thousands of species – including 25% of all mammals and 13% of birds are now on the verge of extinction. This is because of various reasons including hunting, poaching, pollution, loss of habitat, the arrival of invasive species, and other human-caused problems.

Survey Report

An interview was conducted to 101 students who are Gen Y between the age group 20-25 as part of our research. A brief introduction about the background of all the seventeen SDGs to all the students in-person were asked to identify their top three goals which they think are very important for the Indian scenario to be addressed at the moment.

Among all the 101 candidates, Goal 1, 'No Poverty' was given the first preference by majority of them. 'Quality Education' was the next most chosen goal with the third one being 'Zero Hunger'.

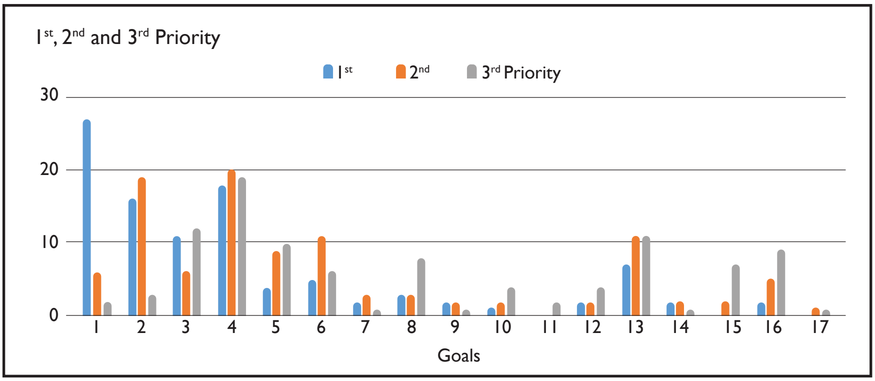
Table-1 – SDGs and Students Preferences

Goals	*1st*	*2nd*	*3rd*
Goal 1	27	6	2
Goal 2	16	19	3
Goal 3	11	6	12
Goal 4	18	20	19
Goal 5	4	9	10
Goal 6	5	11	6
Goal 7	2	3	1
Goal 8	3	3	8
Goal 9	2	2	1
Goal 10	1	2	4
Goal 11	0	0	2
Goal 12	2	2	4
Goal 13	7	11	11
Goal 14	2	2	1
Goal 15	0	2	7
Goal 16	2	5	9
Goal 17	0	1	1

The table above represents all the seventeen goals and the preferences 1st, 2nd and 3rd of the students are noted accordingly.

As seen from the above table, Goal 1 which is 'No Poverty' was considered as the most important goal with 27 votes. Next comes Goal 4 'Quality Education' as the second most chosen goal with 20 votes. Goal 2 'Zero Hunger' was chosen as the next important goal in the 2nd preference with 19 votes. Goal 3 'Good Health and Well-Being' was chosen as the most important and most needed goal as the 3rd preference among all the goals with 12 votes. It needs to be observed that Goal 2 'Zero Hunger' and Goal 4 'Quality Education' received the same priority with 19 votes in 2nd and 3rd preference respectively.

Chart 1 – SDGs and Their Priorities Ranked



The above chart visualizes all the Sustainable Development Goals from one to seventeen on the X axis and the number of votes that the goals got on the Y axis. It also shows the total number of votes that each goal has got within their three respective preferences.

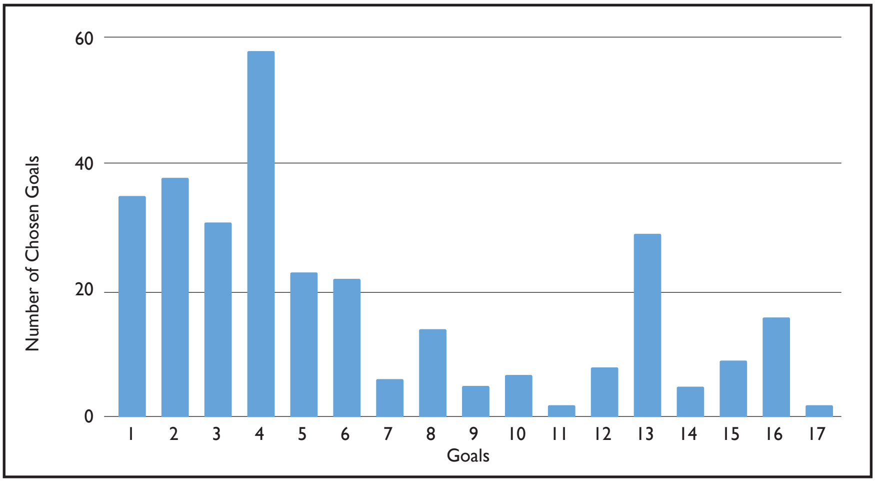
Overall, 'Quality Education' has got the highest number of votes among all the seventeen SDGs. 'Zero Hunger' was chosen as the second most needed goal and 'No Poverty' was selected as the next most needed goal that has to be achieved keeping in view of the current Indian scenario.

Table-2: Overall Votes Received For SDGs

Goals	Number of chosen goals
1	35
2	38
3	31
4	58
5	23
6	22
7	6
8	14
9	5
10	7
11	2
12	8
13	29
14	5
15	9
16	16
17	2

The table above represents the seventeen goals and the overall number of votes each goal has got irrespective of their 1st, 2nd and 3rd preference. In this case, it is observed that Goal 4 'Quality Education' has been chosen as the most needed goal with 58 votes. Goal 2 'Zero Hunger' has next been chosen as the second most important goal with 38 votes. Goal 1 'No Poverty' has been chosen as the 3rd most needed goal overall with overall votes of 35.

Chart-2: Number of Chosen Goals Vs SDGs



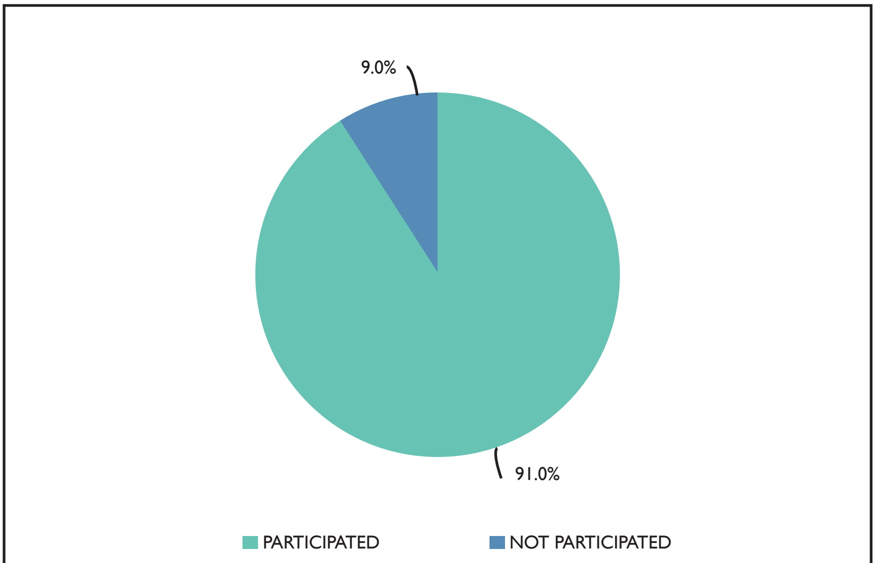
This chart represents all the Sustainable Development Goals from one to seventeen on the X axis and overall number of votes each goal has got on the Y axis. It can be visualized that Goal 4 has got the maximum number of overall votes. Goal 2 which is 'Zero Hunger' has got the 2nd overall number of votes and 'No Poverty' which is Goal 1 has got the 3rd number of overall votes altogether.

Participation of Generation Y in the College Social Activities

Alongside the same survey, students were asked if they participated in any of the social activities that were organized in the college. In this particular college (Institute of Public Enterprise) where the majority of the students are from, three major social activities were held namely 'Haritha Haram' which is an initiative to plant saplings in the college premises, 'Box of Kindness' which was another initiative where students were encouraged to donate any of their belongings which were of no use to the students. Such belongings were then donated to the needy. The other initiative that took place in the college was a Blood Donation Camp.

It was found that 92 students among the 101 participants took part in one or more social events that took place in their respective colleges. That makes up to more than 91% of them. To the students who could not participate in any of the social activities in their colleges due to one or the other reasons, were asked if they contributed towards any social causes outside their colleges. Participation in such cases were recorded under 'participated category'.

Number of Participants Vs Non-Participants



The pie chart above visualizes the participation of generation y in social events. It can be seen that the majority of them took part in social activities which comes down to 92 students among all the 101 students. Incidentally all the 92 participants who took part in these social activities added that they plan to continuously work towards social issues in a sustainable way.

Summary of Generation Y' Responses Regarding Each Sustainable Development Goal

No Poverty

Participants who chose this goal suggested that poverty is one of the most important issues that India has to seriously deal with these days. Many remarked that despite India achieving independence in 1947 still has millions of Indians suffering in extreme poverty.

A few of them revealed that they would adopt children in the future. They added by doing so, would lift some lives out of poverty. Many students said that they continuously raise funds through various NGOs and utilize them to pay the education fees of children who face extreme poverty while some remarked that there is little that they could do in their current capacities to help in achieving this goal. But a majority of these students revealed that they definitely want to help through one or the other way in the future if they settle well in their careers.

Zero Hunger

Participants who picked this goal said that despite India being one of the fastest growing economies, still has a huge population that go to sleep with an empty stomach.

Most students who chose this goal revealed that they always giveaway their leftovers and excess food to the needy. They also said that they often try their best to not waste food. Some hostellers who eat from the canteen revealed that to prevent food from getting wasted, they first take food in small quantities and then take more if they require so. Some said that they often visit old age homes, orphanages and serve them food.

Good Health and Well-Being

A student has pointed out that well-being also means mental wellbeing. This particular candidate revealed that she offers emotional support to the people who needs it. Some students responded that they continuously raise awareness about this issue while some vowed to raise awareness about this topic as they deem this very important. Some students said that they often conduct free health checkups and medical camps in villages.

Quality Education

Generation Y felt that Indian students lack practical knowledge when it comes to education. They said that the government must take steps to change this particular scenario.

Most of the students who voted for this goal contributed for this cause by taking part in various initiatives through NGOs to teach kids who hailed from poor and rural areas. A few students revealed that they want to contribute to this cause by taking out some money from their salaries after getting jobs in the future and fund the education of students from poor backgrounds. A student wants to start an ashram that provides free education for poor children.

Gender Equality

Even though most participants who voted for this goal agreed that this is a burning issue in Indian scenario, they remarked that is not possible to change the Indian mindsets easily and said this would be very hard to achieve at the moment. Some participants revealed that they often raise awareness and try to break barriers about this issue whenever they come across such scenarios.

Clean Water and Sanitation

Through various NGOs, some students helped to build bathrooms in slums and rural areas. Generation Y wants to keep contributing to this goal as they deem this very important, especially to girl child.

Affordable and Clean Energy

Generation Y responded that it is the government that needs to take steps to ensure that the goal of affordable and clean energy becomes a reality.

Decent Work and Economic Growth

The participants whom were interviewed said that decent work is the need of the hour. All the students who chose this goal revealed that there is nothing they could do but said that it is in the hands of the government to ensure that this goal becomes a reality.

Industry, Innovation & Infrastructure

Generation Y who chose this goal want to become entrepreneurs and bring their own innovation into reality. They also want to create employment through this way.

Reduced Inequalities

Generation Y who chose this goal emphasized that it is the government that has to do something to reduce the inequalities.

Sustainable Cities and Communities

Participants who wanted this goal to be a reality reveled that they do not waste energy and always try their best to save it. Others responded that it is in the hands of government to achieve this goal of sustainable cities and communities.

Responsible Consumption and Production

Generation Y revealed that they do their part by sticking to a normal lifestyle instead of lavishly spending money on unnecessary goods. Some students also added that they do not waste food by only taking food in necessary quantities thus avoiding wastage while some said that they constantly raise awareness about this issue.

Climate Action

The responses for this issue who voted for this revealed that this particularly issue bothers them a lot.

Generation Y revealed that they planted hundreds of trees and they still continue to do so. One particular student said that she is soon starting an initiative to plant one lakh trees to do her part to fight climate change. Many students also added that they stopped using plastic bags and started using jute bags and copper water bottles as alternatives to plastic. They also said that they reuse the same bags and carry their own bags when they shop. Students also revealed that they do not litter and always use dustbins. Some students said that they began to prefer public transportation since a very long time while some said that they prefer cycling to travel short distances. Participants also said that they constantly raise awareness about climate change.

Life Below Water

Some students said that they do not litter water bodies thus doing their part avoiding contamination.

Life on Land

Some participants revealed that they keep helping animals and birds in need in possible ways. Others said that they actively take part in tree plantation initiatives.

Peace, Justice and Strong Institutions

A law student whom was interviewed revealed that he is a part of an NGO that offers free legal advice to people from rural areas who cannot afford such services. Majority of the students who voted for this goal said that they constantly raise awareness about social issues so that awareness and peace prevail in the society. Students also said that it is mostly in the hands of government to realize this goal.

Partnership for the Goals

Students who chose this goal said that government's role is most important to achieve this goal.

Conclusion

Through the survey that was conducted, it was found that most of the Generation Y that were interviewed are keen on contributing in their own way to enable development in the society by participating in different social activities. All have a positive outlook towards making the Sustainable Development Goals a reality. While most of them are already contributing in their own capacities to fight against social issues, others responded by saying that they want to contribute in their own way once they are well settled in their careers. Among all the 101 participants , even though 9 of them did not participate in any social activities before, they responded by saying that they see themselves taking part in one or the other social activities in the future. This survey helps us understand that Generation Y are inclined towards activities that bring reforms in the society. As these social activities are more or less similar to the CSR activities that are carried out by organizations, it points out that Generation Y would be interested in CSR when they enter organizations.

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IPE Journal of Management

ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 60-67

Addressing India's Learning Crisis – CSR Initiatives

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Abstract

In India, CSR was made mandatory in April 2014, following an amendment notified in the Companies Act, 2013. Section 135 of the Act requires companies with turnover of INR 1000 Crores or more, net worth of INR 500 Crores or more or net profit of INR 5 Crores or more to spend 2 per cent of their average net profits of the last three years on social development projects. Additionally, companies are required to give full disclosure of the CSR activities they have taken up.

Most of the CSR activities focus on health and education and still there is zero spending on promoting maternal health and preventing child mortality. Sports and slum development receive even lesser attention therefore the allocation of CSR funds should be holistic in view and cover broader aspects and sectors to ensure social development.

Keywords: Activities, Businesses, CSR, Initiatives, Stakeholders

Introduction

Corporate Social Responsibility should be considered more than just corporate philanthropy and the focus should be on the overall development of the targeted communities. Reports suggest that most companies invest in CSR activities that benefit their goodwill and public relations.

CSR is a concept to introduce a variety of policies and practices aimed at reducing the negative impacts of the company operations and improving their contribution to the society.

Companies across different sectors have come up with innovative ways to impact the society and take forward sustainable development and create a workplace that is inclusive as well as safe and secure for their employees. There is an increase in the weight age placed on CSR activities and there are many cases that show that companies are putting their heart and soul into these projects, some of which have been discussed below. The CSR activities spans across education, healthcare, skill development, sanitation, women empowerment and various other sectors and have been of benefit to a lot of communities. There are some backdrops of CSR being mandatory which have also been discussed.

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Addressing India's Learning Crisis – CSR Initiatives

"The business community is an essential ingredient of our democratic society and it has a duty not only to create wealth but also to promote the ethical and social goals of the community. Unless it fulfils both these functions and thereby plays its due role as a responsible section, it will not be able to ensure its own survival."- Ramakrishna Bajaj

The Friedman days of perceiving business in a narrow groove are long over. Businesses across the world are beginning to realize that their role cannot be limited only to producing financial value for financial investors. It must encompass the creation of value for a broader spectrum of stakeholders. This larger responsibility cast on business is called the 'social responsibility of business'. In this paper, we examine the scope of corporate social responsibility (CSR), its 'state of play', and offer anecdotal evidence of CSR initiatives from the field of education.

According to the United Nations Industrial Development Organization corporate social responsibility is defined as a management concept whereby companies integrate social and environmental concerns in their business operations and interaction with stakeholders. Keeping in mind a variety of issues including economic disparity, companies have to design their own unique programs and implement them in the chosen sector. In India, some companies address issues in the sphere of education, some in the area of health, some in the area of women empowerment, some in the realm of sports and some in the domain of art and culture. The Companies Act, 2013 has outlined areas where they believe corporations could make substantial contribution as specified in Schedule VII of Section 135.

In India, CSR was made mandatory in April 2014, following an amendment notified in the Companies Act, 2013. Section 135 of the Act requires companies with turnover of INR 1000 Crores or more, net worth of INR 500 Crores or more or net profit of INR 5 Crores or more to spend 2 per cent of their average net profits of the last three years on social development projects. Additionally, companies are required to give full disclosure of the CSR activities that they have taken up.

Perusing the data of the last few years, we can say that there has been significant contribution by companies in the education sector, skill development, healthcare sector and resolution of challenges in the sphere of sanitation. Several companies have come up with different programmes and ways in which they are contributing towards a positive change in the country and worldwide.

Although there are some issues with CSR being made mandatory, the 2% rate is viewed by some companies as a tax. This percentage has become both, a floor and a ceiling as the companies which weren't focusing on any CSR related activities are deploying 2% of the profits and the companies which were spending more than that have reduced it 2%. We believe that merely spending 2 per cent does not make for CSR. Time and again we observe that companies which fulfill the two percent target engage in practices like paying less than minimal wages, exploiting women and children, providing unsafe working conditions and dumping toxic substances in the neighborhood.

CSR should be considered more than just corporate philanthropy and the focus should be on the overall development of the targeted communities as well as the companies. Reports also suggest that most companies invest in CSR activities that benefit their goodwill and public relations. A decrease in advertisement activities has also been noticed which directly confirms the notion of CSR spending becoming a marketing tool for the companies. In comparison to 2014-15 in which the CSR spending was INR 8606 crores, there was an increase of INR 703 crores as the Indian firms spent INR 9309 crores during the year 2015-16 on CSR activities which means there was an increase of 8.09%.

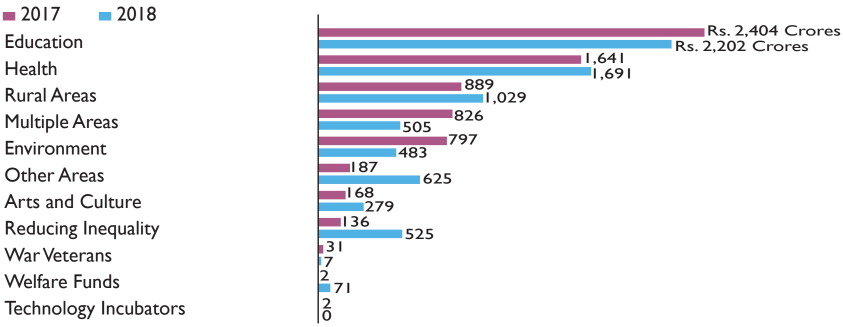
Another issue with CSR activities carried out by the companies is the geographical concentration of these activities. Most of these activities are taking place in industrialized states such as Maharashtra, Rajasthan, Gujarat, Tamil Nadu and Karnataka whereas the focus should shift to states such as Bihar, Orissa and other North Eastern states with lesser developed regions to actually benefit the communities and people at large. Some companies have allocated their profits in the sanitation area just because of pressure from the government to take forward the Swachh Bharat Mission.

Most of the CSR activities focus on education followed by health sector and still there is minimal spending on promoting maternal health and preventing child mortality. Sports and slum development receive even lesser attention therefore the allocation of CSR funds should be holistic in view and cover different aspects and sectors which usually get ignored. Another ignored agenda is that CSR activities aren't focusing much on promoting gender equality and women empowerment.

The next major agenda is that mere allocation of funds doesn't ensure proper utilization. Most of the organization lack the proper management of such funds and don't follow up on the activities that are being done in the name of CSR whether the companies tie with the NGOs or otherwise. It is important to properly manage these funds and allocate them in such a way that they benefit the people at large.

Some companies like Coca-Cola may spend money helping to make disabled or jobless youth self-employed but they won't be considered responsible if they deplete ground water in drought prone locality, through its operations. Over utilization of natural resources and deprivation of local communities of their rights is an act of non responsibility on the part of the companies. Nonetheless there are other companies such as Mahindra and Mahindra, Infosys and several of Tata companies which conduct CSR activities for the long term benefit of the society at large and also behave as responsible business houses and set a positive example for other businesses.

CSR Expenditure by Indian Companies



Source: India CSR Reporting Survey 2018

We now highlight the initiatives of some companies to address the social challenges facing the country. Primary education being a key enabler of progress in one's life has been accorded primacy in the evidence that we adduce.

The Havells Story: Mid Day Meal Program

Havells India is a manufacturing unit which has a plant in Alwar, Rajasthan. Apart from delivering social, economic and environmental sustainability adopting technology which emphasizes on conservation of energy and water, ensuring safety of manpower, they are guided by their ethos to eradicate hunger and malnutrition.

In 2004 when the company enquired into the matter of not having adequate manpower in nearby areas of their Alwar plant, they found out that children in order to support their family's income didn't go to school. What was more heartbreaking was that children were weak and malnourished because even two meals a day was a far cry.

So Havells came up with the solution of providing mid-day meals in schools by tying up with the government of Rajasthan. This would solve two problems at a time, first the low attendance in school and second the problem of malnourishment. They started with serving 1500 children across 5 schools which grew to 60,000 students across 693 schools. Not only did it improve the attendance and number of children attending school but also improved their body mass index and reduced malnutrition. It also lead to employment of over 160 people including cooks, helpers and drivers of 30 vans which are used to deliver the mid day meals across schools. The company has complete control over the quality as they themselves handles every aspect of the program, from procurement of raw materials to delivery of mid day meals.

TATA Steel: The 1000 Schools Project

TATA Steel has plants in Jharkhand, Orissa and other places across the country.

The 1000 Schools Project promoted by Tata Steel has been implemented by a Delhi-based NGO ASPIRE under which they have educated around 2,00,000 tribal children and provided schooling till class 10. The areas where they have their plants have a lot of tribal and backward communities and to bridge the learning gap, they have linked 10000 out-of- school children back to mainstream education. The program which was started in 2014 in Orissa covering six blocks over time spread to Jharkhand.

The main objectives of this program are to improve access to school for children, quality of education and improving governance of schools. They also conducted a school enrolment drive to ensure all children in the age group 6-8 years are enrolled in school.

In 2018, TATA Steel's 1000 School Program was awarded the "Most Impactful CSR Project, 2018". It has won several other awards as well and shows how vital a drive to do better and help the community can benefit people at large.

Castrol India

Castrol India is an organization that strives to be liquid engineering and technology partner for today's reality and tomorrow's opportunity, creating innovative solutions for the world in motion. Castrol also focuses on social and economic development trying to build open and have a constructive relationship with the stakeholders. Over the past hundred years the company has conducted various activities working in collaboration with the key stakeholders in a responsible and accountable manner. The company aligns its core skills in accordance with the national agenda so that it can improve the quality of life of the people in India.

To contribute to safer and better quality of life its CSR activities are as follows:

i. Eklavya: Strengthening skills in the automotive and industrial sectors, with a focus on technology
ii. Ehtiyat: Collaborating for safer mobility
iii. Ekjut: Community Development
iv. Ehsaas: Humanitarian aid

By supporting the national agenda, it seeks to leverage its knowledge base and enhance the skill with the expertise in technology.

Tech Mahindra

Currently the CSR focus area for Tech Mahindra is Promotion of Education. In this broad theme of education the company works on special areas such as School Education, Education for Employment and technical education. The focus is women who belong to economically and geographically backward communities. Their programmes are hereby implemented through two organizations which are: Tech Mahindra Foundation and Mahindra Educational Institution.

School Education: Through education the society can be empowered and enlightened. Their aim is to improve the quality of school education in India through various school improvement programmes and providing supplementary education.

Under this area, Tech Mahindra Foundation has two programs ARISE (All Round Improvement in School Education) and Shikshaantar.

ARISE programme focuses on reviewing the infrastructure and the course curriculums of government schools whereas the Shikshaantar program provides training to teachers in pedagogical skills and skill related competencies at elementary level.

Employability: The Tech Mahindra Foundation invests in skill development of youth through developing their market-oriented skills which helps create a link between the employees and potential employers. It also benefits people who have dropped out of schools, specially-abled people, and those unable to go into higher education, among others with specific focus on women.

Technical Education: Mahindra Education initiated institutions of higher learning to promote research and development and collaborate with other renowned institutions to contribute towards the goal.

Table-1.1: CSR Expenditure with Focus Areas - Tech Mahindra

Area of Spending	Amount Spent (Cr Rs)	%
Education	40.08	79.37%
Employment	10.42	20.63%
Total in Cr Rs.	50.50	

Source: Tech Mahindra, CSR Vision and Policy Document

ITC's Contribution

The lack of basic primary education prevents poor children to progress. ITC extends infrastructure so that the underprivileged children stay in school and complete their education.

ITC provides infrastructural support to government primary schools such as desks, fans, chairs, light and classrooms and other structural improvement such as sports kit, text books and notebooks. Sanitation infrastructure is a top priority, providing separate washrooms for the boys and girls, drinking water and hand washing stations etc. To help children achieve higher learning levels the programme partners with education providers to introduce modern teaching and assessment methods

For example, Read India Plus in partnership with Pratham, one of India's leading NGOs in the education field - focuses on enhancing reading and mathematical ability among 6-14 year olds. Supplementary Learning Centres in villages provide coaching to help weak students keep up in school and drop-outs to return to the school system.

Analysis

The above stated companies have come up with unique solutions to address the issue of providing students access to education. The mid day meal service being provided by Havells India in Rajasthan caters to the nutrition need of the children as well as encourages them to attend school and complete their education. By teaming up with the government of Rajasthan and carrying out all the related activities themselves, not only do they fulfil the requirements but also prove that they are focused on holistic development and do not do it for merely spending the benchmarked amount of profits for fulfilling the mandatory provision of CSR. Thus they are brightening the lives of thousands of students who are benefitting from their initiative.

The 1000 School Project of Tata Steel brought into limelight the need to focus on educating the tribal communities in the state of Orissa. Often these backward communities get neglected as they don't get access to education and through this project the company aims to improve the quality of education in government schools and enhance the school governance system. This project has enabled the indigenous tribal communities to gain access to education.

Apart from the 1000 Schools Project, Tata Steel also provides scholarships to economically weaker families in Jharkhand and Orissa, mid day meals to students enrolled in 383 government schools and 11 month bridge course in Camp Schools for girls who have dropped out of school in districts of Jharkhand.

The initiative of Castrol India has been enabling independent mechanics who dropped out to acquire the necessary technical skills and enrol in apprenticeship training. Project Eklavya allows them to up skill and be ready for opportunities by gaining the necessary training.

Tech Mahindra in its CSR Vision and Policy Document states that their vision which is '*Empowerment through Education*'. (Tech Mahindra, 2014)

To keep their CSR activities in alignment with their vision, Tech Mahindra's focus is on the specific areas which are school education, education for employment, and technical education. They have clearly defined the activities they work on under these specific areas which benefit the society at large. Having properly laid down the rules for monitoring and reporting about their CSR programs they continually manage to keep a check on the activities being conducted.

ITC focuses its CSR efforts towards providing infrastructural facilities in schools by such as desks, fans and building separate toilets for boys and girls which are some of the basic necessities which can't be ignored when it comes to creating an enabling environment for school education.

All these companies have worked towards either providing access to education or in necessary facilities in education as well as skill development. They have focused on various demographics and thus benefit the society at large.

Table-1.2: Analysis of the CSR Activities of the Above Mentioned Companies

Company Name	Thematic Area Schedule VII	Activity	Location	Impact
Havells	Activity 1 and Activity 2	Mid Day Meal Program	Alwar, Rajasthan	Over 58,000 Students
Tata Steel	Activity 2	1000 School Project	Orissa and Jharkhand	2,00,000 Students
Castrol India	Activity 7	Skill Development: Vocational Skills	Tamil Nadu, Chhattisgarh, Maharashtra, Assam, Himachal Pradesh, Delhi	Over 2,00,000 Mechanics
Tech Mahindra	Activity 2 and Activity 7	School Education, Employability, Technical Education	ARISE: Delhi, Chennai, Pune, Benguluru Shikshaantar: Delhi, Chandigarh, Telangana, Tamil Nadu and West Bengal	ARISE- 13,000 Students Shikshaantar- 2,500 Teachers approximately
ITC	Activity 2	Infrastructure and Sanitation	Vishakapatnam, Rajasthan, Delhi, Chhattisgarh, Jammu and Kashmir	Over 7,27,600 students

Source : Author Compilation

Conclusion

The above stated CSR activities outline the diverse and innovative ways in which these companies have allocated their profits in the education and skill development sector. Mindful spending and allocation in such projects has made them successful in making an impact and improving the community's overall well being. Businesses with such unique ideas not only achieve the 2% threshold limit of spending but also ensure that they deliver what they have preached. From a house in Rajasthan where a child is availing quality education to a skilful person with the right technical capabilities with higher chances of employment, CSR activities with effective and efficient management can increase the benefit they extend to the society at large and also improve the economic status of under developed households in India. If done right, CSR activities can go a long way in building a nation where there is quality education, skill development, proper sanitation facilities on macro level and sustainable usage of resources, equal employment opportunities for women and persons with disabilities on a micro level in organizations.

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IPE Journal of Management
ISSN 2249-9067 Volume 9, No 2, July-December 2019 pp. 68-103

National Guidelines on Responsible Business Conduct*

Ministry of Corporate Affairs, GoI

Introduction

The Ministry of Corporate Affairs (MCA), Government of India, released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs). This was expected to provide guidance to businesses on what constitutes responsible business conduct. In order to align the NVGs with the Sustainable Development Goals (SDGs) and the 'Respect' pillar of the United Nations Guiding Principles (UNGP) the process of revision of NVGs was started in 2015. After, revision and updation, the new principles are called the **National Guidelines on Responsible Business Conduct** (NGRBC). As with the NVGs, the NGRBC has been designed to assist businesses to perform above and beyond the requirements of regulatory compliance.

Mandate & Rationale

The primary rationale for the update is to capture key national and international developments in the sustainable development agenda and business responsibility field that have occurred since the release of the NVGs in 2011. Some of the key drivers of the NGRBC are given below:

The UN Guiding Principles for Business and Human Rights (UNGPs)

Through its resolution 17/4 of 16 June 2011, the UN Human Rights Council endorsed the *Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework.* The UNGPs are grounded in recognition of, a) the State's existing obligations to respect, protect and fulfil human rights and fundamental freedoms; b) the requirement of business enterprises to respect human rights, and c) the need for access to effective remedy for those who are affected by adverse business related human rights impacts or abuse. Since their release, the UNGPs have become the authoritative global standard for Business and Human Rights. In further support of the UNGPs, the UN Human Rights Council established the UN Working Group (UNWG) and tasked it with facilitating the global dissemination and implementation of the UNGPs. The UNWG has strongly encouraged all States to develop a National Action Plan (NAP) as part of the States' responsibility to disseminate and implement the UNGPs.

* This document is available at the following location: https://www.mca.gov.in/Ministry/pdf/NationalGuildeline_15032019.pdf. Reprinted with thanks to Ministry of Corporate Affairs, Government of India.

UN Sustainable Development Goals (SDGs)
In September 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development which established seventeen Sustainable Development Goals (SDGs), comprising targets and indicators, as well as follow-up and review mechanisms. Significantly, the SDGs recognize the role of business as a major driver for economic growth and infrastructure, whilst explicitly calling for businesses to act in accordance with the UNGPs. The SDGs are mapped against the NGRBC in Annexure 4.

Paris Agreement on Climate Change (2015)
This is an agreement under the United Nations Framework for Climate Change (UNFCC) reached in December 2015, in which countries have committed to take steps to combat climate change and adapt to its effects. India ratified the agreement on 2nd October 2016, and its commitments are called the National Determined Contributions (NDCs). The Paris Agreement also constitutes SDG 13.

Core Conventions 138 and 182 on Child Labour by the International Labour Organization (ILO)
India, in June 2017, ratified ILO Core Conventions 138 (minimum age of employment of children) and ILO Core Convention 182 (worst forms of child labour).

Annual Business Responsibility Reports (ABRRs)
In 2012, the Securities Exchange Board of India (SEBI) amended the Listing Agreement for companies listed in the stock exchanges in India, and mandated the submission of an ABBRs by the top 100 listed companies. The ABRR is based on the Business Reporting Framework of the NVGs, and SEBI has since extended this requirement to the top 500 listed companies.

Companies' Act 2013
Notified in the Gazette of India on 30 August 2013, Section 135 of the Companies Act 2013 requires companies to undertake Corporate Social Responsibility (CSR) initiatives in communities, and has since, provided additional rules and guidance on the areas and target groups of such interventions in consistency with national socio-economic priorities.

Applicability
The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. It is expected that all businesses investing or operating in India, including foreign multinational corporations (MNCs) will follow these guidelines. Correspondingly, the NGRBC also provide a useful framework for guiding Indian MNCs in their overseas operations, in addition to aligning with applicable local national standards and norms governing responsible business conduct.

Furthermore, the NGRBC reiterate the need to encourage businesses to ensure that not only do they follow these guidelines in business contexts directly within their control or influence, but that they also encourage and support their suppliers, vendors, distributors, partners and other collaborators to follow them.

Responsibility for Adoption

Whereas the NVGs made several references to the critical role of the governance structure and companies' leadership in ensuring adoption and review of the guidelines, the NGRBC has taken this requirement a step further by identifying specific aspects of each Principle as part of the duty and responsibility of the highest governance structure of the business to oversee the implementation and adherence to these guidelines in their business. While the highest governance structure, in the case of companies and corporations is the Board, the responsibility for adoption of the NGRBC in proprietorships, partnerships, and other types of business is assumed in the present context to rest with the owner/s, partner/s, and/ or, any other structure responsible for the highest level of decision-making and governance functions in the business.

It is worthwhile to emphasize that all Principles of the NGRBC are equally important, inter-related, interdependent and non-divisible, and businesses should adopt them to demonstrate their commitment to being a responsible business, and accrue the full benefits of sustainable business strategies.

Content and Structure

The NGRBC consist of two chapters and an expanded set of annexures. While the Principles have been updated, they have retained the articulation and description of those in the NVGs. The connected Core Elements enhance the operationalization of each Principle. The details in the annexures provide practical guidance to businesses on the adoption and implementation of these guidelines. Keeping the importance of Micro, Small and Medium Enterprises (MSMEs) in view, the business case for adoption of NGRBC by the MSMEs is given in Annexure 2.

An updated Business Responsibility Reporting Framework (BRRF) has been included for reporting of actions taken by businesses vis-à-vis the Principles and Core Elements. The BRRF is meant to serve as an internal tool for companies to assess where they are in their journey of responsible business conduct and identify opportunities for improvement. Guidance on how this framework may be used by businesses is included as an annexure. Additionally, the BRRF can serve as a framework for regulators to develop disclosure formats (e.g. Annual Business Responsibility Report (ABRR) mandated by the Securities and Exchange Bureau of India (SEBI) based on NVGs).

The last part of the NGRBC contains a set of useful references and resources which businesses may consult as part of their implementation efforts.

Principles and Core Elements

This chapter contains the nine thematic pillars of business responsibility which are called Principles. Each Principle is introduced as a statement and followed by a narration of the essential aspects of the Principle, referred to as the brief description. A reading of each Principle and brief description should provide a clear idea of the essential spirit and intent of the Principle.

Each Principle is accompanied by a set of requirements and actions that are essential to the operationalization of the Principle, referred to as the Core Elements. The information sought in Annexure 3 of the Guidelines (Business Responsibility Reporting Framework) is derived from the Core Elements.

The Principles are interdependent, interrelated and non-divisible, and businesses are urged to address them holistically. Annexure 1 of the Guidelines provides guidance to all businesses on the adoption and implementation of the Principles. Furthermore, businesses impact different stakeholders in different ways. Therefore, while applying these principles, businesses need to be sensitive to characteristics, such as caste, creed, sex, race, ethnicity, age, colour, religion, disability, socio-economic status or sexual orientation. Though this has not been specifically mentioned in the Principles and Core Elements, businesses are expected to keep this in mind. Most importantly, the ultimate responsibility for adoption of the Principles rests with the highest governance structure of the business.

Principle 1: Businesses Should Conduct and Govern themselves with Integrity, and in A Manner that is Ethical, Transparent, and Accountable

This Principle recognizes that ethical behaviour in all operations, functions and processes, is the cornerstone of businesses guiding their governance of economic, social and environmental responsibilities.

The Principle emphasizes that disclosures on business decisions and actions that impact stakeholders form the fundamental basis of operationalizing responsible business conduct and should be accessible to all relevant stakeholders.

It recognizes that businesses are an integral part of society and that they will hold themselves accountable for the effective adoption, implementation, and the making of disclosures on their performance with respect to the Core Elements of these Guidelines.

The Principle further emphasizes that the governance structure of the business should ensure this, in line with SDG 16.

Core Elements

- The governance structure should develop and put in place structures, policies and procedures that promote this Principle, prevent its contravention and effect prompt and fair action against any transgressions.
- The Governance Structure should ensure that the Principles of these Guidelines are understood, adopted and implemented throughout the operations of their business.
- The Governance Structure should also promote the adoption of this Principle across the value chain of their business.
- The Governance Structure should disclose and communicate transparently and enable access to information about the policies, procedures, performance (financial and non-financial), and decisions of their enterprise, that impact their stakeholders, especially those that are most at risk to business impacts and communities that are vulnerable and marginalized.
- The Governance Structure should take responsibility for meeting all its statutory obligations in line with the spirit of the law, enabling fair competition and ensuring it treats all its stakeholders in an equitable manner.
- The Governance Structure should ensure that the business avoids complicity with the actions of any third party that violates any of the Principles contained in these Guidelines.

- The Governance Structure should put in place appropriate structures, policies and procedures to address conflicts of interest involving its members, employees and business partners.
- The Governance Structure should put in place appropriate structures, codes, policies, and procedures to ensure that the business does not engage in illegal and abusive practices, bribery and corruption, and ensure timely and fair action in case such transgressions are detected.
- The Governance Structure should ensure that the business contributes to public finances by timely and complete payment of all applicable taxes in the letter and spirit of the laws and regulations governing such payments.

Principle 2 - Businesses Should Provide Goods and Services in A Manner that is Sustainable and Safe

This Principle recognizes the proposition of SDG 12, that sustainable production and consumption are interrelated, contribute to enhancing the quality of life and towards protecting and preserving earth's natural resources.

The Principle further emphasizes that businesses should focus on safety and resource-efficiency in the design and manufacture of their products, and use their products in a manner that creates value while minimizing and mitigating its adverse impacts on the environment and society through all stages of its life cycle, from design to final disposal. Over time, businesses should embrace the idea of circularity in all its operations.

In order to do so, the Principle encourages businesses to understand all material sustainability issues across their product life cycle and value chain.

Core Elements

- Businesses should, in designing, producing and making available goods and services, endeavour to ensure that resource-efficient and low-carbon processes and technologies are deployed to minimize adverse environmental and social impacts.
- Businesses should provide stakeholders across the value chain with adequate information about environmental and social issues and impacts across product life cycle from design to disposal. This may be done through appropriate and relevant tools such as certifications, labels, ratings and other communication and disclosure platforms including reports, websites, etc.
- Businesses should increasingly take responsibility for the safe collection, reuse and recycling of their products at life so as to build a circular economy as a part of the notion of extended producer responsibility that is increasingly becoming a part of regulation in India and globally.

Principle 3: Businesses Should Respect and Promote the Well-Being of All Employees, Including those in their Value Chains

This Principle encompasses all policies and practices relating to the equity, dignity and well-being, and provision of decent work (as indicated in SDG 8), of all employees engaged within a business or in its value chain, without any discrimination and in a way that promotes diversity. The principle recognizes that the well-being of an employee also includes the wellbeing of her/his family.

Core Elements

- The Governance Structure should ensure that the business complies with all regulatory requirements pertaining to its employees, and that there are systems and processes in place to enable this to be done by its value chain partners.
- Businesses should ensure equal opportunities at the time of recruitment, during the course of employment, and at the time of separation without any discrimination.
- Businesses should promote and respect the right to freedom of association, participation of workers, and collective bargaining of all employees including contract and casual labour, and provide access to appropriate grievance redressal mechanisms.
- Businesses should not use child labour, coercive or forced labour, or any form of involuntary labour, paid or unpaid.
- Businesses should put systems and processes in place to support the work-life balance of all its employees.
- Businesses should ensure fair, timely and transparent payment of statutory wages of all its employees, including contract and casual labour without discrimination.
- Businesses should aspire to pay fair living wages to meet basic needs and economic security of all employees, including casual and contract labour.
- Businesses should provide a workplace "environment that is safe, hygienic, accessible to the" - there is no space between the words differently abled and which upholds the dignity of the employees. Businesses should engage and consult with their employees on this provision.
- Businesses should ensure continuous upgradation of skill and competence of all employees by providing access to necessary learning opportunities, on an equal and nondiscriminatory basis. They should promote career development through human resource interventions.
- Businesses should create systems and practices to ensure a humane workplace free from, violence and harassment (including sexual harassment); a workplace where employees feel safe and secure, with adequate provisions for grievance redressal.

Principle 4: Businesses Should Respect the Interests of and Be Responsive to All its Stakeholders

This Principle recognizes that businesses operate in an eco-system comprising a number of stakeholders, beyond shareholders and investors, and that their activities impact natural resources, habitats, communities and the environment. The Principle acknowledges that it is the responsibility of businesses to ensure that the interests of all stakeholders, especially those who may be vulnerable and marginalized, are protected.

The Principle further recognizes that businesses have a responsibility to maximize the positive impacts and minimize and mitigate the adverse impacts of its products, operations, and practices on all their stakeholders.

Core Elements

- Governance Structures should ensure that the business acknowledges, assumes responsibility, and is transparent about the impact of their policies, decisions, products and associated operations on all stakeholders, and the natural environment.
- Businesses should develop systems, processes and mechanisms to identify its stakeholders, understand their expectations and concerns, define the purpose and scope of the engagement, consult with them in developing policies and processes that impact them, and commit to resolving any differences and redressing grievances in a just, fair and constructive manner.
- Businesses should enable all stakeholders to benefit fairly from the value generated by the businesses, and any conflicts or differences arising from the impact of business operations or the sharing of the value generated by the businesses should be resolved in a just, fair and equitable manner.

Principle 5: Businesses Should Respect and Promote Human Rights

This Principle recognizes that human rights are rights inherent to all human beings, and that everyone, individually or collectively, is entitled to these rights, without discrimination. It further recognizes that human rights are inherent, inalienable, interrelated, interdependent and indivisible.

The Principle is inspired, informed and guided by the Constitution of India and the International Bill of Rights and recognizes the primacy of the State's duty to protect and fulfil human rights. The Principle is further informed and guided by the UN Guiding Principles on Business and Human Rights in its articulation of the responsibility of businesses to respect human rights. It affirms that the responsibility of businesses to respect human rights requires that it avoids causing or contributing to adverse human rights impacts, and that it addresses such impacts when they occur. The Principle urges businesses to be especially responsive to such persons, individually or collectively, who are most vulnerable to, or at risk of, such adverse human rights impacts.

Core Elements

- The Governance Structure should ensure that the business undertakes to make its employees aware of the human rights content of the Constitution of India, relevant national laws and policies, and the International Bill of Human Rights and their application to businesses as outlined in the United Nations Guiding Principles for Business and Human Rights. It should further ensure that the responsibility for addressing such impacts is assigned to the appropriate level and function within the business.
- The Governance Structure should ensure that the business has in place such policies, structures and procedures that demonstrate respect for the human rights of all stakeholders impacted by its business. This includes carrying out human rights due diligence to identify, prevent, mitigate and account for how they address adverse human rights impacts.

- The Governance Structure should ensure that their business, where it is causing, contributing or otherwise linked to adverse human rights impacts, takes corrective actions to address such impacts.
- Businesses should promote the awareness and realization of human rights across its value chain.
- Businesses should ensure that all individuals and groups whose human rights are impacted by them have access to effective grievance redressal mechanisms.

Principle 6: Businesses Should Respect and Make Efforts to Protect and Restore the Environment

This Principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well-being of society.

The Principle emphasizes that environmental issues are interconnected at the local, regional and global levels, which makes it imperative for businesses to address issues like pollution, biodiversity conservation, sustainable use of natural resources and climate change (mitigation, adaptation and resilience) in a just, comprehensive and systematic manner. These are aligned with SDGs 11, 13, 14 and 15.

The Principle encourages businesses to assess environment impacts of its products and operations and take steps to minimize and mitigate its adverse impacts where these cannot be avoided.

The Principle encourages businesses to adopt environmental practices and processes that minimize or eliminate the adverse impacts of its operations and across the value chain.

The Principle encourages businesses to follow the Precautionary Principle in all its actions.

Core Elements

- The Governance Structure should ensure that the business formulates appropriate policies, procedures and structures to assess, measure and address its adverse impacts on the environment at all its locations, at all stages of its life cycle from establishment to closure. Special care should be taken where these impacts occur in eco-sensitive areas.
- Businesses should develop appropriate strategies for sustainable and efficient use of natural resources and manufactured materials, giving due consideration to expectations and concerns of all stakeholders.
- Businesses should define measurable key performance indicators and targets to monitor their performance on environmental aspects such as water, air, land-use, forest, energy, materials, waste, biodiversity, built environment and so on.
- Businesses should focus on addressing climate change through development of both mitigation and adaptation measures, and build climate resilience and in line with India's Nationally Determined Contributions to the Paris Climate Change Agreement and the National/State Action Plans on Climate Change.
- Businesses should learn from industry best practices for promoting reduction, reuse, recycling and recovery of material and resources, and encourage and motivate its stakeholders, particularly consumers and business partners, to do the same.

- Businesses should seek to improve their environmental performance by adopting innovative, resource-efficient and low-carbon technologies and solutions resulting in lower resource footprint, lesser material consumption and more positive impact on environment, economy and society.

Principle 7: Businesses, when Engaging in Influencing Public and Regulatory Policy, should Do So in A Manner that is Responsible and Transparent

This Principle recognizes that businesses operate within specified national and international legislative and policy frameworks, which guide their growth and also provide for certain desirable restrictions and boundaries.

The Principle recognizes the legitimacy of businesses to engage with governments for redressal of a grievance or for influencing public policy.

The Principle emphasizes that public policy advocacy must expand public good.

Core Elements

- The Governance Structure should ensure that its advocacy positions are consistent with the Principles contained in these Guidelines and publicly disclosed.
- Businesses should, to the extent possible, undertake policy advocacy through trade and industry chambers and associations, and other similar collective platforms.
- Businesses should ensure that its policy advocacy positions promote fair competition and respect for human rights.

Principle 8: Businesses Should Promote Inclusive Growth and Equitable Development

This Principle recognizes the challenges of social and economic development faced by India, and builds upon the national and local development agenda as articulated in government policies and priorities. This is particularly significant in zones affected by social disharmony and low human development.

The Principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country with a specific focus on disadvantaged, vulnerable and marginalized communities, as articulated in Section 135 of the Companies Act, 2013.

The Principle also emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda in line with SDG 17.

The Principle reiterates that business success, inclusive growth and equitable development are interdependent.

Core Elements

- The Governance Structure shall ensure that the business takes appropriate actions to minimize any adverse impacts that it has on social, cultural and economic aspects of society including arising from land acquisition and use, construction of facilities and operations.
- Businesses should assess, measure and understand their impact on social, and

economic development, and respond through appropriate action to minimize and mitigate its negative impacts on society.

- Businesses should innovate and invest in products, technologies and processes that promote the well-being of all segments of society, including vulnerable and marginalized groups.
- Businesses should respond to national and local development priorities and understand the needs and concerns of local communities, particularly vulnerable and marginalised groups and in regions that are underdeveloped, while designing and implementing their CSR programmes.
- Businesses should make efforts to minimize the negative impacts of displacement of people and disruption of livelihoods through their business operations and where displacement is unavoidable, this process must be undertaken in a humane, participative, informed and transparent manner, where just and fair compensation is paid to those impacted.
- Businesses should respect all forms of intellectual property and traditional knowledge and make efforts to ensure that benefits derived from their knowledge are shared equitably.

Principle 9: Businesses Should Engage with and Provide Value to their Consumers in A Responsible Manner

This Principle is based on the fact that the basic aim of a business entity is to provide goods and services to its consumers that are safe to use, and in a manner that creates value for both.

The Principle recognizes that consumers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available products that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their consumers.

The Principle also recognizes that businesses should play a key role, along with other relevant stakeholders, in mitigating the adverse impacts that excessive consumption of its products may have on the overall well-being of individuals, society and our planet, in line with SDG 12.

Core Elements

- Governance Structures should ensure that the business minimizes and mitigates any adverse impact of its goods and services on consumers, the natural environment and society at large.
- Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.
- Businesses should disclose all information accurately, through labelling and other means, including the risks to the individual, to society, and to the planet, from the use of the products, so that the consumers can exercise their freedom to consume in a responsible manner.
- Businesses should manage consumer data in a way that does not infringe upon their right to privacy.

- Businesses should make consumers aware of, and provide information and guidance to them on, safe and responsible usage and disposal of their products (including reuse and recycling), and to eliminate over-consumption.
- Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the Principles in these Guidelines.
- Businesses should provide appropriate grievance redressal mechanisms that are transparent and accessible, to address consumer concerns and feedback.
- Businesses that provide essential services, e.g.. utilities, should enable universal access, including to those whose services have been discontinued for any reason, in a non-discriminatory and responsible manner.

Annexure 1: Guidance on Adoption of NGRBC

What Does Adoption Mean?

The Principles and Core Elements contained in the NGRBC are designed to enable businesses to conduct themselves responsibly. Therefore, adopting these guidelines refers to the integration of the Principles and Core Elements into the core business strategy and operations of an enterprise including its value chain.

So, how will the Governance Structure of a business know whether it has successfully integrated these NGRBC? Here are some indicators:

- It should have in place, policies and guidance that are approved at the highest level and cover all the Principles.
- The key performance indicators of the business should incorporate all the Principles of the NGRBC and those Core Elements that significantly impact or are impacted by the business.
- The operating procedures of the business should also cover those Core Elements that significantly impact or are impacted by the business.

The Business Responsibility Reporting Framework (BRRF) provided in Annexure 3 of these guidelines is designed as an internal tool to help businesses determine how well aligned they are to the NGRBC.

Key Enablers

Experience suggests that there are some key enablers of businesses that help them successfully integrate sustainability principles into their core processes.

These include:

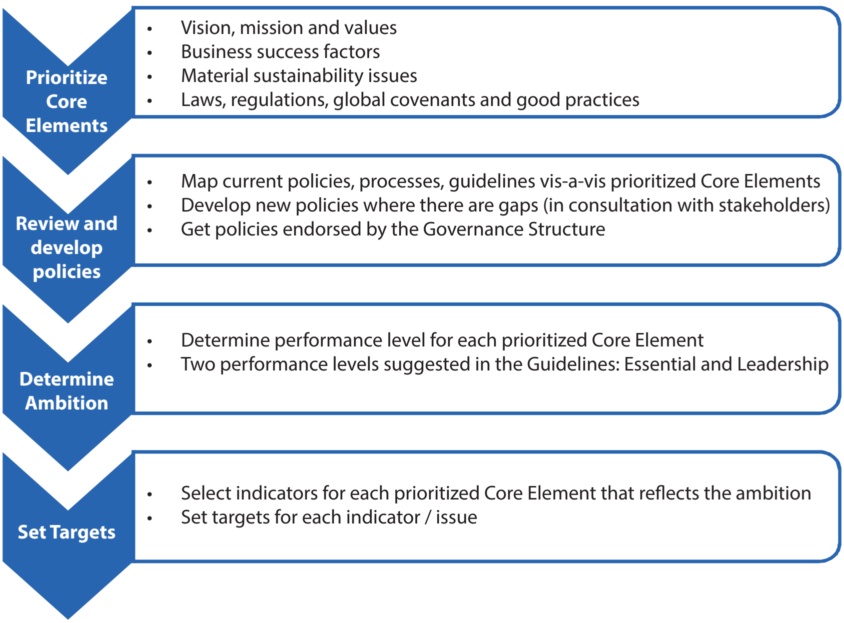
- *Leadership commitment*: The Governance Structure of the business (Board in the case of companies, owner(s)/partner(s) in other forms) needs to be convinced that the success of the business depends upon adopting the NGRBC. The Chairman/CEO/Owner-Manager needs to play a proactive role in convincing the Governance Structure, which is most effectively done by demonstrating the business benefit of being responsible.
- *Employee engagement*: The employees too must be convinced of the need to be responsible. Again, the Governance Structure and top management must

communicate this to all employees so that the Principles are fully understood across the organization and comprehensively implemented.

- *Stakeholder engagement*: Recognizing that all stakeholders play a crucial role in a business's success, the top management of the company must map out its stakeholders and proactively engage and build strong relationships with them on a consistent and continuous basis.
- *Disclosure and reporting*: In addition to engaging with stakeholders including employees, the proactive public disclosure by companies of their impact on society and the environment is also essential.

The Business Case for Adoption

That businesses are expected to conduct themselves responsibly is an essential component of the social contract between businesses and society. Increasingly, businesses are also recognizing that responsible business conduct provides benefits to both the business and society in the short term as well as in the long term. To help businesses determine these benefits, they may use a tool called the Business Case Matrix, provided in Annexure 5. Every business can develop such a matrix, in its own context, for each Core Element, and thus determine which of them are a relatively higher priority to the business. However, as stated earlier, the Principles detailed in these guidelines are interdependent, interrelated and nondivisible, and responsible businesses are expected to adhere to all the Principles and Core Elements.



The Adoption Process

The flowchart given below summarizes the process businesses may follow to adopt the NGRBC and integrate them with the core business.

Some of the key steps are described in greater detail below:

- Prioritizing the Core Elements: The first step is that the business must identify those Core Elements that are priority. As a rule of thumb, it is highly likely that each Principle will have at least one Core Element which is of higher priority for the business. In order to do this prioritization, a business must map all the Core Elements against:

  1. Vision, mission and values: Those that align with or contribute to these must be considered priority.
  2. Business success factors: These are typically articulated in the business strategy.
  3. Material sustainability issues: Many businesses conduct a materiality analysis to determine the environment and social issues that are of high concern to its stakeholders (ideally based on detailed stakeholder engagements) and have a high impact on business (based on detailed internal analysis on key business success factors). The Core Elements that align with or contribute to these material sustainability issues must be treated as high priority. In cases where the business has not undertaken its own materiality assessment, it should go by suggestions found in globally accepted guidelines.
  4. Legal and voluntary compliances: Every business must know the specific laws and regulations, current and emerging, which pertain to each of the Core Elements. It is stressed that compliance with the laws and regulations of the land is non-negotiable. It may also be noted that those businesses that are part of a supply chain are also subject to codes and standards that their buyers may require them to comply with.

- Integrating Prioritized Core Elements into Core Business: All the prioritized Core Elements must then be integrated into core business strategy. In order to do this, the business must:

  1. Review its current policies and guidelines to ensure that they cover all the prioritized Core Elements. Where there are gaps, these must be revised.
  2. In the case of those Core Elements where the Governance Structure has a role in ensuring implementation, these policies and guidelines must be endorsed by the Governance Structure.
  3. The business must determine what its ambition is for each prioritized Core Element, i.e. the performance level it wishes to achieve for each. As mentioned earlier, the base performance has to be compliance with the law or regulation, but a business may decide to be more ambitious and take a leadership position by setting itself a higher performance target. Annexure 3 discusses this in greater details and suggests two performance levels – Essential and Leadership.
  4. Annexure 3 outlines the performance indicators for relevant Core Elements at these two levels – Essential and Leadership. Businesses may select the indicators for their prioritized Core Elements that reflect their ambition and set 3-5 year targets.

Covering Value Chains

Value chains, encompassing all upstream sourcing channels and downstream distribution channels, are an integral part of all businesses, have a definitive role in their success, and feature in their core strategies. While integrating the NGRBC into their core strategies and operations, businesses should specifically encourage their adoption by their value chain partners. Responsible businesses should be well placed to understand the social, environment and economic impact their value chain partners have on their own enterprise as well as on the external world.

Suggested steps for this include:

- Mapping the value chain: Businesses should create a map of their direct (or Tier 1) value chain partners and also cover, to the extent feasible, indirect members of the value chain who transact with the Tier 1 value chain partners. A value chain map, which traces the key activities involved in bringing a product from key inputs to the consumer, should be created for all major products of a business and requires collaboration among all functions within the business which work on the specific products. This should provide visibility of physical locations, resource dependencies, contractual/compliance status, financial status and storage/logistics arrangements for value chain partners as well as any interdependencies between the partners. The map will enable the business to ascertain specific sustainability risks or opportunities that may reside in its value chain which may be different from those faced by the business itself.
- Prioritizing Core Elements for value chain partners: Using the value chain map and as part of the materiality assessment referred to earlier in this annexure, businesses should prioritize the Core Elements which are important for their value chain partners to align themselves with. This is best done in consultation with their major Tier 1 partners so that ownership is built from the beginning.
- Setting policy frameworks: Businesses should have in place, policies and guidelines that facilitate adoption of the NGRBC across their value chain partners. These policies and guidelines, where required, should be endorsed by the Governance Structure of the business. Again, this will be most effective when done in consultation with their Tier 1 partners.
- Establishing engagement processes: The prioritized Core Elements should be embedded in processes for all points of engagement with value chain partners including diligence, selection, monitoring, periodic engagement, feedback, and recognition of good practice. Such processes are an effective means to build actions around the prioritized Core Elements, signal the business' responsible intent, can be used to incentivize integration of sustainability principles across the value chain and, in the long term, will enhance security of supply for the business through a stronger relationship with their partners.
- Cascading responsibility: Businesses should recognize that their value chains partners, direct and indirect, will range from large multinational corporations to Micro, Small and Medium Enterprises (further details on the role of MSMEs in value chains are provided in Annexure 2), who will have differentiated capacities and considerations while adopting the Principles and Core Elements.

Businesses should guide and support them in their efforts to adopt these guidelines including collaborating with other businesses. Businesses should also support their Tier 1 partners to cascade this process to the subsequent tiers in the value chain.

Annexure 2: Guidance for Micro, Small and Medium Enterprises

Significance of MSMEs for NGRBC

MSMEs contribute significantly to the GDP, employment and social equity of India. They are the 2nd largest employer, after agriculture, employing an estimated 100 million people which is almost ten times that of the employment in the government and large private sector put together. MSMEs are present in almost all economic activities, ranging from crafts to services and high-end industrial activities. The product range spreads across sectors including handicrafts, handlooms, textiles, garments, leather, plastics, engineering, IT & IT enabled services, hospitality, tourism, health care and several others. In terms of markets, these enterprises are connected with rural markets to global value chains. Together they contribute to 37% of industrial output, 40% of manufactured exports and 37.54% of the GDP for 2012-13 (Annual report of Ministry of MSME, Govt. of India, 2015-16), with a considerable multiplier effect on the economy.

Another remarkable feature of the MSMEs in India is that almost two-third of them are naturally organized around approximately 6000 geographic clusters, as a part of local, regional, national and global value chains. These clusters in groups of contiguous villages, blocks or districts are known for a range of crafts, industrial products or services.

MSMEs are, therefore, not a residual segment but a very significant component of the larger social and economic system, interconnected with a variety of stakeholders. Hence, for the NGRBC to succeed, widespread buy-in and adoption by the MSME sector is necessary.

Classification of MSMEs

The Indian MSME sector can be broadly categorized into two types:

- MSMEs organized around local and regional value chains: These comprise a large number of very small enterprises and is estimated to contribute between half to two-thirds of the total MSME output. However, their share has been shrinking over the years making way for integration across national and global value chains.
- MSMEs that are part of national & global value chains: These can be further broken into three distinct although not mutually exclusive subgroups:
    a. Global value chains linked: This group accounts for increasing exposure of MSMEs to the global business environment since the 1990s. Those in product categories like garments, sports goods, furniture, chocolates, beverages and other food products are well exposed to individual and collective buyer standards across environment, labour and other issues, and are hence reasonably in tune with various responsible business guidelines, codes and standards.

b. Vendors/suppliers for large buyers with domestic base: The MSMEs in this group are linked across several sectors where global players have significant manufacturing or sourcing base in India, such as automobiles, engineering goods, aerospace, defence, railways and large retail companies. There is also a wide range of MSME suppliers for public procurement supplying to railways, engineering companies, power sector companies and a wide range of government services across hospitals, schools, etc.

c. Emerging high growth start-ups: The phenomenon of technology-based high growth start-ups is beginning to surge. This is significant not only for the growth of individual enterprises but also with their power to disrupt the way classical brick and-mortar enterprises function. With a more positive socio-economic environment for spawning start-ups with support from academic institutions, private funding for risk capital, and government support, this group is fast emerging as a significant one. To illustrate there are technologybased aggregators of MSMEs that include independent taxi operators, e-commerce platforms and credit facilitators. These entrepreneurs have joined the bandwagon of globally integrated Indian MSMEs.

The Business Case for MSMEs to adopt the NGRBC

There is no doubt that smaller businesses have fewer resources and abilities to adhere to multiple laws, regulations and guidelines. But the fact that several of them already do clearly suggests that not only are they capable of doing so but it is worth their while – in other words, it makes business sense to do so. So, what are the business benefits of adopting these Principles and Core Elements? Some of these are outlined here:

- Increased access to markets and customers: MSMEs that are a part of national and global value chains know that for them to gain new customers and retain their existing ones, they have to conform to a number of sustainability codes and standards that go well beyond compliance with local laws. These codes and standards, typically relating to issues regarding environment and labour, which are almost standard requirements for those exporting to western countries, are increasingly becoming universal, with several Indian companies also expecting their supply chains to conform to sustainability requirements. Adopting the Principles herein may enable MSMEs to become preferred suppliers to the increasing number of customers who expect responsible behaviour from their value chains.
- Better preparedness for compliance: India was a signatory to two global agreements in 2015 – the Sustainable Development Goals and Paris Agreement on Climate Change. As a consequence, businesses will be expected to do more in the social and environmental spheres, and this will, inevitably, lead to tighter regulations over the years. The MSME sector too will face this challenge. Further, there are already multiple buyer codes and standards that MSMEs are expected to align themselves with and these will only increase. Adopting the NGRBC will enable MSMEs to be better prepared for this future.
- De-risking operations: Adopting these guidelines will enable MSMEs to reduce the risk of their operations being affected due to noncompliance with either

regulations or customer expectations (as expressed in their own codes and standards).

- Cost savings and increase in productivity: There is mounting evidence, even amongst MSMEs, that investing in processes that reduce environmental footprints, waste, and drudgery, and increase the quality of life of employees, provides benefits that pays back these investments quickly and in good measure.
- Access to funds: Several banks and financial institutions, including in India, are increasingly looking at businesses that do not conform to responsible business practices as risky and either fund them at a premium or do not fund them at all. The Indian Banks Association has recently come up with a set of National Voluntary Guidelines for Responsible Finance, which asks members to factor commitment to responsible business in their lending and investment decisions. MSMEs that adopt the NGRBC may find themselves better placed to negotiate better financial terms with banks and financial institutions to meet their growth plans.

Adopting the NGRBC

Annexure 1 described (a) what "adopting" means and (b) identifying the "enablers" for successful adoption. These are applicable in full measure to MSMEs as well. Owners and partners have to play a leadership role in understanding the Principles and Core Elements outlined in the NGRBC, adopting them and making their employees, customers and funders aware so that they derive full benefit from this commitment. Reporting their commitments and activities is an effective way of communicating their performance to these key stakeholders.

The steps that MSMEs should take to adopt the NGRBC are also described in Annexure 2. Recognizing that some of these steps can be undertaken only by those businesses that are relatively larger and more mature, given below are what MSMEs must do at the bare minimum:

- Prioritizing the Core Elements. The first step in adoption has to be prioritizing the Core Elements. In order to do this, the MSME must map all the Core Elements against:
    a. Its own vision, mission, values and business success factors: Those that align with or contribute to these must be considered priority.
    b. Laws and regulations: All Core Elements that are governed by a law or regulation, current or emerging, have to be prioritized.
    c. Buyer/Customer codes: All codes adopted by buyers/customers, current and potential, must be studied and understood and those Core Elements that cover these requirements must be prioritized.
- Embedding Prioritized Core Elements: All the prioritized Core Elements must then be integrated into the core business. This process has been detailed in Annexure 2. All MSMEs must set their ambitions at the Essential level but those that set themselves higher ambitions are likely to reap the benefits of this in the medium to long term.

Annexure 3: Business Responsibility Reporting Framework

This annexure details the reporting framework associated with the National Guidelines for Responsible Business Conduct. It consists of three sections: (a) Section A – General Disclosures, covering operational, financial and ownership related information, (b) Section B – Management and Process Disclosures covering the structures, policies and processes to integrate the Guidelines, and (c) Section C – Principle-wise Performance Indicators covering how well businesses are performing in pursuit of these Guidelines. Care must be taken to identify measurable indicators and performance against each Core Element of each Principle detailed in Chapter 2.

Principal Purpose of this Reporting Framework

The principal purpose of this reporting framework is to serve as an internal tool for businesses wishing to align themselves with the NGRBC. It should not be seen as a mandatory reporting format as that is the domain of a regulator or law.

The Performance Indicators in Section C are divided into two types – Essential Indicators and Leadership Indicators. All businesses irrespective of size, sector, or ownership structure, should be able to complete the Essential Indicators to consider themselves responsible at a base level – the extent to which they are able to complete this indicates how mature they are. The extent to which they can complete the Leadership Indicators indicates how far down the path to leadership they have reached; the data gaps identify Opportunities for Improvement.

Further, by comparing how much of this framework a business has been able to complete in the current year vis-à-vis the previous year, will help a company determine if it is on the path to leadership and whether the pace is in line with its ambition.

Of course, businesses may use this reporting framework to voluntarily disclose their commitment to and performance against their economic, social and environmental impacts. A growing number of businesses are already doing this and are reporting several benefits, internal and external, as a result of their commitment to disclosure and reporting.

Annexure 5 provides a note on how this framework may be used as a tool by businesses to assess their alignment with the NGRBC.

Additional Purpose of this Reporting Framework

While this reporting framework is not meant to be a mandatory reporting format, a design principle that was used in its development was that it can be adapted into one by any legitimate authority or regulator. This was done keeping in mind that there is an increasing trend globally to mandate greater transparency from all organizations that impact the society and the planet, something that SEBI also did when it mandated Business Responsibility Reporting against the NVGs in 2012.

Aggregate Reporting – Useful Methodology for MSMEs in Clusters

MSMEs can now imbibe a method of preparing an aggregate report, i.e. the result of applying the Aggregate Reporting (AR) methodology to combine data from individual units that belong in the same cluster (i.e. region/location) in order to create one collective sustainability report. The small enterprises of India can benefit from this reporting process, that can identify significant issues that may impact the business, and can lead to business benefits through the process of measurement, management and change. The methodology is outlined in the learning document for the project, "Scaling Up Sustainable Development of MSME". A link to this learning document and examples of Aggregate Reports are in Annexure 2.

Section A: General Disclosures

Company details

1. Name of the Company:
2. Year of registration:
3. Corporate Identity Number (CIN) of the Company (if applicable):
4. Corporate address, telephone, email and website:

Products / Services

5. Sector(s) that the business is engaged in (industrial activity code):
6. Goods manufactured/services provided (top three by revenue):
7. Brands (top five by respective share of market) owned and percentage of revenue contributed:

Operations

8. Location of plants (in case of manufacturing businesses)
   a. National (Districts and states – top five by employee strength):
   b. International (Country – top three by employee strength):
9. Location of major offices (in case of service businesses)
   a. National (Districts and states – top five by employee strength):
   b. International (Country – top three by employee strength)):

Employees

10. Number of permanent employees:
11. Contractual employees (seasonal, non-seasonal):
12. Temporary employees:
13. Percentage of women:
    a. On the Governance Structure:
    b. In top management, i.e. business and function heads:

Associate entities

14. Names of subsidiary / associate companies:
15. Details of Trust / Society / Section 8 company to further its CSR agenda:
    a. Names:
    b. Organization form (Trust, Society, Company) and year of establishment:
    c. Main objects / purpose:
    d. Amounts and sources of funds received in the reporting year;
16. Contact details of Nodal Officer for this report (name, designation, email ID, phone number).

Section B: Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. Names of the policy / policies that covers each Principle									
2. Core Elements related to the Principle that the policy / policies cover									
3. Policy / policies relating to each principle that has been translated into guidelines and procedures									
4. Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy / policies relating to each Principle									
5. National and International codes and standards adopted mapped to various Principles									
Governance, leadership and oversight									
6. Names of the above policies that have been approved by the Board/top management									
7. Name of the specified committee(s) of the Board/ Director / Officer and processes to oversee the implementation of the policy / policies									
8. The process for board/ top management to review performance against the above policies and									
9. Process for board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances (100 words)									
10. Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the board / top management									
Stakeholder Engagement									
11. Description of the process to identify your business's key stakeholders (100 words)									
12. Description of the process to engage with your stakeholders on the Principles (100 words)									
13. Description of the processes to identify groups that are vulnerable and marginalized stakeholders (100 words).									
14. Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders (100 words).									
Communications									
15. Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them (100 words)									
16. Description of how the business communicates the results of stakeholder engagement in the public domain (100 words)									
17. Description of the process of communicating performance against these Guidelines to relevant stakeholders (100 words)									
18. Note on how disclosures and reporting helped in improving business performance / strategy (50 words)									

If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The company has not understood the Principles									
The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles									
The company does not have financial or manpower resources available for the task									
It is planned to be done within next 6 months									
It is planned to be done within next 12 months									
Any other reason (please specify)									

Section C: Principle-Wise Performance Disclosure

This section is aimed at helping businesses demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the Essential level is expected from every business that has adopted these Guidelines, the Leadership level is expected of businesses which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1

Essential Indicators	Leadership Indicators
1. **Month/year of last review** by Governance Structure/ top management of performance of the business across the Principles and Core Elements of the Guidelines? 2. % Coverage of leadership team by awareness programmes on the Guidelines: a. In reporting year; b. Total to date 3. % of suppliers and distributors (by value), in the year: a. Covered by awareness programmes for the Guidelines? b. Had responsible/sustainable business policies in place? 4. Number of meetings / dialogues with minority shareholders that were organized in the year? 5. Number of complaints received on any aspect of the NGRBC in the year from: a. Shareholders / investors b. Lenders 6. Number of the above complaints pending resolution at close of year? 7. Value of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year? 8. Number of complaints / cases of corruption and conflicts of interest that were registered in the year? 9. Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the central, state, or local governments (100 words).	1. **% coverage of all employees** by awareness programmes for the Guidelines: a. In reporting year b. Total to date 2. **% of suppliers and distributors** (by value) covered by social and environmental audits: a. In reporting year b. Total to date 3. **Was report on responsible business conduct** made, in the year: a. As per mandatory / global reporting frameworks b. Available in the public domain. c. Assured by a third party 4. **Details of non-disputed fines / penalties** imposed on your business by regulatory and judicial institutions in the year available in public domain. 5. **Provide examples** (up to three) of corrective action taken on the above fines/ penalties imposed. 6. **Provide examples** (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.

PRINCIPLE 2

Essential Indicators	Leadership Indicators
1. **List top three goods / services** (revenue in the year) which incorporate environmental and social concerns, risks, and/or opportunities in their design. 2. **Details of investments in specific technologies** to improve the environmental and social impacts (top three by value). 3. **% of input material and services** (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels. 4. **% of total raw material consumed** in the year (by value) that consisted of material that was recycled or reused (provide details in 50 words): a. <5% b. between 5% and 25% c. > 25% 5. **Describe the process in place to safely** collect, reuse, recycle and dispose of your products at end-of-life (100 words)	1. For goods and services that incorporated environmental and social concerns, give details of: a. Resource use (energy, water, raw material) per unit produced in the year. b. Reduction in resource use covering sourcing, production, and distribution in the year. c. Sustainability standards/codes/ labels adhered to. d. Product life cycle assessment completed. 2. Information on the impacts of your products across the value chain communicated to: a. To which stakeholder groups? b. By which channels for each group? c. At what frequency? 3. **Provide examples (up to three)** on how the feedback received from stakeholders is used for improvements?

PRINCIPLE 3

Essential Indicators	Leadership Indicators
1. Complaints received on cases arising out of discrimination: a. Number received in the year 2. Number of the above complaints pending resolution at end of the ear? 3. % of permanent employees who are members of the employee association(s) recognized by the management? 4. % of your establishments / value chain that has been audited in the year for: a. Child labour b. Forced/involuntary labour 5. Number of cases of child labour in your establishments/ value chains identified to date: a. Resolved b. Pending resolution 6. Number of cases of forced / involuntary labour identified to date: a. Resolved b. Pending resolution 7. % of your employees that were paid above the legal minimum wage in the last year? 8. Ratio of the highest salary paid to the lowest salary paid amongst your permanent employees?	1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year? 2. % of non-permanent employees that are linked to any standing platform/association 3. % of children identified as employed in your establishments / value chain that have been remediated: a. In reporting year b. Total to date 4. % of forced/involuntary labour identified in your establishments / supply remediated: a. In reporting year b. Total to date 5. % of your suppliers (by value) that paid minimum wages to their employees last year 6. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases. 7. % of supply chain partners (by value) that were assessed for adherence to health and safety practices. 8. % of accident-affected persons integrated back into employment.

Essential Indicators	Leadership Indicators
9. Number of cases of delay in payment of wages during the year: a. Resolved b. Pending resolution 10. Number of complaints related to harassment to date: a. Resolved; b. Pending resolution 11. Number of the following occurred during the year: a. Accidents at the workplace b. Fatalities caused c. Disability caused 12. % of employees (all categories) trained on health and safety issues and measures: a. In the year; b. Total to date 13. % of employees provided training and skill upgradation: a. In the year; b. Total to date	9. Describe the work-life balance issues (up to three) that were brought up by employees (100 words). 10. Examples (up to three) of identified work-life balance topics that have been implemented.

PRINCIPLE 4

Essential Indicators	Leadership Indicators
1. List stakeholder groups that have been identified as key to your business? 2. Positions / departments / functions responsible for engagement with each stakeholder category identified above? 3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year? 4. % of input material and services (by value), in the year, that were procured from local and small vendors / producers?	1. Frequency of engagement with each stakeholder group? 2. Examples (up to three) of how the business has incorporated inputs from stakeholders. 3. List of the vulnerable and marginalized groups in each stakeholder group. 4. Examples of decisions and actions taken by the business to address the interests of vulnerable/marginalized groups.

PRINCIPLE 5

Essential Indicators	Leadership Indicators
1. % of employees that have been provided training on human rights issues: a. In the year b. Total to date 2. Employee categories that are covered by the human rights policies of the business – Permanent/Contract/Casual. 3. Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impacts in the previous year. 4. Stakeholders groups governed by the grievance committee for human rights issues. 5. Number of stakeholders that reported human rights related grievances and/or complaints: a. Received in the year b. Pending resolution	1. % of contractual employees and value chain partners that have been made aware / provided training on human rights issues: a. In the year; b. Total to date 2. External stakeholder groups and representatives that are covered by the human rights policies of the business? 3. Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues: a. During the year; b. Total to date 4. List (up to three) corrective actions taken to eliminate complicity with adverse human rights impacts in the last year. 5. Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances/complaints. 6. Provide details of the scope and coverage of any human rights due-diligence conducted during the year.

PRINCIPLE 6

Essential Indicators	Leadership Indicators
1. Material risks of potential or actual adverse impacts upon the environment and communities by the business: a. Identified in the year b. Mitigation and adaptation measures put in place for the above environmental risks? 2. Good practices (up to three) in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint of your business activities. 3. Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above. 4. Details of any adverse orders in respect of any show cause / legal notices from CPCB/ NGT/SPCB received during the year	1. Information on environmental impact assessments undertaken in the year: a. Have the results been communicated in the public domain? b. Provide details of any actions taken to mitigate any negative social impacts. 2. Risk management strategies and measures for each material environmental risk identified for the business: a. Details of measures (100 words). b. Targets and achievement values. 3. Details of your specific contribution to India's Nationally Determined Contributions (submitted at UNFCCC COP21 in 2015) 4. New businesses-products-services created to address the material environmental risks identified: a. Information on businesses created (100 words) b. % of revenue contributed by these 5. Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice (100 words).

PRINCIPLE 7

Essential Indicators	Leadership Indicators
1. Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines: a. Frequency b. Month/year of last review. 2. Names of trade and industry chambers and associations that you are a member/ affiliate of. 3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business 4. Monetary contributions (if any) that have been made to political parties	1. The public policy positions available in the public domain. 2. Examples (up to three) of any policy changes in the past year as a result of your advocacy efforts. 3. Details of corrective action for anti-competitive conduct, taken by the business based on adverse orders from regulatory authorities.

PRINCIPLE 8

Essential Indicators	Leadership Indicators
1. Social impact assessments of your business operations conducted: a. Number completed in the year? b. Number conducted by an independent external agency. 2. Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society	1. With respect to these social impact assessments: a. Results made available in the public domain b. Details of any actions taken to mitigate any negative social impacts (100 words). 2. Numbers benefitting from such beneficial products, technologies or processes.

3. With respect to projects during the year for which R&R is applicable: a. Number of persons that were affected displaced by these projects? b. Gross amount paid out to project-affected and displaced persons?	3. With respect to projects during the year for which R&R is applicable: a. Was the R&R package developed in consultation with project-affected people? b. Information on gross amounts, maid available in the public domain
4. Grievances / complaints received from local community: a. Number received during the year b. Number pending resolution	4. Channels/platforms used to communicate information regarding resolution of grievances / complaints from communities.
5. Details of investments (top three by value) in regions which are underdeveloped (100 words).	5. Examples (up to three) of economic and social value addition in these underdeveloped regions (100 words).
6. Examples of goods and services up to 3) that incorporate local traditional knowledge.	6. Examples where benefits of this local traditional knowledge being used by the business are shared with the community.
7. Details of adverse orders or judgments in intellectual property rights disputes related to traditional knowledge during the year (100 words).	7. Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act 2013), disaggregated by the vulnerable and marginalized group categories.
8. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act 2013) or linked to the CSR Policy of the business (up to 100 words).	8. Examples of how the impact of your community initiatives contribute to local and national development indicators?

PRINCIPLE 9

Essential Indicators	Leadership Indicators
1. Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain.	1. Corrective actions taken on adverse impacts of goods and services of your business: a. Details (100 words). b. Communicated in the public domain.
2. % by value of goods and services of the business that carry information about: a. Environmental and social parameters relevant to the product. b. Safe and responsible usage.	2. List of national-international product labels / certifications being used by the business. 3. Channels platforms where information on goods and services of the business can be accessed.
3. Number of consumer complaints in respect of data privacy: a. Received during the year. b. Pending resolution.	4. Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products (100 words).
4. Number of consumer complaints in respect of advertising: a. Received during the year. b. Pending resolution.	5. On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated (100 words).
5. Number of consumer complaints in respect of delivery of essential services: a. Received during the year. b. Pending resolution.	6. Processes in place to inform consumers of any risk of disruption/discontinuation of essential services (100 words).

Signature of the designated official responsible for this report.

Sd/-

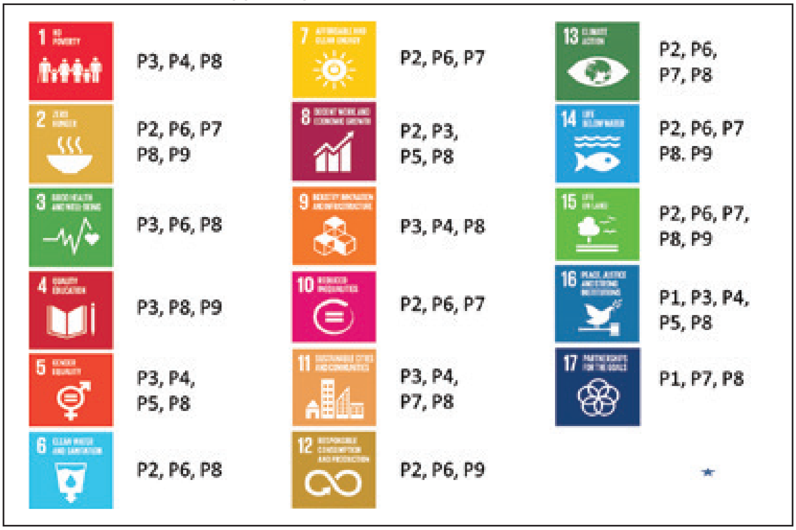
Name: Designation:

Address:

Telephone number:

Email id: -----------------

Annexure 4: SGDs Mapped Against NGRBC



The chart demonstrates the alignment between the SDGs and relevant Principles of the NGRBC. It may be noted that this is indicative.

Annexure 5: Business Case Matrix

The Business Case Matrix (BCM) is designed as a tool to map the business benefits of integrating these Guidelines. The BCM here highlights some significant benefits which may accrue to businesses from integrating the Principles from these Guidelines. This is not exhaustive and it is critical for each business to assess the benefits in their respective contexts.

Principle	Revenue growth and market access	Cost savings and productivity	Access to capital	Risk management/ license to operate	Human capital	Brand value/ reputation
1. Integrity, Ethics, transparency, accountability	New customers; Business partner of choice		Good governance practices are attractive to investors, banks, financial markets	Positively seen by communities, NGOs, local governments, regulators	Attract and retain quality employees	Positively seen by customers, regulators, media
2. Safe and sustainable goods and services	New customers; Customer loyalty	Efficiency gains in supply chain and production	Lower risk perception is attractive to investors and lenders	Reduced risk of action from regulators and consumer activists	Attract and retain quality employees	Enhanced brand value
3. Well-being of employees		Increased productivity; high morale; reduced absenteeism		Improved labour relations leading to less disruptions	Attract and retain quality employees	Employer of choice
4. Respect and responsive-ness to all stakeholders	New customers; Customer loyalty	Efficiency gains across procurement, production distribution, after-sales	Good governance practices are attractive to investors and banks	Positively seen by stakeholders - communities, NGOs, governments, regulators	Attract and retain quality employees	Positively seen by customers, regulators, media
5. Respect and promote Human rights	Access to international capital and developed country markets	Enhanced productivity	Good governance practices are attractive to investors, banks, financial markets	Positively seen by communities and NGOs; Lower risk of non-compliance	Attract and retain quality employees	Positively seen by customers, regulators, media
6. Respect, protect and restore the Environment	Business partner of choice, especially for sustainability-oriented buyers	Lower operating costs in the long term; less danger of"externalities" emerging as liabilities.	Lower risk perception is attractive to investors, banks, financial markets	Positively seen by communities, NGOs, governments, regulators; Lower risk of non-compliance	Attract and retain quality employees	Positively seen by customers, regulators, media
7. Responsible and transparent policy advocacy				Positively seen by governments, regulators, NGOs		Positively seen by customers, regulators, media
8. Promote inclusive growth and equitable development	Potential for market expansion and acquisition of new customers	Lower costs of ensuring business continuity	Lower risk perception is attractive to investors and lenders	Enhanced governmental support to initiatives; improved relations with communities	Potential source of trained employees	Positively seen by customers, regulators, media
9. Provide value to consumer responsibly	New customers; Customer loyalty		Growth prospects attractive to investors	Lower risk of consumer action	Talent will be drawn towards growing firm	Customers perceive brand and firm favourably

Annexure 6: Guidance for Businesses on Using the BRRF as a Self-Assessment Tool

The Business Responsibility Reporting Framework (BRRF) is a tool for businesses to assess how well-aligned they are to the National Guidelines for Responsible Business Conduct (NGRBC), and identify opportunities for improvement. This note provides guidance on how this can be done.

To begin with, it must be understood that there are two dimensions to alignment. The first may be referred to as "completeness", which measures the extent to which the Principles and Core Elements are tracked by the business. The second, which may be referred to as "Ambition", measures how evolved and challenging the performance targets that the business sets for itself are, and what to extent these are achieved.

Given the stage of evolution of the NGRBC, this tool focuses on the Completeness aspect of alignment.

Completing the BRRF

Each business must attempt to complete all the three sections of the BRRF. Sections A and B have indicators that all businesses are expected to complete. Section C has indicators divided into two categories – Essential Indicators and Leadership Indicators – the latter being those indicators, that companies which are more familiar and experienced in business responsibility and sustainability should be able to complete.

Once the business has completed this, it must identify all the specific questions and indicators that it has not been able to complete. This forms the basis for it to determine where it is in terms of completeness.

Assessing Completeness

The following grid can assist companies in knowing what is the level of completeness, High being the highest level of completeness and, Other, being the lowest. Businesses may choose to rate themselves against Section B on each of the Principles.

Section/Sub-section	High (20)	Medium (15)	Low (10)	Other (5)
Section B	All complete	Qs 1, 5, 7, 8 and ten of the others complete	Q 1 complete, Q 5 OR 7 OR Q 8 and seven of the others complete	Q 1 and five of others complete
Section C – Principles 1 to 9	All complete	All Essential and some Leadership complete	All Essential complete	Some but not all Essential complete
Overall	Above 180	150 – 180	120 – 180	Below 120

Businesses that wish to arrive at an overall score can do this by assigning scores to the level of completeness against each of the sections and sub-sections. As an example, scores for each of the completeness levels range from 20 for, High, and 5 for, Other, (and businesses are free to choose whatever score they want). Businesses that wish to arrive at an overall score can do this by adding the score for each of Section B and the 9 Principles of Section C. It is advisable to give equal weightages for each Principle since, as was stated earlier, all the principles are inter-dependent, inter-related and non-divisible.

Annexure 7: Indian Laws and Principles (Indicative)

This annexure is only an indicative/suggestive mapping of each of the Principles against laws enacted in India.

***Principles*(briefs)** ***List of Laws*(indicative)**	*Principle 1* Integrity, Ethics, Transparency & Accountability	*Principle 2* Safe and Sustainable goods and services	*Principle 3* Well– beingof Employees	*Principle 4* Respect for and responsiveness to all stakeholders	*Principle 5* Respect and Promote Human Rights	*Principle 6* Respect, protect and restore the Environment	*Principle 7* Responsible and transparent policy advocacy	*Principle 8* Promote inclusive growth and equitable development	*Principle 9* Provide value to consumer responsibly
Factories Act,1948	√		√		√		√		
Companies Act,2013	√			√			√	√	
Bureau of Indian Standards Act, 2016		√					√		√
Prevention of Corruption Act, 1988	√			√			√		
Trade Marks Act, 1999		√					√		√
Patents Act, 1970							√	√	
Designs Act,2000		√					√		√
Competition Act, 2002	√						√	√	√
Prevention of Money Laundering Act,2002	√								
Right to Information Act, 2005	√		√	√			√		
Micro, Small and Medium Enterprises Development Act, 2006								√	
The Lokpal and Lokayuktas Act, 2013	√								
Industrial Disputes Act,1947	√		√		√		√		
Trade Union Act, 1956			√	√	√		√		
Plantations Labour Act, 1951			√	√	√				
Equal Remuneration Act, 1976	√		√		√				
Consumer Protection Act, 1986		√	√						√
National Commission for Backward Classes Act, 2017			√		√			√	
Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation)Act,1995	√		√		√		√	√	
Juvenile Justice (Care and Protection of Children) Act, 2000			√		√		√		√
National Commission for Minority Educational Institutions Act, 2004							√	√	
Commissions for Protection of Child Rights Act,2005			√		√		√		
National Rural Employment Guarantee Act, 2005							√	√	
Protection of Women from Domestic Violence Act,2005					√		√		
The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights)Act,2006				√	√		√	√	
Protection of Human Rights (Amendment)Act,2006			√		√		√		

***Principles*(briefs)** ***List of Laws*(indicative)**	***Principle 1*** Integrity, Ethics, Transparency & Accountability	***Principle 2*** Safe and Sustainable goods and services	***Principle 3*** Well– beingof Employees	***Principle 4*** Respect for and responsiveness to all stakeholders	***Principle 5*** Respect and Promote Human Rights	***Principle 6*** Respect, protect and restore the Environment	***Principle 7*** Responsible and transparent policy advocacy	***Principle 8*** Promote inclusive growth and equitable development	***Principle 9*** Provide value to consumer responsibly
Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013	√	√		√	√	√	√	√	
The Scheduled Castes And The Scheduled Tribes (Prevention Of Atrocities) Act, 1989				√	√				
The Protection Of Women Against Sexual Harassment At Work Place Bill, 2010	√			√					
Environment(Protection) Act, 1986	√	√		√		√	√		
Public Liability Insurance Act, 1991	√		√			√		√	√
Biological Diversity Act 2002						√		√	
Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016		√				√			√
E-waste (Management), Rules, 2016		√				√			√
Laws in 'Section A' (Labour Laws)			√		√		√		
Laws in 'Section B' (Environmental Laws)		√				√	√		√
Laws in 'Section C' (Economic/ Finance Laws)							√	√	

'Section A'	***'Section B'***
Workmen's Compensation Act, 1923	Wildlife Protection Act, 1972
Children (Pledging of Labour) Act, 1933	Water (Prevention and Control of Pollution) Act, 1974
Payment of Wages Act,1936	Water (Prevention and Control of Pollution) Cess Act, 1977
Industrial Employment (Standing Orders) Act, 1946	Air (Prevention and Control of Pollution) Act, 1981
Employees State Insurance Act, 1948	Forest (Conservation) Act, 1980–Amendments in 1988
Minimum Wages Act, 1948	National Environment Tribunal Act, 1995
Employees Provident Fund and Miscellaneous Provisions Act, 1952	National Environmental Appellate Authority Act, 1997
Maternity Benefits Act, 1961	Energy Conservation Act, 2001
Payment of Bonus Act, 1965	Coastal Aquaculture Authority Act, 2005
Contract Labour (Regulation & Abolition) Act, 1970	Special Economic Zones Act, 2005
Payment of Gratuity Act,1972	
Bonded Labour System (Abolition) Act, 1976	
Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act,1979	
Child Labour (Prohibition & Regulation) Act, 1986	
Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act,1996	
Vishaka State of Rajasthan, (1997) 6SCC241	
'Section C'	
Essential Commodities Act, 1955	
Union Duties of Excise (Distribution) Act, 1979	
Central Excise Tariff Act, 1985	
Customs (Amendment) Act, 1985	
Taxation Laws (Amendment and Miscellaneous Provisions) Act, 1986	
Direct Tax Laws (Amendment) Act, 1988	
Foreign Trade (Development and Regulation) Act, 1992	
Securities and Exchange Board of India Act, 1992	
Customs and Central Excise Laws (Repeal) Act, 2004	
National Tax Tribunal Act, 2005	

Annexure 8: Resources

National Resources

1. A Guidebook for Biodiversity Management – IBBI and CII-ITC CESD
Insights on biodiversity and its links with businesses across seven major sectors.
(http://www.sustainabledevelopment.in/uploads/pdf/1469421072IBBI%20BOOKLET%20FOR%20WEB.pdf)
2. Affirmative Action for Scheduled Castes & Scheduled Tribes: A CII-ASSOCHAM Action Plan Proposed concrete steps by Indian industry on affirmative action.
(http://www.cii.in/PolicyAdvocacyDetails.aspx?enc=IFXLRvnZcDACwloqWArEXIcvuANvzgDxEEJSWHB7rz5wGOZZgeDEwFRE76lKC5mfH1eO+UwMGUryNJwTMQk1Bg)
3. Aggregate Reports – Samples from Ajmer and Punjab clusters
(http://database.globalreporting.org/reports/view/35253 | http://database.globalreporting.org/reports/view/35252)
4. Constitution of India
(https://india.gov.in/my-government/constitution-india/constitution-india-full-text)
5. Corporate Governance in India @ 2016: Where Do We Stand - FICCI
A report on the state of corporate governance in India post introduction of Companies Act, 2013
(http://ficci.in/spdocument/20739/Corporate-Governance-report-2016.pdf)
6. Guidelines on Corporate Governance for Central Public Sector Enterprises Issued by the Ministry of Heavy Industries and Public Enterprises in May 2010
(http://dpe.nic.in/sites/upload_files/dpe/files/gcgcpse10.pdf)
7. Inclusiveness and Accessibility Index - FICCI
A Toolkit to promote Inclusiveness of Persons with Disabilities.
(http://ficci.in/publication-page.asp?spid=20718)
8. Indian Companies with Solutions that the World Needs: Sustainability as a Driver for Innovation and Profit - WWF & CII-ITC CESD
Report focusing on climate change and how businesses develop strategic responses.
(http://sustainabledevelopment.in/uploads/pdf/1445612272Indian_Companies_With_Solutions_That_the_World_Needs.pdf)
9. India's Nationally Determined Contribution
Intended contribution of India towards the international climate agreement signed at the UNFCCC Conference of the Parties (COP21) in Paris in December 2015.
(http://www4.unfccc.int/submissions/INDC/Published%20Documents/India/1/INDIA%20INDC%20TO%20UNFCCC.pdf)
10. IS 16010: Guidance on Good Governance by Bureau of Indian Standards Standard specifies principles and governance structures for a value based management approach.
(https://bis.gov.in/other/writeuponGG%20.pdf)
11. National Action Plan on Climate Change NAPCC, under the Prime Minister's Council on Climate Change, brings together the existing national plans on water, renewable energy, agriculture and others into a set of eight missions.
(http://www.moef.nic.in/sites/default/files/Pg01-52_2.pdf)
12. Scaling Up Sustainable Development Of MSME Clusters In India: Learning Document
(https://www.globalreporting.org/SiteCollectionDocuments/LearningDocument_SAI.pdf)
13. Stakeholder Engagement: Good Practice Handbook - IFC
Overview of good practices in stakeholder engagement, with a focus on groups that are "external" to the core operation of the business.
(http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES)
14. The Companies Act, 2013
Base regulation for incorporation of a company in India including responsibilities of the Board, and, Section 135 on corporate social responsibility mandated for companies.
(www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf)

15. The Micro, Small and Medium Enterprises Development Act, 2006
Base regulation for promotion and development of MSMEs in India.
(http://msme.gov.in/WriteReadData/DocumentFile/MSMED2006.pdf)

International Resources

1. Beyond Supply Chains - Empowering Responsible Value Chains - World Economic Forum
Report on the case for and issues within sustainable supply chains of businesses
(http://www3.weforum.org/docs/WEFUSA_BeyondSupplyChains_Report2015.pdf
2. Children's Rights and Business Principles
Guidance on how businesses can take action to respect and support children's rights
(https://www.unglobalcompact.org/docs/issues_doc/human_rights/CRBP/Childrens_Rights_and_Business_Principles.pdf)
3. Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW)
UN International Treaty bill of rights for women
(http://www.un.org/womenwatch/daw/cedaw/)
4. Corporate Responsibility: Private Initiatives and Public Goals by OECD
Analysis of the results of an OECD fact-finding project on business approaches to corporate responsibility
(https://www.oecd.org/daf/inv/corporateresponsibility/35315900.pdf
5. Developing Value by Sustainability and IFC
Report on identifying opportunities to increase profits by making progress on sustainability.
(http://www.ifc.org/wps/wcm/connect/84a59480488559ca842cd66a6515bb18/Developing_Value_full.pdf?MOD=AJPERES)
6. ISO 26000: International Standard
Guidance on how businesses and organizations can operate in a socially responsible way.
(http://www.iso.org/iso/home/standards/iso26000.htm)
7. Forging a path for business in the UN 2030 development agenda
Resources for businesses to map their initiatives within the UN 2030 development agenda including the SDGs.
(http://www.businessfor2030.org/)
8. Global Reporting Initiative (GRI) Standards
Guidance for businesses to prepare and publish sustainability reports as per the GRI Standards.
https://www.globalreporting.org/standards/
9. Linking the GRI Standard and the SEBI BRR Framework
https://www.globalreporting.org/standards/resource-download-center/linking-the-gristandards-and-the-sebi-brr-framework/
10. ILO Declaration on Fundamental Principles and Rights at Work
Declaration commits Member States to respect and promote principles and rights in four categories
(https://www.ilo.org/declaration/lang--en/index.htm)
11. International Covenants on Civil and Political Rights and Economic, Social and Cultural Rights
Multilateral treaty adopted by the UN, committing its parties to work toward the granting of economic, social, and cultural rights.
(http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx)
12. International Integrated Reporting Council (IIRC) Guidelines
Guidance for businesses to prepare and publish an Integrated Report as per the IIRC framework.
(http://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IRFRAMEWORK-2-1.pdf)

13. Natural Capital Protocol and Sector Guides - Natural Capital Protocol
Draft framework to help inform and support business decisions by including their impact on natural environment.
(http://naturalcapitalcoalition.org/protocol/development/)
14. OECD Guidelines for Multinational Enterprises
Guidelines on recommendations addressed by governments to multinational enterprises for responsible business conduct
(http://www.oecd.org/investment/mne/1922428.pdf)
15. Public Sector Roles in Strengthening Corporate Social Responsibility - World Bank
Report on roles that public sector agencies have played in providing an enabling environment for CSR.
(http://siteresources.worldbank.org/INTPSD/Resources/CSR/Taking_Stock.pdf)
16. Social Capital Protocol - WBCSD
A collation of tools for businesses to measure and value their interactions with people and society.
(http://www.wbcsd.org/SocialCapital.aspx)
17. Strengthening Implementation of Corporate Social Responsibility in Supply Chains – IFC
A World Bank commissioned study on barriers to the achievement of better sustainability performance in suppliers
(http://siteresources.worldbank.org/INTPSD/Resources/CSR/Strengthening_Implementatio.pdf)
18. Towards Responsible Lobbying: Leadership and Public Policy - Accountability and UNGC
A study to understand how organizations influence goals of sustainable development through lobbying processes
(https://www.unglobalcompact.org/docs/news_events/8.1/rl_final.pdf)
19. UN Guiding Principles on Business and Human Rights
Implementing the United Nations “Respect, Protect and Remedy” Framework
(https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
20. UN Guidelines on Consumer Protection
A set of principles for setting out the main characteristics of effective consumer protection legislation, enforcement institutions and redress systems
(http://unctad.org/en/Pages/DITC/CompetitionLaw/UN-Guidelines-on-Consumer-Protection.aspx)
21. UN Guiding Principles Reporting Framework
Guidance for businesses to report on how they respect human rights
(https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_2017.pdf)
22. Universal Declaration of Human Rights
Adopted by the UN General Assembly as a common standard of achievement for all peoples and all nations.
(http://www.un.org/en/universal-declaration-human-rights/)
23. UN Sustainable Development Goals
17 goals with 169 targets adopted by the UN as part of its sustainable development agenda and replacing the erstwhile Millennium Development Goals. (http://www.un.org/sustainabledevelopment/sustainable-development-goals/)

Description and Explanation of Terms

Some of the key terms used in this document are described here. These descriptions are only indicative. They have been selected based on a review of Indian and international definitions, and their applicability in the context of these Guidelines.

Accountable: Being responsible and answerable for their actions, willing to explain them to others, and taking ownership of all repercussions if so required.

Circular Economy: This is an alternative to a traditional linear economy (make, use, dispose), in which resources are used for as long as possible, the maximum value is extracted from them whilst in use, after which products and materials are recovered and regenerated at the end of each service life. The idea of a circular economy is called circularity. It is also referred to as "cradle-to-cradle".

Collective Bargaining: Negotiating between the employees' organization and employer's oorganization; management in good faith with a view to agree on terms and conditions of work and / or settlement of disputes and grievances of employees represented by a representative body of employees

Complicity: Refers to involvement of the business in violations of any of the Principles and Core Elements by third parties connected with its operations. It is generally made up of the following:

- An action or omission (failure to act) by a business, or individual representing a business, that 'helps' (facilitates, legitimize, assists, encourages, etc.) another, in some way, to perpetrate a violation;
- The business was or should have been aware that its action or omission could provide such help;
- Complicity may be direct, beneficial or silent.

Consumer: A person or business that buys products or services for personal use, resale or use in production and manufacture. It also includes the user of the product or service other than the buyer.

Corporate Social Responsibility (CSR): Corporate Social Responsibility (CSR) means and includes but is not limited to (i) Projects or programs relating to activities specified in Schedule VII of the Indian Companies Act 2013; or (ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company, subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

Disclosure: An organization's practice of reporting to all stakeholders on its economic, environmental and social impacts. It also presents the organization's values and governance model and demonstrates the link between its strategy and its commitment to sustainable development.

Discrimination: Unjust or prejudicial treatment of people, especially on the grounds of, but not limited to, caste, creed, sex, race, ethnicity, age, colour, religion, disability, socio-economic status or sexual orientation.

Diversity: An understanding that every individual is unique and therefore embracing and respecting the differences on account of, but not limited to, caste, creed, sex, race, ethnicity, age, colour, religion, disability, socio-economic status or sexual orientation.

Employee: A person employed, directly or by or through any agency (including a contractor), whether for remuneration or not, for carrying out activities of the organization or any part thereof, incidental to or connected with those activities, in pursuance of the organization's stated objectives. It would also include those who undertake these activities outside of the business's premises including their own homes.

Equity: An approach which recognizes the need, plans and delivers a fair and equivalent opportunity across stakeholders to engage gainfully from their interactions with the business.

Ethical: Individual or collective behaviour that is in accordance with accepted written and / or unwritten codes of principles and values that govern decisions, actions and conduct within a business in the context of a particular situation and is consistent with accepted norms of behaviour.

Fair Living Wages: A wage sufficient for a family to meet its basic needs and which provides some ability to deal with emergencies.

Freedom of Association: Workers and employers, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.

Governance: Relates to "how" an organization makes decisions, how it operates to achieve its objectives and how stakeholders have their say in the processes.

Governance Structure: The formalized individual or group of individuals charged with the ultimate responsibility of oversight of a business. This would refer to the equivalent of the Board for companies, the partners for partnership firms and the owner of the business for sole proprietorships.

Grievance Redressal Mechanism: Mechanism for any stakeholder individually or collectively to raise and resolve reasonable concerns affecting them without impeding access to other judicial or administrative remedies. The mechanism should be:

- Clear, transparent and have independent governance structures
- Accessible
- Predictable
- Equitable
- Based on dialogue and mediation

Harassment: Wide range of offensive behaviour that is unwanted by the recipient and which the perpetuator knows or ought to know is threatening or disturbing.

Intellectual Property (IP): Refers to creations of the mind, such as inventions, literary, musical and artistic works, and symbols, names, images, and designs used in commerce, for which the IP owners are granted certain exclusive rights under the corresponding national IP laws. Common types of IP include patents (inventions), copyrights, trademarks, industrial designs, software, geographic indications and trade secrets, etc.

Involuntary Labour: All work or service that is extracted under the menace of penalty. Also includes terms such as forced labour, bonded labour and modern slavery.

Participation of Workers: Situation where workers are involved in some way in the decision making process of a business organization. Worker participation can take many forms. There might be a consultative council in the company where trade unions and management meet regularly to discuss points of mutual interest. Workers can be organized in quality circles and meet regularly in small groups to discuss ways in which their work could be better organized.

Precautionary Principle: When human activities may lead to morally unacceptable harm that is scientifically plausible but uncertain, actions shall be taken to avoid or diminish that harm.

Morally unacceptable harm refers to that which may threaten human health, or is seriously and effectively irreversible or inequitable to present or future generations, or imposed without sufficient consideration of the human rights of those affected.

Product: Any good and / or service produced for introduction to trade or commerce, possessing intrinsic value and capable of delivery to a consumer in tangible form, intangible form or a combination thereof.

Product Life Cycle: This refers to all the stages of a product from extraction or acquisition of raw materials through manufacturing and processing, distribution and transportation, use and reuse, recycling and disposal. In the case of services, it refers to all activities and processes from the design to delivery.

Stakeholder: Individual or group concerned or interested with or impacted by the activities of the businesses and vice-versa, now or in the future. Typically, stakeholders of a business include, but is not limited to, its investors/shareholders, employees (and their families), customers, communities, value chain members and other business partners, regulators, civil society actors, and media.

Sustainability: The outcome achieved by balancing the social, environmental and economic impacts of business. It is the process that ensures that business goals are pursued without compromising any of the three elements.

Sustainable: Being aligned with the tenet of meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Traditional Knowledge: This refers to any indigenous technical, ecological, scientific, medical or cultural knowledge which is not necessarily documented but is in use by or generally known to communities. Typical examples include antiseptic properties of neem, turmeric, etc.

Transparent: Being open about decisions and activities that affect society, the environment and the economy, and the willingness of businesses to communicate information in clear, accurate, honest, timely and complete manner.

Value Chain: Refers to both the supply chain as well as the value created by the distribution channel for end-use customers. It also includes business partners and those employed by value chain partners who may work out of their own premises.

Vulnerable and Marginalized Groups: Group of individuals who are unable to realize their rights or enjoy opportunities due to adverse physical, mental, social, economic, cultural, political, geographic or health circumstances. These groups in India can be identified on the basis, inter alia, of the following:

- Gender and transgender (women, girls et al.)
- Age (children, elderly et al.)

- Descent/identity/ethnicity (caste, religion, scheduled castes, scheduled tribes, et al.)
- Occupation (displaced, landless small / marginal farmers, migrant workers, et al.)
- Persons with disability
- Political or religious beliefs

Workplace: Place(s) where activities of the organization are carried out in pursuance of its stated objectives.

Work-life balance: Broad concept including proper balancing of “work” (career and ambition) on one hand and “life” (pleasure, leisure, family and spiritual development) on the other. Related, though broader, terms include “lifestyle balance” and “life balance”.

GUIDELINES TO AUTHORS

General Framework

- Abstract should contain in brief – focus, methodology, findings and conclusion with 5 to 6 key words.
- The author(s) present position, other affiliations, complete mailing address(es) (both postal and e-mail), mobile numbers should be provided.
- Any special circumstance concerning the article such as its earlier presentation at a meeting, seminar, workshop or conference should be mentioned.
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Quotations and Acronyms

- All quotations should be checked carefully for accuracy and should be unaltered except for ellipses and bracketed insertions.
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- However, where two forms are widely in use such as liberalise / liberalize, consistency should be maintained in terms of usage throughout the article.
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- Table and figures should have captions and numbers.
- Tables, charts, illustrations, quotations should be numbered, cited and referenced properly.

Notes and References

- All notes and references should be at the end of the paper – first 'Notes' and then 'References'.
- Notes should be serially numbered in the text using superscript and the corresponding notes should be listed out separately at the end of the article.
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We thank Indian Council of Social Science Research (ICSSR) for Financial Assistance for Publication of the Journal.

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Registered with the Registrar of Newspapers in India under Serial No. APENG/2011/44822