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Aims and Scope

The Journal of Institute of Public Enterprise is a peer-reviewed journal devoted to publication of professional and academic research on the policy and functional facets public sector enterprises, public policy and public systems. The aim of the journal is to provide a platform for researchers, academicians, practitioners and policy-makers from diverse sectors to stimulate scholarly debate in the contemporary issues and emerging trends of public policy and public enterprises both in India and abroad.

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Quality Standards / Approvals

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CSR Efforts as a Non-Financial Investment : Is it Really Intended to Make a Difference?

R.K.Mishra*, Shulagna Sarkar** & J.Kiranmai*

Addressing social issues is very crucial for government and thus the government is primarily expected to create an enabling environment for raising awareness and stimulating public debate for the existing social challenges and issues. The Indian government is proactive to encouraging legal mandates in various dimensions enabling responsible business practices. What organizations do with their money is being increasingly caught on the public radar leading to ethical issues to the forefront. The paper is an effort to understand how financial responsible effort is playing out in the Public Sector Undertaking (PSU), and also the efforts towards handling CSR across PSUs in India. Quantitative and qualitative approach has been used to interpret the perspectives of companies on CSR spent being a non-financial investment. The paper elaborates whether Non-financial investment is a form of social responsibility in organizations and elaborates the status of responsible financing of PSUs in India.

Keywords : Non-Financial Investment, CSR, Spent, Projects.

Introduction

Gain all you can

But not at the expense of your conscience

Not at the expense of your neighbour's wealth

Not at the expense of your neighbour's health

– Hancock John (2005)

A healthy business is dependent on a healthy society and environment contrary a healthy society and environment are built on the fair and ethical practices followed by businesses. Making money yet making a difference is becoming a buzz concept for companies. Corporate Social Responsibility (CSR) is emerging as a significant international business trend and is also becoming a preoccupation of many business executives worldwide. Corporate responsibility embraces ethical, social, environmental, human, legal and economic relationships of the corporations with the rest of the world. They owe responsibility to humans and the environmental

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resources. The responsibility can be self-imposed or regulatory. 'The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation' (Hopkins, 2004).

Organizations largely relate to the importance of CSR majorly driven by the dramatic increase in public information about the CSR activities of firms. Reports of firms' behaviors with regard to CSR are often contrary to their stated standards of social responsibility. There is a need for organizations to link their business strategies to social responsibility practice. There are a number of organizations which have initiated efforts to link their business strategies to the social dimension of growth and market establishment.

The paper is an effort to understand how CSR is a non-financial investment and also discuss the CSR efforts of Public Sector Undertaking (PSU) in India. What organizations do with their money is being increasingly caught on the public radar leading to ethical issues to the forefront. From dodgy tax decisions to questionable investments, businesses are being highlighted more and more for what they do with their customers' money. Public awareness is increasing on the need for ethical finance, too. Thus, the paper discusses the CSR spent and identifies issues associated with it.

With increasing attention and scrutiny being brought on organizations to be more transparent with their funding and investment strategies, it is interesting to answer whether CSR spent can be explained as non-financial investment and is a good form of social responsibility.

The paper is a unique attempt as there are several papers on non-financial investment as a concept but hardly any research which discuss the form of non-financial investment as a CSR effort of organizations. The objectives of the paper are three folded including :

- To discuss whether non-financial investment is a form of social responsibility for organizations
- To elaborate the status of responsible financing of PSUs in India
- To discuss the practices encouraging non-financial investment in PSUs in India

The paper is based on both primary and secondary data. Corporate cases of ethical investments are discussed to understand the relation between non-financial investment and CSR. Qualitative data including formal interviews of corporate leaders and investors are conducted to interpret the perspective of varied stakeholders of the company towards non-financial investment being a social responsibility of organizations.

Conceptual Background

Non-financial Investment : Non-financial issues have increasingly come under the spotlight over recent years attracting the attention of regulators, politicians, and investors. The focus has mainly been on the conduct, and behavior of every individual employee in this respect. Regulatory authorities worldwide are also increasingly turning their attention to non-financial topics. The European Commission, for instance, is heavily involved in tackling climate change and promoting sustainable growth. Its action plan for sustainable finance consists of ten proposals and the Commission estimates that some 180 billion of investment is required every year in order to meet Europe's energy and climate targets (Sewing, 2018).

Financial investments are great yet companies are building a portfolio of non-financial investments as they can often yield a higher return. Non-financial investments are any activity that invests money in people and the environment, supporting actions for social and/or environmental enhancement and developing depressed areas at a high risk of social exclusion. It provides credit without discrimination, based on wealth, gender, ethnicity or even migration status and uses money as a means and not an end.

Non-Financial Reporting

Access (2019) has defined the non-financial reporting as the disclosure of a company's social, environmental and human rights information. It is also known as Environmental, Social and Governance information (ESG). Companies have now expanded themselves to a point where they have a high impact on a variety of areas such as the economy, the environment, health of the community including social and human rights. Specific examples of the areas which are affected include health and safety, freedom of expression, effect on the environment, education and social well-being etc.

There have been a number of new voluntary international initiatives related to non-financial reporting. The most significant of these are the UN Global Compact (UNGC) 1999, Global Reporting Initiative (GRI) 2002. The UNGC outlines 10 principles of behavior in the fields of human rights, labor, environment and anti-corruption, while the GRI provides more than 80 indicators for financial, environmental and social reporting.

In the UK, according to the Companies Act of 2006, companies listed on the stock exchange are required to include information about environmental matters, employees, and social and community issues in their annual reports. In Norway, companies are required to report on nonfinancial matters related to the environment and social issues including gender equality, discrimination, and employment. The Indian Government has also mandated reporting as a part of Section-135, Companies Act, 2013 in specified format.

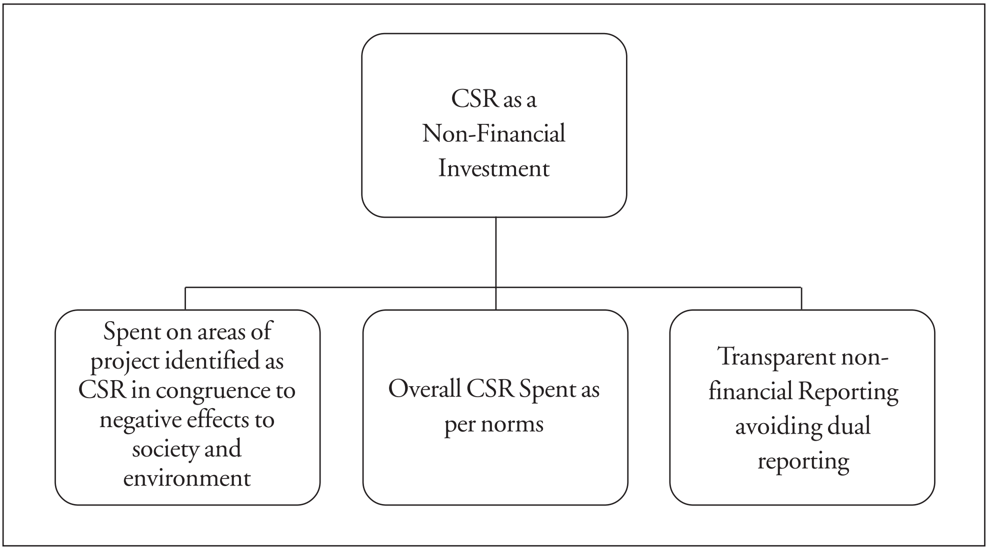
Previous research have proven varied dimensions. Fry and Hock (1976) found an inverse relationship between volume of reporting and CSR performance. It was concluded that the more the company reported, the poorer its CSR performance. The study by Ditlev-Simonsen (2010) shows that a focus on and increase in CSR reporting do not necessarily increase the company's CSR performance. What does this suggest about claims made in non-financial reports? Companies are not required to have their non-financial reports verified, and technically they can write anything they want in the reports. So why publish non-financial reports that go beyond what is legally required?

CSR as a Non-Financial Investment

Ethics and values are at the core of organizations, meaning they can offer more examples of sensible investments, long-term decisions and sustainable economic development of the people and society in general. Whether you are looking to make personal financial decisions, corporate choices or choices made to show a positive impact on the society, determining what is, and is not, ethical can be a minefield. Yet, the CSR spent as a non-financial investment means so much more than this. It can and should cover every channel of where the money goes. Socially responsible investing is on the minds of investment managers. According to the UK sustainable investment and finance association (UKSIF), 34 per cent of asset managers look at how socially responsible investments are, as well as indicators around the environment, social impact and governance.

Non-financial investments define investments in people and the environment, supporting actions for social and/ or environmental enhancement and developing depressed areas at a high risk of social exclusion. The objective of the Section-135 of the Companies Act, 2013 also attempts the same. Large companies (Deutssche Bank, EY, OECD, Allianz etc.) in varied sectors across the world have been producing non-financial investment report comprising Environmental, Social, and Governance (ESG) investors in business along with emphasis on employee concerns, societal and environmental commitments.

Figure-1 : CSR and Non-Financial Investment



The Present Problem

The modern corporation has emerged as the powerful engine of economic development. The State is gradually withdrawing from industry, business and trade. As a result, corporations are assuming a bigger role in the economy. They have become the dominant institutions producing goods and services, creating jobs and generating income for the people. However, the track record of corporate responsibility does not give enough confidence. In recent history the Asian Financial Crisis of 1997 and the Global Financial Crisis of 2007-08 have been too costly for the global economy. Further, failures of global corporations like World.com, Enron, Arthur Andersen, Satyam and Lehman Brothers, to name a few, have shaken the investor confidence.

It is a matter of concern that the demolition of the wealth invested in these business enterprises was brought about by the arrogance, personal ambition, unchecked power and above all failure of ethical conduct by the top executives of these companies. Such unfortunate events exposed the deficiencies in the architecture of corporate governance of the failed business enterprises. The questions of responsibility towards society, employees and customers by the top brass of the failed institutions are also being raised.

Cases of fraud and deceit by corporations remind one of the satirist Ambrose

Bierce, who described the corporation as "an ingenious device for obtaining individual profit without individual responsibility". In all these cases of corporate fraud there are not only violations of law, but also breach of trust and failure of ethical conduct by top management.

Very few modern institutions have attracted as much praise and criticism in recent times as the business corporations. On the one hand, the modern corporation has emerged as the powerful engine of economic development. However, the corporations have also been condemned for their pathological obsession for profit (Joel Bakan, 2004), low concern for social and environmental interests, damage to nature, reckless exploitation of social capital and labour, violation of laws and unethical conduct. These modern instruments of economic growth have been criticized for being externalizing machines, since they use other peoples' money and leave problems for others.

The strongest condemnation of the unethical conduct of the corporations comes in the well-researched book *The Corporation* (Joel Bakan, 2004) in which the business corporation has been labeled as a Frankenstein monster, and a psychopath machine. The separate legal status granted to the corporation as a person through judicial pronouncements is being questioned. The corporation has neither a body nor soul but is pursuing its goals like a killing shark always justifying its actions on the grounds of cost benefit analysis without regard to the social, human and environmental concerns.

Research Methodology

There are 339 PSUs in 2017-18 with paid capital stood at ₹2,49,988 crore. The net profit of all 257 operating PSUs during 2017-18 stood at ₹1,28,374 crore. A questionnaire was floated to all 257 profit-making PSUs in India. The PSUs in India is a large segment contributing to the business in the country. Thus, the study is deliberately aimed at understanding CSR as a non-financial investment of PSUs.

India has 24 PSUs which have been classified under Maharatna and Navratna. A 'Ratna' company is a prestigious title provided by the Department of Public Enterprise (DPE), Government of India to the PSUs which gives these companies greater autonomy to compete in the global market. The 'Ratna' status is given on the basis of their annual performance over the years. Both quantitative and qualitative data was collected from these 24 Indian PSUs FY 2014-16. A large amount of data has been collected using secondary sources of government reports, company annual reports, CSR reports etc. An attempt has also been made to understand the trend of listed companies and their actual spend on CSR upto year 2018. This is attempted to understand how CSR mandate has made a difference to CSR spent. Twenty-four managers of Indian PSUs were approached and in-depth interviews were conducted to understand the perspective of on-field managers.

Unethical Business : Unethical business practices may lead to expensive court cases, bad publicity, damage to reputation, loss of brand value, and fall in share price. There are examples galore to show that corporate irresponsibility has been costly. Multinational Shell earned bad publicity in 1995 due to (a) attempted disposal of Brent spar oil rig in North Sea and (b) failure to oppose human rights violations by Nigerian government in spite of Shell's corporate influence. Cases of Nike facing adverse criticism for its supplies using child labor, Dow Chemicals getting involved in the 2012 Olympics sponsorship controversy are few more examples. Monsanto was criticized for aggressive marketing and political lobbying for its GM products. Nestlé's aggressive advertisement and marketing of milk products in developing countries resulted in decrease in breast feeding and use of dirty water in feeding infants. This resulted in boycott of Nestlé's milk products.

Business organizations are increasingly realizing the potential risk of their unethical business practices. They are aware that there should be ethics in marketing of dangerous products transparency about environmental risks, declaration about product ingredients, possible health risks to consumers, honesty in advertising and fairness in pricing.

Corporate social responsibility and business ethics are emerging as major issues of corporate strategy all over the world. A company is formed to carry out business with the objective of earning profit. However, profit is no longer acceptable as the sole purpose of business. The non-profit objectives of ethics, social responsibility and sustainable development have wider implications for society and environment. These factors are increasingly becoming significant for future prospects of business organizations.

There is growing acceptance that, in addition to maximizing the wealth of the shareholders, it is imperative for corporations to invest more into human capital, environment and society. Different terminologies are used to describe the emerging non-profit corporate goals. Terms like corporate social responsibility, corporate citizenship, social issues management, stakeholder management, corporate sustainability, business ethics and sustainable development are used by different countries and companies to cover these objectives. However, all these terms have similar philosophical foundations. There is a clear overlap between business ethics, sustainability and social responsibility of business. The concepts concern values, and ethical conduct based on goals other than the mere pursuit of profits. A socially responsible corporation must act ethically and adopt sustainable development as its goal.

Scandals and frauds in high profile corporations have adversely affected the shareholders as well as the other stakeholders. These events have proved beyond doubt that mismanagement and unethical practices in corporations can play havoc with the economic and social order. It has been realized that proper governance of business corporations is as crucial to the world economy as proper governance of countries. There is an increasing demand on corporations to be fair and ethical and fulfill their responsibility towards society and the environment.

Encouraging CSR – The Mechanism

When considering how CSR can be implemented, the literature offers various insights. However, to our knowledge most studies on CSR typically focus on limited aspects (Maignan, Ferrell, & Ferrell, 2005). This means that an integrative framework has yet to be offered for the development and implementation of CSR in a fashion that is soundly integrated to the business strategy, structure and culture (Bhattacharya & Sen, 2004; Smith, 2003). Khoo and Tan (2002) suggest a cyclical process from preparation to transformation and implementation to results, but offer little in terms of detailed guidelines. Panapaanan et al. (2003) discuss five activities – organization and structure, planning, implementation, monitoring and evaluation and communication and reporting – emphasizing the importance of social risk assessment. Hardjono and de Klein (2004) review models and studies derived from interpretive sociology and incorporated within the European Corporate Sustainability Framework (ECSF), however, whilst rigorous this framework does not provide managerially relevant guidelines. Cramer (2005) suggests six main activities that list stakeholders' expectations and demands; formulate a CSR vision and mission and a code of conduct; develop CSR strategies and plan of action; set up monitoring and reporting system; embed the process in quality and management systems; and communicate about achieved results.

Due Diligence in CSR Related Funds

The processes through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts. UN Guiding Principles, ILO Tripartite Declaration on MNEs and OECD Guidelines all call for due diligence. Yet, in Indian scenario research proves that though the companies do prepare risk assessment report, however they do not share the reports in public and thus the other stakeholders are unable to interpret the possible risks to the environment, society, workers, consumers, etc. Companies should expand or reorient their due diligence process to focus not only on risks to the enterprise, but also risks to the environment, to workers, to consumers, to people and their human rights and of unethical conduct. Identify and manage not only risks associated with their own operations, but also the risks the enterprise may create or be involved in through its web of business relationships, for example through its supply chain.

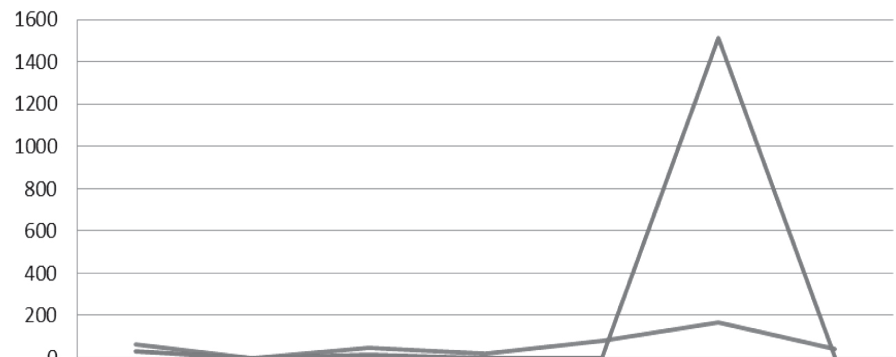
Data Analysis

India has enabled legal frameworks encouraging corporates to initiate and practice CSR. There has been a positive impact in the society due to the effort undertaken. The impact has been summarized in various forms.

CSR Spending : CSR is one important way to make a high difference to the Indian scenario. Below figure reflects the status of money unspent as a part of social drive. Every company has yearly budget fixed to be spent in the area of social and environmental development. During 2017-18, 153 PSUs have spent ₹3,442.42 crore on CSR activities. However, 2 per cent of PBT for these PSUs stand ₹3,693.47 crore. Yet, the data reveals that there is a huge amount unspent in both Mahartana and Navratna category of PSUs.

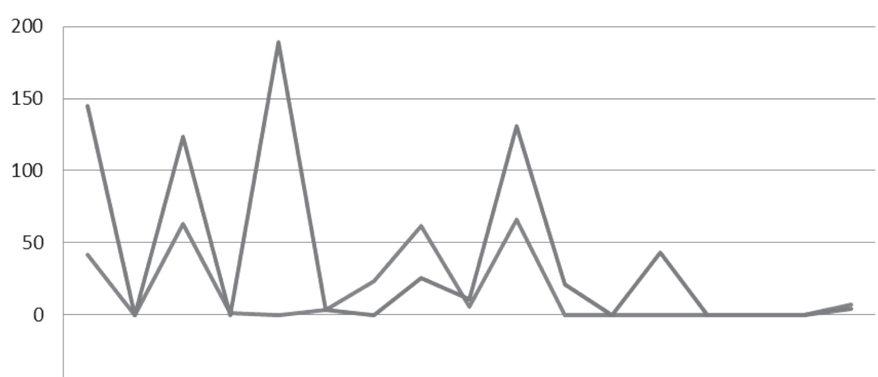
The Ministry of Corporate Affairs, (2018) has revealed that in the FY 2015-16, 5,097 companies qualified for CSR spending with ₹9,822.30 crore in 13 major sectors. The most preferred areas for CSR spending include health, eradicating hunger, poverty and malnutrition, safe drinking water and sanitation. The CSR spending by top Indian companies in 2018 was 47 per cent higher than what it was back in 2014 when India first made it mandatory. The India CSR report (2018) presented the spending pattern of 359 companies FY 2017-18 with a total of 5,233 projects. The report claims 93 per cent spent amongst the prescribed budget of ₹9,543.51 crore. The companies have been identified based on CSR budget of more than a crore, listed on BSE and data availability as on August, 2018.

Figure-2 : Maharatna SOEs Unspent Amount Details during 2014-2018 (₹ in crores)



	BHEL	CIL	GAIL	IOCL	NTPC	ONGC	SAIL
2014-15	62.94	0	46.18	19.16	78.3	165.37	42.96
2017-18	31.14	0	12.86	0	0	1514.27	0.3

Figure-3 : Navaratna PSUs Unspent Amount Details during 2014-2018 (₹ in crores)



	BPCL	HPC L	PGCI L	NAL CO	REC	RINL	HAL	NM DC	CCIL	PFC	EIL	OIL	BEL	NLC	NBC C	MTN L	SCIL
2014-15	42.1	0	63.1	1.04	0	3.63	23.6	61.5	5.69	65.8	-0.1	0	0	0	0	0	7.04
2017-18	145	0	123	0	189	3.4	0	25.8	11	131	21.3	0	43.6	0	0	0	4.36

Note : MTNL has been excluded, due to non-allocation CSR budget, as the company is incurring losses for the last three years.

Section-135 of the Companies Act, 2013 has ensured an increase in percentage of the companies that comply with the mandate. There is a significant rise in the percentage of companies which are eligible and have spent on CSR as well as the percentage of CSR Budget spent.

An attempt to conduct interviews with implementing managers was also pursued to which it was evident that practitioners are more committed to the goal of fulfilling the mandate at all cost and many a time they create documentation to support the fulfillment of mandate as the maximum possibility. Managers also revealed that they do not consider CSR spent as an investment as such yet do believe that it gives social sanction to operate. Managers also revealed that they do attempt to make a difference to the society yet largely CSR efforts are meant to ensure that they should be able to exhaust the CSR budget.

It is interesting to understand the existing perspective of PSUs in India in undertaking business. An analysis of company vision, mission statement reflects the following perspective.

It is evident from the above data that majority of the PSUs do not focus on corporate governance as a part of the Vision / Mission. Only a handful of them believe in crucial areas of social, environmental and sustainable development as reflected by the vision / mission statements.

With the passing of the Companies Act in 2013 in India, there has been increased efficiency of corporate governance frameworks by advocating the independence of directors and audit

Table-1 : CSR Spent FY 2014-2018

	2017-18	2016-17	2015-16	2014-15
Total number of companies listed on NSE	1,688	1,526	1,406	1,327
Number of companies for which CSR applicable	1,082	998	915	851
Actual amount spent (₹ Lakhs)	10,13,225	9,04,526	8,40,713	6,44,664
Percentage of listed companies which are eligible for CSR	64.10	65.40	65.08	64.13
Percentage of companies which are eligible and spent on CSR	94.45	92.69	91.91	87.78
Percentage of Budget spent	97.69	93.50	92.49	78.59

Source : Author's compilation of CSR data from Prime database.

Table-2 : Key Words : Company Vision and Mission Statement – Maharatna PSUs

S. No.	Organization Name	Social	Environ-mental	Corporate Governance	Business Performance	Sustainable Development
1.	Bharat Heavy Electricals Ltd.			☑	☑	
2.	Coal India Ltd.	☑	☑			☑
3.	GAIL (India) Ltd.		☑		☑	
4.	Indian Oil Corporation Ltd.		☑		☑	
5.	NTPC Ltd.		☑			
6.	Oil & Natural Gas Corporation Ltd.		☑	☑	☑	☑
7.	Steel Authority of India Ltd.				☑	

Table-3 : Key Words : Company Vision and Mission Statement – Navaratna PSEs

S. No.	Organization Name	Social	Environ-mental	Corporate Governance	Business Performance	Sustainable Development
1.	Bharat Petroleum Corporation Ltd.	☑	☑		☑	
2.	Hindustan Petroleum Corporation Ltd.	☑	☑		☑	
3.	Power Grid Corporation of India Ltd.				☑	
4.	NALCO (India) Ltd.				☑	☑
5.	Rural Electrification Corporation Ltd.				☑	
6.	Rashtriya Ispat Nigam Ltd. (RINL)				☑	
7.	Hindustan Aeronautics Ltd.				☑	
8.	NMDC Ltd.	☑	☑		☑	
9.	Container Corporation of India Ltd.	☑			☑	
10.	Power Finance Corporation Ltd.	☑			☑	☑
11.	Engineers India Ltd.				☑	
12.	Oil India Ltd.	☑	☑		☑	
13.	Bharat Electronics Ltd.				☑	
14.	NLC (India) Ltd.	☑				
15.	NBCC (India) Ltd.		☑		☑	☑
16.	Mahanagar Telephone Nigam Ltd.				☑	
17.	Shipping Corporation of India Ltd.		☑		☑	

committees, providing more stringent rules on the approval of Related-Party Transactions, mandating corporate social responsibility and raising the bar for a transparency and gender diversity on boards. Enforcement and actual practices at the company level are key to ensuring real progress.

Control Mechanisms

Report on CSR by Times of India (2016) discloses that after the new Companies Act made it mandatory, India's total CSR reporting increased by 27 per cent in 2015, the maximum among 45 countries surveyed by international audit firm KPMG.

Out of the total outlay of ₹6,490 crore towards CSR in India since 2015, companies have spent ₹5,115 crore. The health sector accounts for 20 per cent of the spending followed by education with 19 per cent. Maharashtra has 205 projects under CSR, the maximum among Indian states, followed by Karnataka (152), West Bengal (123) and Tamil Nadu (122). While companies based in India have a target of ₹5,779.68 crore since 2015, they have spent ₹4,708 crore. But out of the target of ₹710.12 crore for foreign-based companies, only ₹406.17 crore has been spent. Among Indian companies, the private sector has performed far better than the public sector. Against the prescribed amount of ₹2,306 crore, PSUs spent ₹1,628 crore (71%). The energy and power sector accounted for the highest expenditure under CSR. Nearly ₹1,994 crore (39%) of total

Table-4 : Control Systems and Whistle Blower Policy Details – Maharatna PSUs for 2017-18

S. No.	Organization Name	Internal Audit	Control Systems	Whistle-Blower Policy	Code of Conduct
1.	Bharat Heavy Electricals Ltd.	☑	☑	☑	☑
2.	Coal India Ltd.	☑	☑	☑	☑
3.	GAIL (India) Ltd.	☑	☑	☑	☑
4.	Indian Oil Corporation	☑	☑	☑	☑
5.	NTPC Ltd.	☑	☑	☑	☑
6.	Oil & Natural Gas Corporation Ltd.	☑	☑	☑	☑
7.	Steel Authority of India Ltd.	☑	☑	☑	☑

Note : All Maharatna PSUs strongly stick to Internal Audit, Whistle Blower Policy, Code of Conduct and Control Systems in their working environment.

Table-5 : Control Systems and Whistle Blower Policy Details – Navaratna PSUs for 2017-18

S. No.	Organization Name	Internal Audit	Control Systems	Whistle-Blower Policy	Code of Conduct
1.	Bharat Petroleum Corporation Ltd.	☑	☑	☑	☑
2.	Hindustan Petroleum Corporation Ltd.	☑	☑	☑	☑
3.	Power Grid Corporation of India Ltd.	☑	☑	☑	☑
4.	NALCO (India) Ltd.	☑	☑	☑	☑
5.	Rural Electrification Corporation Ltd.	☑	☑	☑	☑
6.	Rashtriya Ispat Nigam Ltd.	☑	☑	☑	☑
7.	Hindustan Aeronautics Ltd.	☑	☑	☑	☑
8.	NMDC Ltd.	☑	☑	☑	☑
9.	Container Corporation of India Ltd.	☑	☑	☑	☑
10.	Power Finance Corporation Ltd.	☑	☑	☑	☑
11.	Engineers India Ltd.	☑	☑	☑	☑
12.	Oil India Ltd.	☑	☑	☑	☑
13.	Bharat Electronics Ltd.	☑	☑	☑	☑
14.	NLC (India) Limited Ltd.	☑	☑	☑	☑
15.	NBCC (India) Limited Ltd.	☑	☑	☑	☑
16.	Mahanagar Telephone Nigam Ltd.	☑	☑	☑	☑
17.	Shipping Corporation of India Ltd.	☑	☑	☑	☑

spending is by the power sector followed by banks and IT firms (13% each), mining and metals (11%), and consumer goods (9%).

The data in Figure-4 reveals that out of the various subjects and activities indicated in Schedule VII of the Companies Act, 2013, ₹1,463 crore were spent on activities targeted at promoting Education, Vocational skills and livelihood enhancement. Eradicating Hunger, Poverty & Health Care was the next favorite with a spending of ₹1,422 crore. A sum of ₹1,189 crore were spent on Environment sustainability activities. Rural Development

Figure-4 : Thematic Priorities in CSR – Schedule VII – Theme-wise Number of Companies

Source : India CSR outlook report, 2016 NGOBOX.

projects saw 724 crore rupees of spending. An amount of ₹42.6 crores was contributed to the Swatch Bharat Kosh and ₹15.5 crores to the Clean Ganga fund. A contribution of ₹125 crores was made to the Prime Minister's National Relief Fund (PMNRF).

The outcomes of the Section-135 of Companies Act, 2013 has surely brought in a change. The India CSR outlook report, 2016 identifies the outcomes as mentioned below.

- The overall quality of reports and availability of data has improved.
- Despite the fact that Section 135 of the Companies Act mandates companies to prepare CSR report (as part of the annual report) in a particular format, more than 30 companies have not followed the format and went on shielding (moreover ignoring) crucial information like project location, implementing partners, project specific budget and spend, etc.
- There is a high discrepancy in the reported data when accounting for actual CSR spend and project-wise CSR spend of companies.

- A few companies spent the unspent amount of last year's CSR budget in this financial year (2015-16) and have calculated it as the actual CSR spend of FY (2015-16), taking their actual CSR spend much higher than the prescribed CSR of this FY.

CSR and Firm Performance

Friedman has explained that the responsibility of business is to maximize profits and returns for its stockholders by quoting "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." The studies by Brammer et al. (2006); Lopez et al. (2007); Tilakasiri (2012); Martinez-Ferrero & Frias-Aceituno (2015); Rodrigo et al. (2016) evidently justify this theory. On the other hand, studies of Aupperle et al., (1985); Hackston and Milne (1996); Makniet al., (2008); Aras et al. (2010); Nkomani (2013) indicate that there exists neither positive nor negative correlation between corporate social responsibility and indicators of financial performance.

Financing Environmental Efforts

The world is worried about global warming. The governments, on the other hand are making the corporations free from such responsibility by making the laws and policy easier for them. It is easier environment clearances (particularly in SEZs), proposed amendments in the Bio-Diversity Act, Wildlife Protection Act and Mining Act are few such indications in India. Today corporations are one of the major factors responsible for environmental degradation. If word 'responsibility' is qualified with the word 'social', this will mean responsibility without accountability and if it is qualified with the word 'legal' than it would mean vice-versa. An unpublished study of United Nations has found that the world's biggest companies would wipe out their more than one-third of their profits if they were held financially accountable for the damage caused to the natural environment. One of the leading London based consultancy 'Trucost' has conducted a study, the report of which is yet to be published, has found that the total damage caused to the environment was worth US$2.2 trillion (£1.4tn) in the 2008-a figure which is bigger than the national economies of all but seven countries in the world that year. Out of $2.2 trillion, emissions of greenhouse gases account for more than half of the total for climate change.[1]

As per the Supreme Court of India in *Indian Council for Enviro-Legal Action and Others vs. Union of India and Others*

(1996) 3 SCC 212, 'Polluter Pays Principle' demands that the financial costs of preventing or remedying damage caused by pollution should lie with the undertakings which cause the pollution or produce the goods which cause the pollution under the principle it is not the role of the government to meet the costs involved in either preventing of such damage, or carrying out remedial action, because the effect of this would be to shift the financial burden of pollution incident to the tax payer.

Conclusion

In some organizations, implementation of CSR goes beyond compliance and engages in "actions that appear to further some social good, beyond the interests of the organization and that which is required by law. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. CSR governing has led to an increase in CSR spent as a non-financial investment and companies attempt to religiously follow the mandate and create documentation ensuring the fulfillment of the mandate.

Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals or environmental accidents. These can also draw unwanted attention from regulators, courts, governments, and media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risks. Avoiding discrepancy in accounting for actual CSR spend and project-wise CSR spend of companies.

Environmental ethics are a key concern for leaders in the forefront. Spending adequately to right cause is an essentiality Studies from the law perspectives focus more on the relevant legislations and statutes and their applicability within the specific legislative environment (Dhillon, Rusniah, Aspalela, 2013). Studies from the accounting and finance perspective, on the other hand, cater on the awareness of money laundering risk and prevention measures (Said et al., 2013). The main philosophy behind encouraging CSR involves economic, legal, ethical and discretionary aspects. A corporation needs to generate profits, while operating within the laws of the state. The corporation also needs to be ethical, but has the right to be discretional about the decisions it makes. Levels of corporate social responsiveness to an issue includes being reactive, defensive, responsive and interactive. All terms are useful in issues management. Selecting when and how to act can make a difference in the outcome of the action taken.

It is the responsibility of key leaders to be ethically conscious in attempting a balanced approach to social, environmental and legal efforts of the organisation and simultaneously maintain the sanctity of the organisation.

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Perception of Politics in Organizations : An Exploratory Study

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This empirical study explores Perception of Politics (PoP) among employees of service and manufacturing sectors of twin cities of Hyderabad and Secunderabad. The survey of 175 employees from 15 different organizations explores the influence of demographic and psychographic factors on PoP. The results indicate significant correlation of certain Personality traits and Gossip tendency with PoP. Among the demographic variables, size of organizational workforce tends to influence PoP. This research also standardizes a 15-item PoP scale for further studies with this focus.

Keywords : Perception of Politics, Organizational Power, Organizational Behaviour

Politics is endemic in organizational life (Ferris & Kacmar 1992). It is so because people come to work situations with varying goals and preferences. These goals invoke competition among workers for use of scarce resources. The competition, in turn, introduces the use of power and the resultant politics in organizations (Wilson 1995).

Consequences of these political events lead those involved to view organizational politics in their own way. As people act upon their perception of reality, not reality *per se*, recognizing and understanding Perception of Politics (PoP) is of importance in organization (Porter, 1976). These perceptions affect how employees feel about their company, supervisor and co-workers and in turn they impact productivity, job satisfaction, among others.In fact, it is acknowledged that organization culture is influenced by the degree of political activity prevailing there and how the employees react to the situation.

Management literature for a long time portrayed politics among stakeholders as illegitimate, informal and dysfunctional. At the same time, it also considered organizational politics as a positive process for decision-making and implementation (Cacciattolo, 2015). By pretending that power and influence do not or should not exist, we produce an incapacity among the managers to take action and get things accomplished. Mintzberg (1983) in his book

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on the topic – *Power in and around Organizations* – states that political behavior is a collection of games – authority games, powerbase games, rivalry games and change games.

Despite this only a limited attention is given to this research area. It is specially so in our context. Lack of interest was also due to difficulty experienced by early organizational behavior researchers in defining, quantifying and measuring this elusive phenomenon. Drory and Romm (1990) wrote an entire article on the definition of organizational politics. After reviewing a host of definitions on the concept, they too avoided offering a definition for the concept. Relatively limited research focus is also cited to be due to absence of a scale to measure PoP.

In the definitions reviewed by Drory and Romm (1990) the following commonalities manifest : (1) Political activities are a means of exercising social influence (2) Political actions are designed to promote or protect one's own self-interests (3) At least two parties must be involved with the divergent views. Combining these organizational politics could be viewed as the behavior that is aimed at safeguarding the self-interest of an individual at the cost of another and this behavior often conflicts with the organization goals (Ladebo, 2006).

Kacmar and Ferris (1991) in their 15-item PoP scale identified that political behavior and the measure under 3 headings :

General political behavior – relating to lack of rules and regulation to governance actions, decision- making under uncertainty, scarcity of valued resources;

Go along to get ahead – self-serving political behavior which may manifest as desire to avoid conflict, which may appear to be a non-political act, though in reality a form of political behavior;

Pay and promotion – systems developed in organizations may benefit some and penalize others, though not intended to be so consciously. Organizations may also design reward system that perpetuate political behavior in a variety of ways.

Ferris and Kacmar (1992) proposed another inventory of 31-items on the topic, which included statements to capture workforce perception on Supervisor behavior; Coworker / clique behavior; Organizational policies and practices.

There have been some studies on this topic in the later years. According to Bachanan (1999) politics may also be caused by structural relationships within an organization – one group of employees may have particular performance indicators that are different to those of another group.

Sussman et al (2002) confirm through their study seven types of political behavior in organizations – (1) Attacking or blaming others (2) Using information as a political tool (3) Creating a favorable image (4) Developing a base of support (5) Praising others (6) Forming power coalition with allies, and (7) Creating obligations.

Lawrence et al (2005) identify two types of power in organizations – episodic and systemic power. Episodic power refers to distinct and premeditated political behavior that is initiated by self-interested actors who are able to influence organizational decision making. Systematic power is directed throughout the social systems within organizations.

Gotsis and Kortezi (2010) in their research suggest that individuals are more likely to engage in political behavior when there is uncertainty involved in decision-making procedure, performance measures, competition among individuals and groups for limited resources.

Vredenburgh and SheaVan-Fossen (2010) have identified organizational conditions that cause employees to engage in workplace political behaviors. They argue that individual attributes and the nature of their interactions with organizational conditions that foster political strategies in work. They also suggest with reference to a number of studies, that some degree of predisposition towards politicking may be an innate part of the human nature. Jehn (1977) had also proposed earlier that the task related conflicts change into relationship conflicts, and attach these task related conflict to personality issues. With the exception of Sharma and Gautam (2014) and Gupta and Khatri (2017) the phenomenon is not researched widely in our context.

Objectives

With the above background, the current research was taken up as an exploratory probe. The following were the objectives of the study :

- To understand the PoP disposition among the workforce in service and manufacturing industry;
- To explore the demographic and psychographic factors that influence the PoP in these organizations; and
- To validate a shorter PoP measurement scale.

Among the psychographics two concepts were included in the study, namely personality and gossip behavior.

Personality

Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving (https://www.apa.org/topics/personality). It is widely accepted that these individual differences can be organized in terms of the Big Five personality trait domains, namely Agreeableness, Conscientiousness, Extroversion, Neuroticism, Openness (John & Soto, 2008).

Extroversion is the personality trait of seeking fulfillment from sources outside the self or in community. Agreeableness reflects how much individual adjust their behavior to suit others.

Conscientiousness is the trait of being honest and hardworking. Neuroticism is the personality trait of being emotional. Lastly, openness to experience is the trait of seeking new experience and intellectual pursuits.

Vredenburgh and Shea Van Fossen (2010) identifying the role of personality dimension in organizational politics make propositions wherein those with – Extroversion, Neuroticism, Agreeableness and Conscientiousness will engage in organizational policies and further Extroversion will involve in general political behavior and pay and promotion policies. Neuroticism will involve in go along to get ahead and individual high in Conscientiousness will be best suited to Pay and Promotion policies, whereas people high on openness to expertise will not involve in any kind of organizational policies. But they do not validate with primary data. The present study, explored these relations.

Gossip

Gossip is primarily idle and malicious talk. Traditionally organizational researchers have categorized workplace gossip as a form of minor impersonal deviance (Robinson & Bennet 1995). Gossip also supports diffusion of information, thereby stimulating sense making, learning, and reputation in organization but also the emergence and sustenance of a cooperative relationship (Baumeister et al 2004; Mills, 2010).

Workforce gossip is defined as "informal and evaluative talk" in an organization about another member of that organization who is not present (Kurland & Pelled, 2010) and can have either positive or negative content.

Negative gossip has special value. It is a hidden means of exchanging disagreeable opinions with fellow employees with little risk of jeopardizing relationship with managers (Davis & Mc Leod, 2003; Hafen, 2004).

Rus (2005) suggests that negative gossip is reflective of generalized trust in the organization, i.e., trust impersonal and not related to specific social exchange relations between people. It is rooted in the employee's cognitive perception of the organizational functioning and the assessment whether the organization meets its contractual and moral obligations towards its employees.

Thus, it has been recognized that in workplaces gossip can manifest in either positive or negative forms (Foster, 2004). The present research used the concept as a predictor of PoP. Higher gossip in an organization could indicate higher PoP. It was particularly expected to be so in the context of negative gossip.

Along with the above psychographic variables, demographic variables used in the study were age, gender, experience in the current organization, position and the size of the workforce in the organization, and the sector the organization belongs to.

Methodology

The primary data to examine the objectives were collected during the summer months of 2019 through a self-administered questionnaire. Considering the nature of data elicited, anonymity of the respondents was assured by not seeking their name, organizational affiliation in the survey instrument. As the questionnaire was administered through personal contact and the structured nature of the questions ensured response in one short sitting, almost all the questionnaires administered were duly filled in ensuring near complete response. In all, 15 organizations located in and around twin cities of Hyderabad-Secunderabad, inclusive of both manufacturing and services sectors, were covered in the survey. As the current research was exploratory in nature, the survey design was satisfied with a relatively large sample.

Nature of organization was categorized as services/manufacturing; respondent's position in the organization were elicited in four categories – junior, middle, higher middle, and higher; total workforce in the organization in six categories including, 50 or below, 100s, 200s, 300s, 400s, and 500 or more.

PoP scale was finalized for the survey with inclusion of 15 of the 31-items suggested by Ferris and Kacmar (1992). The scale was processed in the pilot phase by conducting an item to item correlation on the 31-item inventory and the items which were not homogeneous in the correlation analysis were excluded in the final analysis. The final 15-items fell in three categories, namely – Supervisor behavior (3-items); Co-worker behavior (7-items); and Organizational decision-making (5-items) - and the responses were elicited on a 5-point Likert type scale. The scale had three negative statements, which were reverse scored. It had a theoretical score range of 15-75. Higher score on the scale corresponded to higher PoP.

Personality was measured with a 15-item personality scale inclusive of items covering all the five factors. This standard scale was validated by Soto and John (2017). The scale had 6 negative statement and they were reverse scored. Higher score on the scale indicated greater propensity towards desirable personality characteristics like openness, extroversion, consciousness, and agreeableness. These traits were also separately scored for the analysis.

The study used a 10-item Work Group Gossip inventory proposed by Brady (2015) which covered both positive and negative gossip related statements. The scoring was uniform for all the ten items and higher score indicated greater propensity to gossip.

Data Analysis

The responses were analyzed using SPSS. Apart from the basic analysis of frequencies relating to distribution of respondents on different variables, the research adopted product moment correlation and also one-way Anova to understand the PoP among different groups in the study population.

Respondents were grouped into three age categories taking quartile 1 and 3 as the cut off for those falling into high and low groups and those between these values were grouped in the middle category. Same method was used for grouping the respondents on their Experience. Other demographic variable were grouped as reported by the respondents.

Data pertaining to PoP, Gossip, and Personality, ascertained through different scales, fell in a continuum as represented in their responses.

The following Table present the distribution of respondents on demographic variables.

A half (50.9%) of the total 175 respondents were from manufacturing sector and the other half from the services organizations. Male respondents made up the majority (76.0%) reflective on the proportion in the organized workforce. Age of the respondents ranged from 20 to 54 years. Mean age of the respondents was 30.43 years. The respondents skewed towards younger age group.

For the purposes of the analysis, respondents' age was grouped into three categories (Table-1). Those above 35 years made up 25.7 per cent of the total; age group 26-34 made up 46.3 per cent;

Table-1 : Distribution of Sample on Demographic Variables

Organization Type		Gender		Age		Experience in the Present Organization	
Manufacturing	89 (50.9%)	Male	133 (76.0%)	25 or less	49+ (28.0%)	2 years or less	83 (47.4%)
Services	86 (49.1%)	Female	42 (24.0%)	26-34	81 (46.3%)	3-4 years	35 (20.0%)
				35 or more	45 (25.7%)	5 years or more	57 (32.6%)

Position in the Organization		Total Workforce in the Organization	
Junior	46(26.3%)	50 or below	21 (12.0%)
Middle	82 (46.9%)	100s	19 (10.9%)
Higher Middle	41 (23.4%)	200s	24 (13.7%)
Higher	6 (3.4)	300s	20 (11.4%)
		400s	23 (13.1%)
		500 or more	68 (38.9%)

and those 25 and below were 28.0 per cent of the total. With regard to the experience of the respondents in their current organization, those with 2 years or less made up 47.4 per cent; 3-4 years 46.3 per cent ; and 5 years or more 28.0 per cent of the total.

Respondents came from four organizational positions. There were 46 junior professionals making up 26.3 per cent of the sample. Those in middle positions 46.9 per cent, middle-higher 23.4 per cent, and the higher position representation was limited and only 3.4 per cent of the total.

As we can notice from Table-1, the sample was slightly skewed towards larger organizations with 500 or more workforce making up 38.9 per cent of the total. The respondents were more or less evenly distributed in the other categories.

Table-2 presents distribution of respondents on different personality traits. We could notice that the sample is favorably disposed on all the categories.

It is so with Gossip (Table-3) with mean score of 24.34. The group is more inclined to positive gossip than the negative variety as indicated by the group mean.

Table-2 : Distribution of Respondents on Personality Categories

	Personality	Extroversion	Agree-ableness	Conscien-tiousness	Neuroticism	Open Mindedness
Mean	50.13	10.17	10.53	10.59	8.51	10.33
SD	4.617	2.054	1.764	2.218	2.397	1.870
Min	38	6	5	4	3	4
Max	62	15	15	15	15	15

Table-3 : Gossip Categories

	Total	Positive	Negative
Mean	24.34	13.62	10.73
SD	6.21	3.94	3.62
Min	10	5	5
Max	43	23	23

Table-4 presents the distribution of respondents on the PoP scale items. We can notice that the respondents are distributed on all the response points in different scale items. Against the theoretical range of 15-75 respondents, scores ranged between 21-75. The sample had a mean of 48.67 and SD of 9.03 indicating a slightly higher tendency of PoP in organization. Distribution of respondents on PoP scale total score is presented in Graph-1.

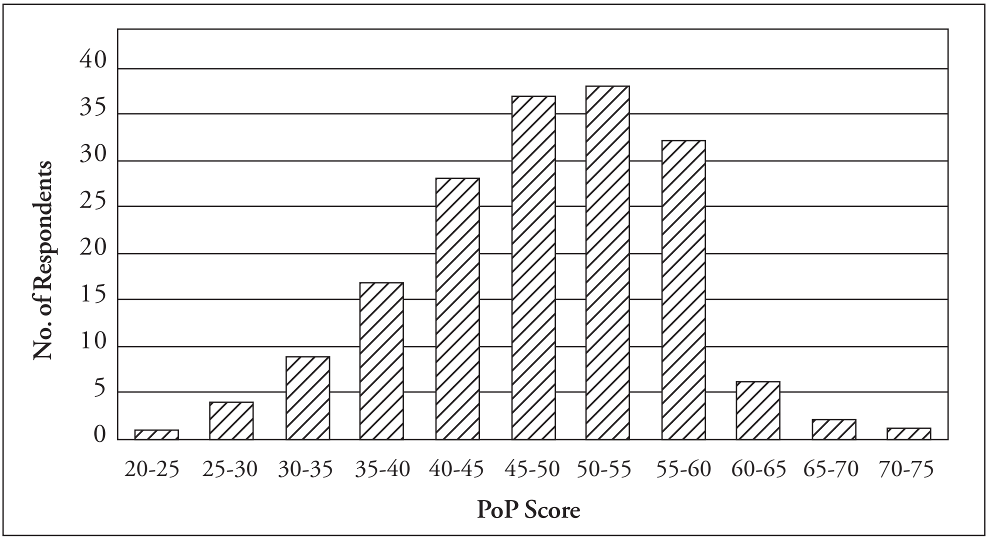
The initial task of the research was to validate the PoP scale. Table-5 presents correlation matrix of 15-item PoP scale. It could be noted that scale is completely homogenous with no significant negative correlation. This tendency is pronounced and could be noted in item to total correlations, which range from .300** for item 4 to as high as .702** for the scale item 1. All the items show positive and significant relations with the scale total thus establishing the consistency of the measure and reliability of the score. The scale includes 3 negative and 12 positive items. Higher score on the scale indicate higher PoP. The scale could be used for similar studies in future.

To understand the nature of relations between demographic variable and PoP in the study population, Anova statistics was used. PoP was the dependent variable in the analyses. Significant F ratio in Anova indicates functional relations or tendency of certain population factors influencing PoP in the response group.

Table-4 : Distribution of Respondents on the PoP Scale

Favoritism rather than merit determines who gets ahead around here	16 (9.1)	51 (29.1)	33 (18.9)	56 (32.0)	19 (10.9)
In our organization, good ideas are desired even when it means disagreeing with superiors	26 (14.9)	69 (39.4)	56 (32.0)	20 (11.4)	4 (2.3)
You can get along here being a good guy, regardless of quality of your work	11 (6.3)	46 (26.3)	44 (25.1)	47 (26.9)	27 (15.4)
Employees are encouraged to speak out frankly even when they are critical of well-established ideas	32 (18.3)	86 (49.1)	32 (18.3)	18 (10.3)	7 (4.0)
There are 'in-groups' which hinder the effectiveness around here	8 (4.6)	39 (22.3)	56 (32.0)	46 (26.3)	26 (14.9)
It normally takes only a couple of months to a new employee to figure out who they should not cross in this organization	6 (3.4)	26 (14.9)	42 (24.0)	70 (40.0)	31 (17.7)
There has always been an influential group in this organization that no one ever crosses	9 (5.1)	50 (28.6)	53 (30.3)	47 (26.9)	16 (9.1)
Generally, people who have left this organization did so because, they felt, here just working hard is not enough to get ahead	11 (6.3)	50 (28.6)	48 (27.4)	44 (25.1)	22 (12.6)
People here usually do notspeak up for fear of retaliation by others	17 (9.7)	42 (24.0)	39 (22.3)	58 (33.1)	19 (10.9)
I have seen people deliberately distort information (either by withholding or selectively reporting) requested by others for purposes of personal gain	8 (4.6)	45 (25.7)	49 (28.0)	63 (36.0)	10 (5.7)
Managers in this organization often use the selection system to hire only people who see things the way they do	9 (5.1)	38 (21.7)	55 (31.4)	57 (32.6)	16 (9.1)
People in this organization often use the selection system to hire only people that can help them in their future	13 (7.4)	39 (22.3)	31 (17.7)	73 (41.7)	19 (10.9)
I have seen changes made in policies around here that only serve the purposes of a few individuals	21 (12.0)	40 (22.9)	44 (25.1)	50 (28.6)	20 (11.4)
Here the rules and policies concerning pay and promotion are fair, but often supervisors carry out in an unfair way	4 (2.3)	40 (22.9)	40 (22.9)	64 (36.6)	27 (15.4)
If a co-worker offers to lend some assistance, it is because they expect to get something out of it, not because they really care	9 (5.1)	46 (26.3)	54 (30.9)	45 (25.7)	21 (12.0)

Graph-1 : Distribution of Respondents on PoP Scale



The initial task of the research was to validate the PoP scale. Table-5 presents correlation matrix of 15-item PoP scale. It could be noted that scale is completely homogenous with no significant negative correlation. This tendency is pronounced and could be noted in item to total correlations, which range from .300** for item 4 to as high as .702** for the scale item 1. All the items show positive and significant relations with the scale total thus establishing the consistency of the measure and reliability of the score. The scale includes 3 negative and 12 positive items. Higher score on the scale indicate higher PoP. The scale could be used for similar studies in future.

To understand the nature of relations between demographic variable and PoP in the study population, Anova statistics was used. PoP was the dependent variable in the analyses. Significant F ratio in Anova indicates functional relations or tendency of certain population factors influencing PoP in the response group.

Anova summary for different demographic variable is presented in Tables 6 to 11. The analyses reveal the following F ratios :

Gender : F=(1,173) 0.755 MSE = 77.661 NS;

Experience : F=(2,172) 0.470 MSE=77.47 NS;

Position : F=(3,171) 0.758, MSE=78.07 NS;

Organization type : F(1,173)0.246, MSE 77.100 NS;

Organization workforce :F=(5,169) 5.282, MSE 68.793 p<.00.

Table-5 : Correlation matrix of PoP Scale

	Item-1	Item-2	Item-3	Item-4	Item-5	Item-6	Item-7	Item-8	Item-9	Item-10	Item-11	Item-12	Item-13	Item-14	Item-15	
Item-1	1	.095	.408**	.187*	.445**	.165*	.247**	.387**	.433**	.386**	.361**	.427**	.330**	.363**	.281**	.702**
Item-2	.095	1	-.054	.420**	.026	.153*	.118	.135	.176*	.070	.205**	.*	.031	.063	-.103	.295**
Item-3	.408**	-.054	1	.011	.370**	.127	.244**	.492**	.272**	.140	.201**	.087	.173*	.292**	.326**	.526**
Item-4	.187*	.420**	.011	1	.092	-.014	.119	.173*	.141	.144	.045	.049	.011	.043	.085	.300**
Item-5	.445**	.026	.370**	.092	1	.312**	.390**	.396**	.280**	.262**	.300**	.400**	.346**	.233**	.245**	.646**
Item-6	.165*	.153*	.127	-.014	.312**	1	.252**	.247**	.269**	.017	.331**	.316**	.107	.088	.063	.427**
Item-7	.247**	.118	.244**	.119	.390**	.252**	1	.424**	.320**	.137	.322**	.298**	.262**	.235**	.191*	.571**
Item-8	.387**	.135	.492**	.173*	.396**	.247**	.424**	1	.426**	.180*	.243**	.229**	.261**	.210**	.194*	.634**
Item-9	.433**	.176*	.272**	.141	.280**	.269**	.320**	.426**	1	.239**	.352**	.297**	.348**	.246**	.100	.624**
Item-10	.386**	.070	.140	.144	.262**	.017	.137	.180*	.239**	1	.158*	.250**	.208**	.261**	.292**	.465**
Item-11	.361**	.205**	.201**	.045	.300**	.331**	.322**	.243**	.352**	.158*	1	.440**	.386**	.169*	.170*	.587**
Item-12	.427**	.*	.087	.049	.400**	.316**	.298**	.229**	.297**	.250**	.440**	1	.411**	.251**	.027	.589**
Item-13	.330**	.031	.173*	.011	.346**	.107	.262**	.261**	.348**	.208**	.386**	.411**	1	.354**	.318**	.584**
Item-14	.363**	.063	.292**	.043	.233**	.088	.235**	.210**	.246**	.261**	.169*	.251**	.354**	1	.406**	.532**
Item-15	.281**	-.103	.326**	.085	.245**	.063	.191*	.194*	.100	.292**	.170*	.027	.318**	.406**	1	.455**
Total	.702**	.295**	.526**	.300**	.646**	.427**	.571**	.634**	.624**	.465**	.587**	.589**	.584**	.532**	.455**	1

N=175

**. *Correlation is significant at the 0.01 level (2-tailed).*

*. *Correlation is significant at the 0.05 level (2-tailed).*

The results indicate that except Organization workforce size, other demographic variables do not indicate significant influence on PoP. In other words, PoP does not significantly vary across Gender, Organization type, Experience categories, or the Position the respondents hold in the organizational hierarchy. PoP varies depending on the size of the Organization workforce. The post hoc analyses (Fisher's LSD) display complex variations. Organizations with very limited workforce – 50 or below – differ significantly from those with workforce of 300 or 400 employees, and in such smaller organizations employees do not perceive of politics or power related issues significantly. In organizations with a workforce of 500 or more PoP is significantly low compared to those with workforce is in the range of 200s to 400s. It is organizations with medium range workforce which have a higher perception of politics than either the small or relatively big ones. This could be so because of the greater pressure of work and more or less structured job responsibilities in contemporary larger organizations in the private sector. The way the workgroups are organized in the contemporary organizations may also have a bearing on the outcome. Very small organizations may have greater cohesiveness in the task and also greater monitoring by the supervisors which provide less scope for power games.

Table-6 : Anova Summary : PoP vs Age Categories

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.549	2	4.774	.061	.941
Within Groups	13433.389	172	78.101		
Total	13442.937	174			

Table-7 : Anova Summary : PoP vs Experience

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	117.408	2	58.704	.758	.470
Within Groups	13325.529	172	77.474		
Total	13442.937	174			

Table-8 : Anova Summary : PoP vs Position

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	92.221	3	30.740	.394	.758
Within Groups	13350.716	171	78.074		
Total	13442.937	174			

Table-9 : Anova Summary : PoP vs Organization Type

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	104.553	1	104.553	1.356	.246
Within Groups	13338.384	173	77.100		
Total	13442.937	174			

Table-10 : Anova Summary : PoP vs Gender

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.585	1	7.585	.098	.755
Within Groups	13435.352	173	77.661		
Total	13442.937	174			

Table-11 : Anova Summary : PoP vs Workforce Size

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1816.909	5	363.382	5.282	.000
Within Groups	11626.028	169	68.793		
Total	13442.937	174			

Psychographic Variable vs PoP

The relations of two psychographic variables – personality and gossip – were examined through correlation analysis. The outcome of the analysis is presented in Table-12.

Gossip

The results indicate that the Gossiping tendency – which could include both positive and negative gossiping – as a whole does not correlate significantly with PoP (r(173)=.013 NS). However, negative and positive gossip tendencies taken separately show significant statistical relations with PoP. Those who have a high tendency of Positive Gossip tend to have a significantly low PoP(r(173)= -.195**) and those who score high on Negative Gossip indicate a significantly high PoP tendency in their work environment (r(173)=.238**). In other words, those who are high on Negative Gossip such as criticizing, venting out against a co-worker with others, asking for negative impressions, discussing colleagues abilities with others or recounting unflattering stories with others tend to show a significantly higher PoP. It is quite the contrary with those who indulge in Gossip involving complementing, telling good things about their co-worker and supervisors.

Personality

As we have noted, personality is cumulation of 5 factors -Extroversion, Assertiveness, Agreeableness, Conscientiousness and Neuroticism or Negative Emotionality - and individuals can have various combinations of them making up their total personality. The correlation analysis shows that total personality scores, inclusive of all the 4 factors and low on negative emotionality tends to have a significantly negative PoP tendency (r(173)=-.200**). That is, those who score high on all the factors tend to disassociate with PoP. However, when we look deeper in to individual personality traits we notice that those with higher Neuroticism – Negative Emotionality – show a statistically significant PoP (r(173)=.406**). It

Table-12 : Correlation between PoP and other Psychographic Variables

Personality Characteristics	PoP
Personality	-.200**
Extroversion	-.138
Agreeableness	-.260**
Conscientiousness	-.452**
Neuroticism	.406**
Open-mindedness	-.079
Gossip	.013
Gossip Positive	-.199**
Gossip Negative	.238**

N=175

**. *Correlation is significant at the 0.01 level (2-tailed).*

*. *Correlation is significant at the 0.05 level (2-tailed).*

is opposite with those high on Conscientiousness (r(173)=-.452**) and this tendency is also significant with those high on Agreeableness (r(173) = -.260**). The other two factors, Open-mindedness and Extroversion do not correlate significantly with PoP.

Conclusion

The study, which was exploratory in nature, indicates that younger workforce in Indian manufacturing and services sectors do not show a high propensity towards PoP. General tendency of gossiping widely prevalent in organization *per se* do not indicate PoP. However, certain aspects of personality disposition and also negative gossiping point towards PoP. The demographic factors associated with the workgroup generally do not significantly influence PoP, only exception to this being the size of the organization workforce. The current research validates a PoP scale that could be used in future studies on the topic.

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An Evaluative Study of Public Private Partnership Model for Infrastructure Development in Punjab with Reference to Ludhiana Bus Terminal Project

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Public Private Partnership (PPP) have been extensively used in infrastructure development across sectors by which private sector firms through their financial resources, technical expertise and managerial skills are involved in the delivery of government projects. In this context, the state of Punjab adopted PPP model of infrastructure development in various sectors of the economy including the transport sector. The present study examines the development of Ludhiana Bus terminal executed under the PPPbased on Built Operate and Transfer (BOT) model. The main objective of the study is to examines the processes involved in the development of the new Bus terminal and to analyse citizen's perceptionon the provision ofpassenger amenitiesthat the facility has offered. The study provides insight and understanding of regulatory and management aspects, flaws and related gaps in its implementation. The study points out that proper allocation of risks, avoidance of midway changes, development of public sector capacity are some of the lessons to be learned in order to make this partnership mechanism to deliver the services efficiently and effectively.

Keywords : Public Private Partnership, Transport Sector, Mega Bus Terminal, Infrastructure, Citizens' Perception, Passenger Amenities.

Introduction

Liberalization, privatization, and globalization (LPG) paradigm strongly call upon governments of developing nations to operationalize the concept of entrepreneurial government and reinventing government (Osborne & Gaebler., (1992). One of the key focus points of LPG policy is market-based public administration. It insists on reforms in the public sector that the market should be allowed to work wherever it can function efficiently, and State must step in wherever the market is unable to function. It necessitated government bodies to shift their role and re-orient their functions as that of

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the facilitator, enabler, and regulator of the market economy. A push towards shrinking of public sector responsibilities in favour of the private and non-governmental sector on one hand and the introduction of market principles and private sector values in the state sector on the other have been the key element to this strategy (Chakrabarty & Bhattacharya., 2005). The focus is to bring in greater efficiency, economy, and effectiveness in the delivery of public services.

Public Private Partnership (PPP) is one such innovative reform introduced following the adoption of New Industrial Policy of 1991 in India which incorporated LPG model of development. The main objective of PPP is to bring in additional financial resources, technical expertise and managerial skills possessed by the private sectors. It is believed that private sector participation under PPP would offer better value-for-money. The public sector, instead, should concentrate on setting public policies and controlling implementation. PPP is a creative enterprise where the best of the two sectors is brought together to achieve fruitful results (Singh & Jain., 2008). PPP is a delivery model that demanded the competence and trust of both public and private partners in the delivery of goods and services.

Governments at the centre as well as at the state level have increasingly turned to the private sector to provide infrastructure facilities and services. Although there is no common enabling framework that could be adopted for all the States in India, many State Governments have developed its own enabling frameworks relevant to the applicable sectors, geographic and projects. Punjab Infrastructure (Development and Regulation), Act 2002 (PIDR Act 2002) provides regulatory framework and guidelines for the private sector to participate in infrastructure development in the state through PPP model.

Public Private Partnership : Theoretical Perspective

Public Private Partnership has been regarded as the structural form of cooperation between the public sector and private sector over a long period of time, where risk, costs, and resources are shared in order to produce a service or a product. Each partner contributes in its own way of staffs, technical experts and financial support (Sharma, 2008).

Public Private Partnership is a mode of implementing government programs and schemes in partnership with the private sector. It is essentially a co-operative endeavour within public and private sectors to restructure the provisions of public services for making them more efficient. According to Seminar Report

It is a legal contractual arrangement in which the public and private sectors share equity, investment, finance, risk, responsibility, and profits in the venture (IAS Professional Course, Seminar Report, (2005). Hodge (2004) has stated that Public Private Partnership will be taken to be that government has a business relationship, it is long-term, while risks and returns being shared, and that private business becomes involved in financing, designing, constructing, owning, or operating public facilities or services. According to Government of India and Asian Development Bank, (Workshop Report, 2006), Public Private Partnership means a project based on a contract or concession agreement between a government or statutory entity on the one side and a private sector company on the other side for delivering an infrastructure service on payment of user charges (GoI & ADB., 2006).

According to UNESCAP (2011), the partners in a PPP, usually through a legal binding contract or some other mechanism, agree to share responsibilities related to implementation and/or operation and management of an infrastructure project. This collaboration or partnership is built on the expertise of each partner that meets clearly defined public needs through the appropriate allocation of resources, risks, responsibilities, and rewards.

Public Private Partnership broadly refers to long-term contractual partnerships between a public authority, i.e., government department, or a public sector enterprise at central or state or local level on the one hand and private sector agencies, a private entity in the market, on the other, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the public sector. These collaborative ventures are built around on a contractual agreement, which ensures appropriate and mutually agreed allocations of resources, risks, responsibilities, and returns. This approach of developing and operating public utilities and infrastructure by the private sector under terms and conditions agreeable to both the government and the private sector is called Public Private Partnership.

Public Private Partnership Models and Forms

Various models of PPP have emerged to enable the private sector to participate in providing infrastructure facilities and services. While, at one extreme of the spectrum is a short-term simple management contract with or without investment requirements, at the other end is complete privatization or divestiture, where a government sells its assets to the private entity. These models vary mainly by means of ownership of capital assets, assumption of risks, responsibility for investment and duration of the contract.

The PPP models may be classified under different categories which may be based on vertical and horizontal partnership aspects or through the forms of privatization on formal, functional and material aspects. PPP models are generally (but not always) classified into five broad categories based on increased involvement and assumption of risks by the private sector.

The five broad categorizations of participation are :

1. Supply and management/Outsourcing/Maintenance management
2. Turnkey projects
3. Affermage/Lease
4. Concessions/BOT and its variants like BOOT, DBOT, etc.
5. Private ownership of assets/ BOO/ Divestitures/PFI

The present study briefly describes the institutional mechanism adopted and the processes involved in the construction of Ludhiana bus terminal. The study seeks to analyse citizens' perception towards the new facility along with the passenger amenities which the new arrangement provided.

Objectives of the Study

1. To study the process and procedure involved in the selection of private-sector partner for the new bus terminal project in Ludhiana provided under PPP model.
2. To assess the perception of citizens on the provision of new Bus terminal facility in Ludhiana provided under PPP model.
3. To assess the perception of citizens on the provision and maintenance of passenger amenities and facilities within the new Bus terminal facility in Ludhiana provided under PPP model.

Hypotheses of the Study

1. The selection of private-sector partner for the bus terminal project in Ludhiana is as per the approved procedure laid down in the Act.
2. Citizens are satisfied with the provision of the new Bus terminal in Ludhiana provided under PPP model.
3. Citizens are satisfied with the provision and maintenance of passenger amenities and facilities within the new bus terminal facility in Ludhiana provided under PPP model.

Methodology

Tools

In the present study, both the primary and secondary sources of data were used. For the collection of primary data, questionnaire method based on structured questions were used to collect data from the citizens to analyse their perception on the provisions of the new bus terminal as well as the provision and maintenance of public amenities and facilities within the new bus terminal. Observation as a tool was used to supplement the information that was collected in the field survey by the researcher himself. Secondary data was collected from published books, journals and data from the Office PIDB including PIDB's Website, Government of Punjab.

Sampling

In the present study, a simple random sampling technique was used. The total number of respondents selected was 60. The respondents were chosen randomly and entirely by chance and questionnaires in the form of multiple-choice questions were administered until the desire number was obtained. The collected primary data were compiled, and presented in tabular format, and interpreted in terms of percentage.

While testing the study on citizen's perception, the term "Agree" and "Good" is used for the term "satisfy". Both terms have been interchangeably used. Also, the term "Neutral" and "Undecided" is used to mean neither of the scales of very satisfied, satisfied on one side and very dissatisfied and dissatisfied on the other side.

The primary data was collected during October 2015 to December 2015.

The present study is divided into two parts. The first part of the study deals with the institutional mechanism and processes involved in the development of the new Bus terminal facility. The second part of the study analyses citizens' perception towards the provision of new bus terminal as well as the provision of passenger amenities and facilities within the new terminal facility in Ludhiana.

I

Institutional Arrangement for Ludhiana Bus Terminal Project

Given the importance of infrastructure development in various sector of the economy in the state of Punjab, the State Government legislated Punjab Infrastructure (Regulatory and Development) Act 2002 to adopt a common PPP based BOT model. BOT mode of infrastructure development in Punjab was first implemented in bus terminal sector and Amritsar bus terminal became the first project followed by Ludhiana, Jalandhar and eight (8) other mini local bus terminals. Under the model, the selected private firm or operator/s construct the bus terminal through their own resources, operate and maintains the terminal facility in return for revenues accruing from user charges mainly from toll fees, advertisements and lease of commercial spaces. The development involved the demolition of the existing terminal building and construction of new bus terminal. The main objective is to provide state-of-the-art new bus terminal to cater to the growing demands of the passengers and bus traffic. The private firm not only financed and built but also operates and maintains the terminals during the concession period and recovers its investment through a collection of user charges.

Punjab Infrastructure Development Board (PIDB) set up under PIDR Act, 2002, is the nodal body that coordinates state's efforts in overall planning and implementation of infrastructure projects under the PPP models. It is headed by the Chief Minister of Punjab and Minister of Finance of Punjab. The board is assisted by Executive Committee, the Sectoral Sub-Committees and the Administrative Department all headed by the most senior civil servant of IAS cadres.

The Act established Punjab Infrstructure Regulatory Authority (PIRA) as an independent regulatory authority to resolve any dispute arising from such projects. The main functionis to aid and advise the State Government in the formulation of appropriate policy relating to tariff; conduct of public hearing; regulate the working of the concessionaire in regard to the service to the consumer; to adjudicate upon any appeal against an order passed by Board or the State; and to adjudicate upon disputes inter-se two or more concessionaires, operators of infrastructure projects, the state government and the Board.

The Department of Transport (DoT) being the owner of the bus terminal, act as the concessioning authority of the project and works in coordination with PIDB in the implementation process. DoT provide the requisite staffs and support during the project development.

Infrastructure Licensing and Financial Service Infrastructure Development Corporation Limited (IIDC), a private infrastructure consulting firm was appointed as the project developer for the bus terminal project. The main role of the developer is to contribute the requisite technical, financial and managerial resources to undertake project identification, development and implementation of the project.

A Maintenance Board consisting of a representative of DoT, Work Manager, DoT, Deputy Commissioner of the district and a representative of the concessionaire was constituted for the project to supervise and monitor the project during construction and operation of the project. They also act as a first-level dispute resolution mechanism.

An Independent Engineer (IE) was appointed through a competitive bidding process to review and approve all activities associated with Planning, Design, Construction, Operation and Management (O&M) and also monitors the work during the construction of the facility.

Project Description

Ludhiana bus terminal project is one of the three mega bus terminal projects identified and developed under BOT model. The bus terminal is located at the heart of the city and is well connected. The Terminal caters to largest bus traffic in Punjab with an average of 2,700 daily trips. The bus terminal has an area of 14.66 acres. The main objective is to provide a bigger terminal capacity and better passenger amenities to cope with the increasing bus and passenger traffic. The new bus terminal comprises of the main terminal for long route Buses and local terminal forshort route Buses interconnected by a subway crossing for the movement of passengers from one terminal to the other.

Project Preparation and Analysis

PIDB on behalf of DoT conducted a preliminary assessment on the feasibility of the project. Master Plan of the terminal was prepared by M/s.Suresh Goel and Associates a renowned architects and planners of Delhi. The project developer (IIDC) prepared the required documentation such as Expression of Interests (EoIs)/Request for Qualification (RFQ), Request for Proposal (RFP), Model Concession Agreement (MCA) and related documents, prepared financial analysis,conducted project viability assessments, etc.

Financial analysis was conducted based on the following parameters :

1. Project Parameters based on (i) Project Capital Cost, (ii) Project O & M Expenditure and Revenue Generation Sources.

2. Base data for demand forecast and revenue generation on (i) bus traffic and proposed bus adda (toll) fee, (ii) commercial establishments and lease rentals and (iii) advertisement revenues.

3. Assumptions for demand forecast and revenue generation on (i) adda fee revenue generation, (ii) night parking fee revenue generation and (iii) commercial revenue generation.

4. Other financial assumptions includes insurance amount, performance guarantee charges, financing cost and depreciation tax calculation.
5. A Sensitivity Analysis was performed to determine the impact on the concession period keeping the minimum Equity IRR at 20 per cent with the variation in the project parameters like capital cost, O & M cost and total revenue generation per annum.

Sensitivity analysis on the concession period and time saved in the construction of Ludhiana bus terminals is given in the following Table-1 and Table-2.

Table-1 : Sensitivity Analysis Based on Concession Period for Ludhiana Bus Terminal Project

S.No.	Project Parameter	Variance	Concession Period (Years)
1	Capital Cost	Decrease by 15%	5
		Increase by 15%	6
2	O & M Cost	Decrease by 5%	5
		Increase by 5%	6
3	Total Revenue Generation	Decrease by 15%	7
		Increase by 15%	5

Source : Authors' Compilation (2015) based on "Ludhiana Bus Terminal Project – Revised Financial Analysis, p.2" obtained from office of PIDB, Sector 34A, Chandigarh.

Table-2 : Sensitive Analysis Based on Time Saved in Construction for Ludhiana Bus Terminal Project

S.No.	Construction Time Saved	Extra Revenue Earned (Lakhs)	Concession Period (Years)
1	1 month	45	5
2	2 months	90	5
3	3 months	135	5
4	4 months	180	4
5	5 months	225	4
6	6 months	270	4

Source : Authors' Compilation (2015) based on "Ludhiana Bus Terminal Project – Revised Financial Analysis," obtained from office of PIDB, Sector 34A, Chandigarh.

Project Bidding Process and Award of Contract

As mandated by PIDR Act 2002, a two-stage bidding process is adopted. It involves RFQ and RFP stages of bidding.

The Act mandated a single bid variable based on either of the following two options: (i) the highest price of concession fee (upfront or annual) paid to the government by the concessionaire and (ii) the lowest grant/subsidy that the government must provide to the winning bidder.

The Stage-I of the bidding process is called the pre-qualification stage wherein the private sector participants are pre-qualified based on the Statement of Qualification (SOQ) submitted in response to Request for Qualification (RFQ). Stage-II consists of an evaluation of technical and financial proposals of prequalified bidders as per the evaluation criteria laid down in the RFP Document.

An advertisement inviting bids for Ludhiana Bus Terminal Project was issued inviting Statement of Qualification (SoQ) from private firms and a project briefing was held. Thirteen (13) number of SoQ were received and thereafter SoQs were evaluated and all the 13 private sector participants (PSPs) were prequalified, followed by a pre-bid conference. However, the whole bidding process was scrapped as only one bid (RFP) document was received in the final stage.

Subsequently, a fresh advertisement was placed inviting proposals from PSPs for the same project. Eighteen PSPs were pre-qualified based on SoQs and all the 18 firms were provided RFP document.

The RFP Document Packages comprises of :

Part I : RFQ Document

Part II : RFP Document, which consists of 4 volumes as follows :

- Volume-1 : Project Information Memorandum
- Volume-2 : Instructions to Bidders, Proposal Data and Forms of submissions
- Volume-3 : Scope of work, Technical Specification and Performance Standards
- Volume-4 : Concession Agreement

The pre-proposal conference was held andout of the 18 PSP, only 3 parties submitted their proposal and proposals were opened on the same day.

Based on the technical and financial proposals, the bidder M/s MSK Project India Limited, whose firm quoted the lowest concession period as shown in Table-3 was issued “Notice of Award”, and Concession Agreement was signed.

Table-3 : Financial Proposal Evaluation of Ludhiana Bus Terminal Project

S.No.	Evaluation Criteria	Requirement of the RFP	Concession Period Quoted by the Bidder		
			MSK Projects (I) Ltd.	P D Agrawal Infrastructure Ltd.	Ramky Infrastructure Ltd.
1.	Concession Period	Concession Period quoted by the bidder	10 years and 3 months	10 years and 10 months	12 years and 6 months and 9 days
2.	Comparison of Proposals	Bidder quoting the lowest Concession Period	L 1	L 2	L 3

Source : Authors' Compilation (2015) based on "Ludhiana Bus Terminal – Proposal Evaluation Report, Appendix B, p.4" obtained from the office of PIDB, Sector 34A, Chandigarh.

Despite various limitations in the procurement process, the hypotheses that "the selection of private-sector partner for the Bus terminal project in Ludhiana is as per the approved procedure laid down in the Act" stands validated.

Key Observations in the Construction and Operation of the Facility

The bus terminal project underwent prolong bidding processes. Although bids were invited early owing to midway changes made, the project could only be awarded after two years. The whole procurement process took almost 3 years.

Commencement of construction work was delayed owing to late release of workfronts by DoT like removal of hoardings and trees, shifting of electric power lines, transformers, removal of pumphouse in pavement area, dismantling of office building of workshop, etc. and the delay in provision of temporary bus terminal within the construction site of the terminal. Delay in fulfillment of condition precedent by DoT as stipulated like registration of lease deed, issuance of Government Orders/ Gazette Notifications on levy/increase of adda fees, handling over the site free of encumbrances, issuance of necessary certificates on completion of project etc.as reported by Concessionaire.

There was a performance lapse on part of Independent Engineer (IE) during the construction of the facility. The IE,who is responsible to supervises and monitors the construction work and to carry out necessary projecttesting failed to take corrective action against the private builder for failure to comply with the standards as stipulated in the Concession Agreement. As reported by

DoT, on inspection it was found that PPC cement was being used for concrete payments instead of OPC cement as specified. Further, the monthly report was vetted by a person with merely a diploma holder engineer. As a result, a show-cause notice was issued to the Independent Engineer - STUP consultant.

The entry and exit points of the bus terminal is often congested and frequent traffic jams is observed during peak hours. There is a lack of designated passengers unloading bays and halt-and-go parking bays for cars and autorickshaws near the entry point.

Most of the project risks such as capital investment risk, project-related design and construction risk, performance risk, traffic and revenue risk are borne by the private partner. The only risk bearby GoP is on termination of agreement due to a GoP event of default or a prolong force majeure event.

II

Analysis of Primary Data on Citizens Perception

A. Citizens Perception with the Provision of New Bus Terminal in Ludhiana

The primary data was collected using a questionnaire based on structured questions from end-users of the bus terminal. The collected data were analysed, tabulated, and interpreted in terms of percentage.

The perception of citizens on the provision of a new bus terminal in Ludhiana under PPP model was tested on the following sub-hypothesis as provided in Table-4.

Based on the analysis of the sub-hypothesis mentioned above, the main findings are as follows :

- Most of the respondents (38.33%) are satisfied that the present bus terminal is now a modern state-of-the-art facility.
- The majority of the respondents (60%) are satisfied that the present bus terminal has met the traffic demand adequately.
- The majority of the respondents (60%) are satisfied that the present bus terminal offers adequate public parking spaces
- The study revealed that in overall, most of the respondents (48.33%) are satisfied with provisions of passengers' amenities within the bus terminal area.
- The majority of the respondents (53.33%) are satisfied with the maintenance of the new bus terminal by private firms.

Table-4 : Matrix Summing Up the Perception of Respondents with the Provision of New Bus Terminal

S.No.	Sub-hypothesis	Citizens Responses					Key Finding of the Response
		Highly Agree	Agree	Neutral	Disagree	Highly Disagree	
1.	The present bus terminal is now a modern State-of-the-Art facility	06 (10%)	23 (38.33%)	16 (26.66%)	19 (31.66%)	02 (3.33%)	Satisfied
2.	The present bus terminal meet traffic demand adequately	11 (18.33%)	36 (60%)	10 (16.66%)	03 (5%)	0 (0%)	Satisfied
3.	The present bus terminal offers adequate public parking spaces	15 (25%)	36 (60%)	07 (11.66%)	02 (3.33%)	0 (0%)	Satisfied
4.	Overall satisfaction with provision of passengers' amenities within the terminal area	08 (13.33%)	29 (48.33%)	11 (11.33%)	09 (15%)	03 (5%)	Satisfied
5.	Overall satisfaction with maintenance of the new bus terminal by private firm	11 (18.33%)	32 (53.33%)	11 (18.33%)	06 (10%)	0 (0%)	Satisfied

Source : Primary data compiled by authors, compiled during April 2015 to December 2015 from n(60) respondents.

Based on the above analysis, it is observed that citizens, in general, are satisfied with the provision new bus terminal project.

Based on the above analysis, it is observed that citizens, in general, are satisfied with the provision new bus terminal project and the hypothesis that "citizens are satisfied with the provision of the new bus terminal in Ludhiana provided under PPP Model" stands accepted.

B. Citizens Perception with the Provision and Maintenance of Passenger Amenities and Facility within the New Bus Terminal Facility in Ludhiana

The perceptions of citizens on the provision and maintenance of passengers' amenities and facilities within the bus terminal in Ludhiana was tested on the following sub-hypothesis as provided in Table-5.

Table-5 : Matrix Summing-Up Perceptions of Respondents with the Provisions and Maintenance of Passenger Amenities and Facilities within the Terminal Building

S.No.	Sub-hypothesis	Citizens Responses				Main	Finding of the Response
		Very good	Good	Neutral	Poor	Very poor	
1.	Washrooms	03 (5%)	17 (28.33%)	18 (30%)	14 (23.33%)	08 (13.33%)	Neutral
2.	Drinking Water	07 (11.66%)	21 (35%)	19 (31.66%)	11 (18.33%)	02 (3.33%)	Satisfied
3.	Waiting rooms	07 (11.66%)	28 (46.66%)	17 (28.33%)	08 (13.33%)	0 (0%)	Satisfied
4.	Restrooms and Cloakrooms	05 (8.33%)	19 (31.66%)	25 (41.66%)	08 (13.33%)	03 (5%)	Neutral
5.	Booking and Enquiry facilities	06 (10%)	31 (51.66%)	16 (26.66%)	05 (8.33%)	02 (3.33%)	Satisfied
6.	Shops, kiosks & Restaurants	11 (18.33%)	28 (46.66%)	16 (26.66%)	05 (8.33%)	0 (0%)	Satisfied

Source : Primary data compiled by authors, collected during April 2015 to December 2015 from n(60) respondents

Based on the analysis of the sub-hypothesis mentioned above, the main findings are as follows :

- It is observed that most (30%) of the respondents remained neutral in their response to the provision and maintenance of washrooms in the terminal building.
- The study revealed that most of the respondents (35%) are satisfied with the provision of drinking water facility in the terminal building.
- Most of the respondents (46.66%) reported that the provision and maintenance of waiting rooms are satisfactory.
- Most of the respondents (41.66%) remained neutral in their response to the provision of rest rooms and cloak rooms facility within the terminal building.
- The majority of the respondents (51.66%) are satisfied with the provision of booking and inquiry facilities within the terminal building.
- Most of the respondents (46.66%) are satisfiedwith the provision and maintenance of shops and restaurants at the bus terminals were satisfactory.

Based on the analysis discussed above, it is observed that except for the provision and maintenance of washrooms and rest/cloakrooms, most of the respondents are satisfied with provision of drinking water facility, public waiting halls/rooms, ticket booking, and inquiry facilities, and shops and restaurants within the vicinity of the bus terminal.

Thus, the hypothesis that "citizens are satisfied with the provision and maintenance of passenger amenities and facilities within the new bus terminal facility at Ludhiana provided under PPP model" stands accepted.

Key Observations on Citizens Perception towards the New Bus Terminal

The new bus terminal has a well-designed parking area, autorickshaw/taxi parking lane, parking for private vehicles and passenger entry/ exit points.The long and short route bus terminals (with separate bus circulation and boarding bays) are interconnected by a subway crossing. Passenger amenities and facilities such as free clean drinking water, free public waiting halls, washrooms, restrooms etc., are provided within the terminal building.

The facility provides separate waiting roomsand washrooms for ladies and gents. While lady's washrooms are well maintained with fewer users, most of the time gents toilets are often jam-packed during the day and lack hygiene. Further, it is observed that the operator does not comply with a one-time user-fee which is fixed for ₹1.50 but users are charged ₹5.00.

The provision of free clean drinking water facilities is not well maintained. It was observed that some of the water machines/coolants remain non-functional.

The terminal building lacks essential public shops like the chemist store and ATM kiosk. A business establishment like restaurants/eating joints dominated others.

Most of the commuters are unaware of the provision of lodging/rest rooms facility for outstation passengers/ touriststhat are located in the upper floor of the terminal building. Further, it was observed these are poorly maintained and lacks sanitation.

Conclusion and Suggestions

The study concludes that delays occur at different stages of the process. The non-availability of standard documents at the outset is one of the main reasons for the delay in the procurement process. It is suggested that standard documents such as the project feasibility report, MCA and other requisite documents with the assistance of legal, technical and financial experts should be made available at the beginning of the project development. This would help in streamlining the administrative process and ensures timely completion of the project procurement process.

The implementing agency lacks the required skill and expertise in handling and managing the project during the procurement processes and during construction. It is recommended that the State should consider capacity-building programs for its officials and consultants involved in the PPP projects, particularly during this early year of PPP development. The DoT, as the concessionning authority, must ensure departmental clearance from concerned departments and release of work fronts are made on time, fulfilled their contract obligations, and ensure that construction site is free of encumbrances for smooth and timely execution of work.

Traffic congestions at the entry and exit points of the bus terminal show poor design specification and lack of coordination between the DoT and traffic regulating authorities. The terminal design should include appropriate pick-up and drop zones/bays at the main carriageway without disturbing the general flow of traffic.

It is the duty of the implementing agency not only to create an enabling environment for the private firm to smoothly performed its assigned tasks but also need to fulfill its obligations timely and make private firms to comply with standards as stipulated…

Proper risk allocation and risk management is required in the whole process and should be borne by the party best able to asses and manages them. The entire project riks is borne by the private partner. For instance, uncertainty in design led to construction risks, which requires higher contingencies to mitigate the risk and no counter-guarantee against traffic risk which is solely borne by the concessionaire. Generally, mitigation measures are available for most risks. The government failed to considered suitable mitigation measures for risks at the project planning stage.The only responsibility for payment by GoP is on the termination of the agreement due to a GoP event of default or a prolong force majeure event as provided in the concession agreement. Moreover, the project revenues are estimates only and have not been guaranteed by GoP. The realization of this revenue is the responsibility of the concessionaire. Moreover, the project revenues are estimates only and have not been guaranteed by GoP. The realization of this revenue is the responsibility of the concessionaire. An optimal assignment of risk is the principle to be adopted. Commercial risk is best borne by the private sector partner while the regulatory risk is better borne by the government.

One of the main objectives of developing new bus terminal under the PPP arrangement is to offer a world-class facility to accommodate the growing passenger traffic and at the same time offer better travel experience with enhanced amenities. The study on the citizens' perceptions towards the provisions and maintenance of passenger amenities within the new terminal building has shown several limitations in its operation and management. Keeping in view the scale of users during the peak hours, the present men's washroom provision required to revamp to house the commuters for larger public interest and better sanitation. Moreover, the terminal building should provide accessible toilets for the disables. While leasing out business establishments, shops or kiosks like ATM, chemist store, should mandatorily be provided for public convenience. Further, to provide better bus travel experience, the terminal building should provide computerized or real-time information systems, wi-fi and directional signage that are much needed for the commuters. The bus terminal maintenance board should ensure that the facilities operators should comply with standards and held them accountable for every failure.

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Revolutionizing CSR in India : A Study in Socially Responsible Business

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Corporate Social Responsibility (CSR) has been looked at as a remedy for the inequalities created due to economic liberalization and globalization. India which is especially ridden with socio, economic and cultural inequalities among the semi-urban and rural population and vulnerable to human induced environmental hazards, as CSR is emerging as a potential method for resolving the anomalies. CSR is being used as an effective tool by all stakeholders including Governments, Corporates and Civil Societies to address issues of education, health, environment and livelihoods through various interventions. The paper aims to share the journey of CSR in India and also discloses the iconic initiatives of the Indian government in encouraging CSR. The paper discusses how public policies can address social issues by governing CSR. The paper discusses the case of mandating CSR in India and highlights the initial impact of the revolutionary initiative of the government.

Keywords : CSR, Companies Act, 2013, Social Responsibility, Impact.

Introduction

Corporate Social Responsibility (CSR), an important element of socially responsible business, not only encompasses what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance to address the manner in which companies manage their economic, environmental and social impacts and their stakeholder relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community and the public policy realm. At present, the world over, there is an increasing awareness about CSR, Sustainable Development (SD) and Non-Financial Reporting (NFR). Consequently, there is a concerted effort among all types of organizations, to ensure that sustainable development is not lost sight of, in the pursuit of their respective goals – profit-making, social service, philanthropy, etc. CSR entails the integration of social and environmental concerns by companies in their business operations as also in interactions with their stakeholders.

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The concept of CSR brings various perspectives and paradigms given the recognition and strategic importance it has gained. CSR had aroused considerable interest as early as the 1960s and 70s, brought forth a wide range of scholarly contributions (Cheit, 1964; Heald, 1970; Ackermann & Bauer, 1976; Carroll, 1979). The literature on CSR is quite vast and draws on a number of different theoretical traditions. Despite a vast and growing body of literature on CSR (Crane, McWilliams, Matten, Moon, & Siegel, 2008; Lockett, Moon, & Visser, 2006) and on related concepts, defining CSR is not easy. First, this is because CSR is an "essentially contested concept," being "appraisive" (or considered as valued), "internally complex," and having relatively open rules of application (Moon, Crane, & Matten, 2005). Second, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten & Crane, 2005). Third, it has clearly been a dynamic phenomenon (Carroll, 1999).

Sundar (2000) has chronicled the rise of CSR in the new economic regime in India. He has discussed the emergence of new activists who largely came from the urban middle classes. These activists were concerned with a whole range of activities including education, "peoples' science", health and the environment. Grassroots mobilizations against large national and transnational projects—such as the construction of large dams and the consequent displacement of communities, and the patenting of life forms and plant genetic materials with implications on farmers' rights—became common in India during these developmental years. It is in this context that the Indian government revolutionized a system pooling the effort of corporates to engage in development activities as a part of the responsibility initiative. The effort was initially driven by public sector organizations later strategizing it for the profit-making entities in India. With this background the paper aims to share the journey of CSR in India and also discloses the iconic initiatives of the Indian government in encouraging CSR. The paper discusses how public policies can address social issues by governing CSR. The paper discusses the case of mandating CSR in India and highlights the initial impact of the revolutionary initiative of the government.

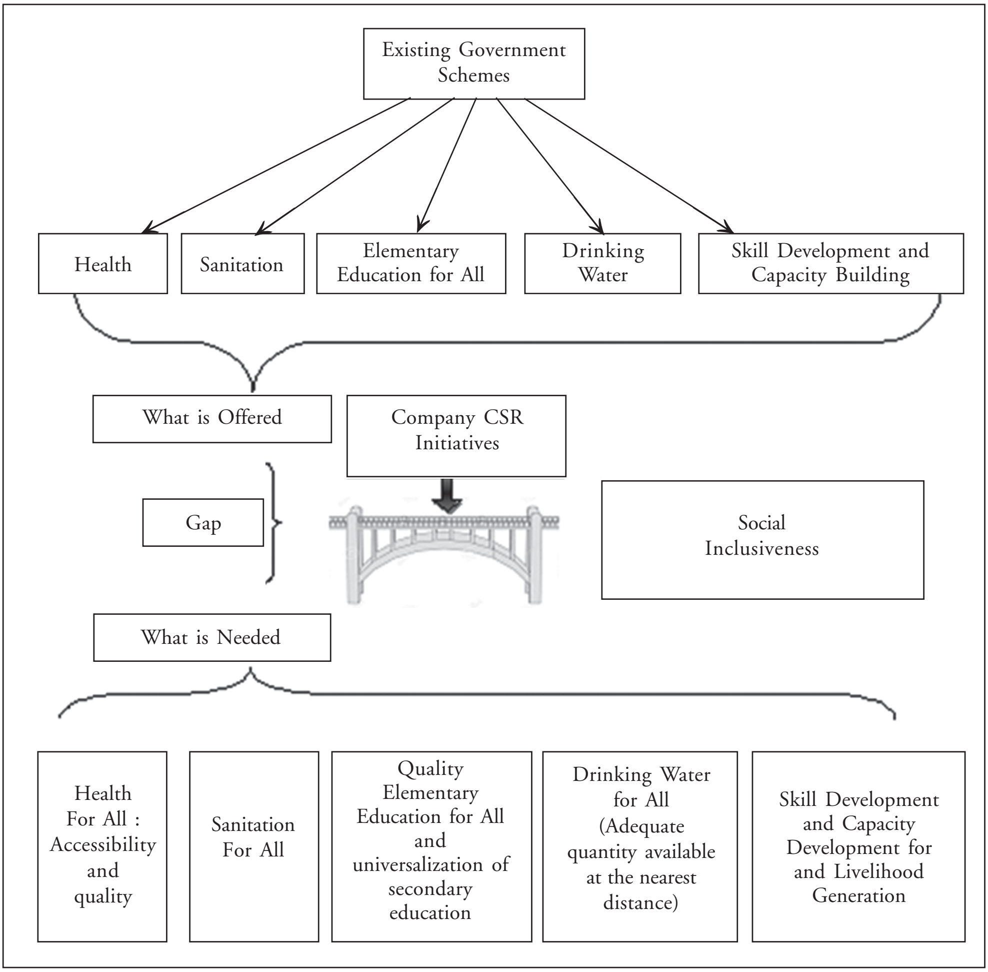
Conceptual Framework

We live in a world where we are surrounded by issues like climate change, dying species, financial instability, terrorism, unemployment, fatal diseases, water scarcities, malnutrition, and intractable poverty. These issues lie within the society and affect the present and the future generations. Some of these issues are beyond the ability of the nation alone to address it. Social issues tend to develop when negative consequences are neglected over a period. Some social issues arise due to the depraved actions of people and organizations and can be avoided or addressed. Thus, there lies an equal responsibility of people and organizations to address these social issues in some form.

Organizations by nature of their operation have both good and bad effects on the society as well as on the environment. These effects influence talent acquisition and engagement, land acquisition, certifications, recognition and market reputation of companies. Organizations have realized that they receive a social sanction from society with an assurance that they, in return, contribute to the growth and development of the society. Long-term business success can only be achieved by organizations that recognize CSR as part of their core value and create a competitive advantage. Global organizations by nature and vast expanse are expected to take up CSR activities addressing the social issues in their areas of operation irrespective of the boundaries.

Social protection is moving up on the development agenda. The world is increasingly becoming aware that environmental and social issues associated with business activities can create risks to themselves. The environmental and social impacts caused, or perceived to have been caused, by a business can result in consequences such as production delays, negative publicity, threats to operating licenses and unforeseen expenditures. Social welfare in an economy depends on its ability to satisfy the needs of its members and to manage the risks threatening the well-being of the same people. The satisfaction of needs requires some individual and social actions. The progress towards inclusiveness in growth and development is the most difficult to assess, because inclusiveness is a multidimensional concept. The result of inclusive growth should be a reduction in the incidence of poverty, significant improvement in health outcomes, and universal access for children to school, increased access to higher education and improved standards of education, including skill development. There should also be an improvement in employment opportunities, increase in wage rates, betterment in livelihoods and improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. All these can be made possible through the social commitment of corporates through their CSR initiatives.

Figure-1 : CSR Leading to Social Inclusiveness



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CSR @ India : A Case Study

The Indian approach to CSR has undergone a tremendous change from philanthropy and charity to the Companies Act, 2013 of mandatory reporting. Corporate Social Responsibility has for the first time been recognized in the Company Act.The latest Companies Act, 2013 reflects on the importance of CSR as part of a firms' business strategy. There is a lot of discussion in the Indian corporate about the system and structure of implementation of CSR in the perspective of the Companies Act as it is expected that there will be a huge amount of money that will flow into the social sector. In the given situation, CSR should act as a channel to facilitate deeper thought and longer term strategies for addressing some of the country's most persistent social, economic and environmental problems.

CSR : The Indian Definition

Various definitions of CSR have been doing the rounds for much too long. CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth.

Advocates of the concept of CSR believe that organizations receive a social sanction from society that requires that they, in return, contribute to the growth and development of the society. Despite differences of opinion about the efficacy of CSR, there is a consensus among academicians, policymakers, and practitioners that corporations should operate within the norms and mores of the societies in which they exist.

Through CSR, a conscientious corporate would first assess the needs of the community and the environment through a consultative mode, formulate a CSR policy as a response to this and initiate activities/projects through measurable budgets and timelines leading to impactful sustainable development. An alert CSR Committee of the Board of every such company must closely monitor its CSR policy to ensure that it is effective. This policy may also needs to be an organic document, and could be periodically reviewed to be in harmony with changing societal and environmental needs.

The Social, Environmental and Economic Responsibilities of Business, by the Ministry of Corporate Affairs, Government of India, dt July, 2011 has urged businesses to embrace the "Triple Bottom-Line" approach whereby its financial performance can be harmonized with the expectations of society, the environment and the many stakeholders it interfaces with in a sustainable manner.

DPE Guidelines on CSR and Sustainability defines Corporate Social Responsibility as a company's commitment to its stakeholders to conduct

Table-1 : Past, Present and Future of CSR in India

	Past	Present	Future
Approach	**Philanthropic**	**Strategic**	**Transformative**
Organizations undertaking CSR	Any organization on its own willingness	For Public and Private who qualify as per Companies Act, 2013	Organizations beyond mandate
Initiation of CSR projects	Based on intentions of organization	Law based as 2 per cent of the three-year average annual net profit of the organization	Need based spent
Implementation of projects	Generalized	Specialized	Integrated

business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

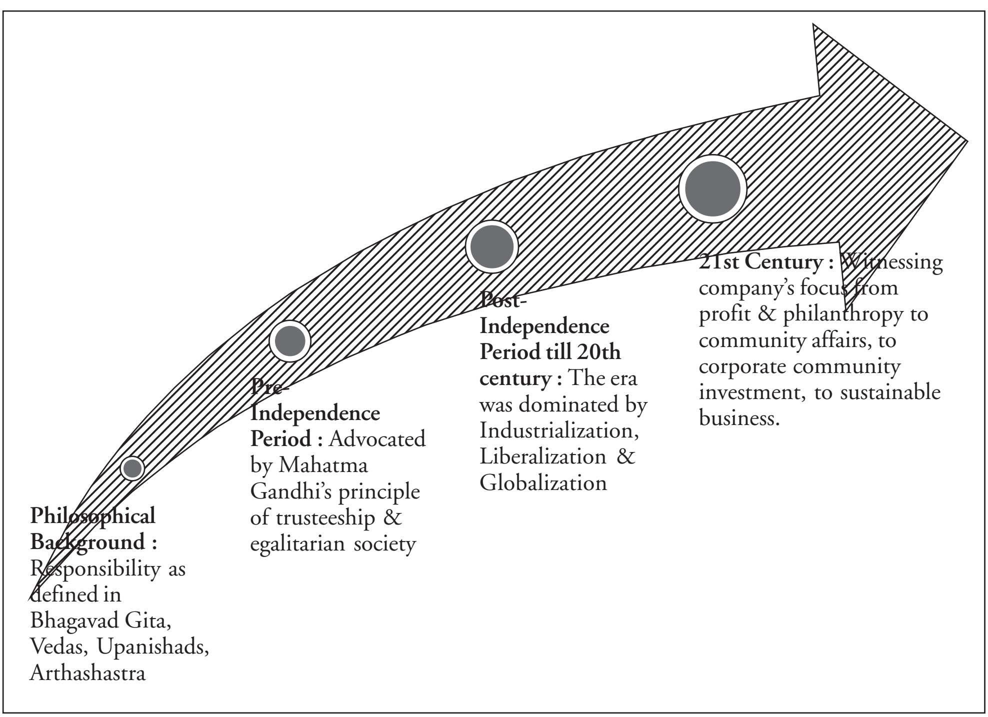
The Past : CSR in India

CSR is not a new phenomenon to Indian Business rather it has always been part of the Indian business tradition. Religion, philosophy and history have an influence over how CSR gets articulated within a cultural context and how its definition, understanding and practice evolve over a period of time.

The Bhagavad Gita lays utmost emphasis on 'Loksamagrah' which means keeping human beings or the world together, regulating them such that they acquire strength from mutual cooperation. Ancient sculptures like Vedas, Upanishads preach the virtues of sacrifice and co-existence. In Vedic mythology, business has been seen as a legitimate, integral part of society that emphasizes work for an economic structure based on contention of "Sarva loka hitam" which means "well-being of all stakeholders". The references are also available from Arthashastra saying "Praja Sukhe Sukham" the concept of "shreshthadharma" which means the better off one is in society, the higher should be one's sense of responsibility' for e.g. wealthy merchants shared a part of their wealth with the wider society by way of setting temples for a religious cause or helping in phases of famine and epidemics and thus securing an integral position in the society. During the independence movement, Mahatma Gandhi advocated the system of trusteeship, which required that property under the control of a private person, the person must regard himself as its protector not its master, this is derived from the ideals of non-possession influenced by Mahatma Gandhi and as a result most businessmen in India saw their business empires as a 'trust' held in the interest of community at large. Businesses made significant contributions to support schools, colleges and hospitals and emphasis later shifted to supporting technical training, public health and rural development. The operations of the trusts were largely in line with Gandhi's reforms which sought to abolish untouchability, encourage empowerment of women and rural development.

The post-independence era, the democratic set up and the rights enshrined in the Indian Constitution shaped out a new socio-political order in which development of society required Industrialization. This further led to emergence of Public Sector Undertakings (PSUs), laws relating to labour and environmental standards. The PSUs were conceptualized as the main drivers of community development. However, the public sector was effective only to a certain extent. This led to shift of expectation from public to the private sector and their active involvement in

Figure-2 : CSR Across Ages



Source : xxxxxxxxxxxx

socio-economic development of the country became an absolute necessity. Liberalization of the economy in 1991 saw the private sector become an entity in itself. The increased growth momentum of the economy helped Indian companies grow rapidly, and this made them more willing and able to contribute towards social causes. Globalization transformed India, and this led a focus towards labour laws, and environment standards in developing countries thereby giving birth to a more structured form of social responsibility whereby organizations take responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of operations. Social Responsibility is the responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society. It also takes into account the expectations of stakeholders, its compliance with applicable law; consistency with international norms of behavior and integration throughout the organization.

CSR in India : The Current Status

The Companies Act 2013

The CSR provisions of the Companies Act, 2013 seek to create an enabling

Table-2 : CSR in India – The Pathway

Year	Iconic Initiative of Indian Government
2009	Ministry of Corporate Affairs (MCA) had released National Voluntary Guidelines on CSR in 2009.
2010	The Department of Public Enterprises (DPE) in India has come up with its comprehensive guidelines on Corporate Social Responsibility in March, 2010 vide F.No.15(3)/ 2007 -DPE (GM) GL 99 date : 9thApril, 2010.
2011	The Social, Environmental & Economic Responsibilities of Business, MCA, July, 2011
2011	DPE guidelines on SD : 2011
2013	Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by the DPE in April 2013.
2014	Section-135 of The Companies Act 2013, from 1st April, 2014.
2014	CSR and Sustainability Guidelines for CPSEs : w.e.f. 01st April, 2014.
2014 and onwards	CSR notifications and general circulars.

environment by promoting and facilitating far better connect between businesses and communities. It aims at facilitating deeper thought and longer term strategies for addressing some of our most persistent social, economic and environmental problems; they will assist in synergizing partnerships between Corporates, Governments, Civil Society Organizations, Academic Institutions and Social Entrepreneurs. Business resources can be channeled into a diverse array of programmes to address social, economic and environmental problems and to bring about a sustainable future for all.

The latest Companies Act, 2013 reflects on the importance of CSR as part of a firms' business strategy. Section-135 contains 5 Sub-sections on CSR. Schedule-VII of the Companies Bill lists out the CSR activities. Section-135 (5) CSR expenditure states that the Board of every company referred to in sub-section (1), shall ensure that the

Table-3 : Section-135 of The Companies Act, 2013 – An Overview

Challenges : Interpretation and Implementation of the Section-135 of the Act	Opportunities : The Way Ahead
• Framing of a CSR policy	A reference document to guide structured CSR implementation in organization, linking CSR with Business Strategy.
• Board Level CSR committee	Strategic focus to CSR by incorporating CSR as a part of the structure.
• Defining the responsibility of the Board	Top management accountability for CSR implementation.
• Schedule-VII	Activities in line with societal and environmental needs.
• Mandatory Reporting	Informing the stakeholders the reasons for not spending CSR amount. A way to ensure responsible and continuous CSR spending.
• Sustainability Reporting	A way to showcase responsible business practices to stakeholders, transparency in spending, knowing the impact of company's activities.
• Implementing Partners	Need for capacity building initiatives at all levels : Corporate, NGOs, Government and Academic institutions.

company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its CSR policy : provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities : provided further that if the company fails to spend such amount, the Board shall, in its report made under the clause (o) of Sub-section (3) of Section-134, specify the reasons for not spending the amount.

Schedule-VII

Schedule-VII of the Companies Act, 2013 is a list of areas defined to undertake CSR activities. Schedule-VII is comprehensibly drafted to address all social, environmental and developmental issues of the country. An attempt has been made to compare the Schedule-VII with the 17 Sustainable Development Goals, 2015. The concept of sustainability or sustainable development is another bracket under which CSR is discussed in business, politics and academia. Originating from forestry and environment management, sustainability in a business context aims at mapping out how an organization can successfully survive without compromising the ecological, social and economic survival of its current and future environment (Garriga & Mele, pp.76-107).

What is Not CSR as per the Mandate?

- General circular No.21/2014 (ii) One-off events such as marathons/ awards/charitable contribution/advertisement/sponsorships of TV programmes etc., would not be qualified as part of CSR expenditure.
- General circular No. 21/2014 (iii) Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act etc.,) would not count as CSR expenditure under the Companies Act.
- MCA notification 27 Feb, 2014, (4(5)The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with Section-135 of the Act.
- MCA notification 27 Feb, 2014(7) Contribution of any amount directly or indirectly to any political party under Section-182 of the Act, shall not be considered as CSR activity.

Table-4 : Linking SDG Goals with Schedule-VII of The Companies Act, 2013

S. No.	Schedule-VII, Section-135 of the Companies Act, 2013	SDG	SDG Areas
1	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water. (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation)	SDG 1 SDG 2 SDG 3 SDG 6	No poverty Zero Hunger Good health and well-being Clean water and sanitation
2	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently able and livelihood enhancement projects	SDG 4	Quality education
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	SDG 5 SDG 10	Gender equality Reduced inequality
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water; including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	SDG 13 SDG 14 SDG 15	Climate action Life below water Life on land
5	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts	SDG 9	Industry, innovation and infrastructure
6	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.	SDG 7 SDG 9	Affordable and clean energy, industry, innovation and infrastructure
7	Rural development projects	SDG 9	Industry, innovation and infrastructure
8	Slum Development	SDG 11	Make cities and human settlements inclusive, safe, resilient and sustainable

CSR Implementation Post-Companies Act 2013

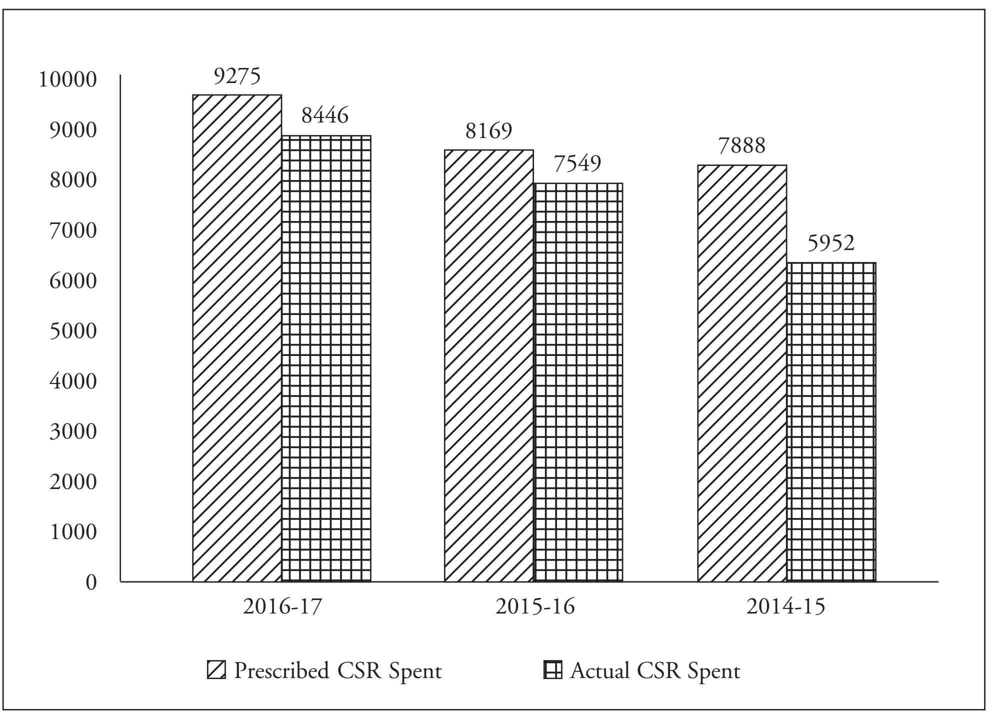
It has been observed that the corporates have improved spending from the first year of implementation to 2016-17. Corporates are now required to adopt the 'Project Mode' to execute their CSR programmes.

Key Challenges in CSR Implementation

One of the key challenges faced by companies is to define the right CSR strategy and identify focus areas for their intervention. Many companies face the challenge of trained manpower and technical know-how to develop effective CSR strategies. There is a need to build up capacity within organizations to develop effective CSR policies and strategies.

Operationalizing the CSR strategy can also at times become a great challenge. When it comes to implementation, the CSR strategy of a company is implemented through a series of projects which

Figure-3 : Prescribed and Actual CSR Trends (INR Cr)



Source : CSR Analysis of BSE Big, NGO Box Report, 2016 -17.

have expected outputs and outcomes as well as budgets associated with it. Project management remains a weak link especially in public sector companies.

Enhancing systems and processes to enhance accountability in the implementation of CSR projects is of prime importance. According to a report submitted to the Supreme Court by the CBI, an estimated 20 lakh Non-Governmental Organizations (NGOs) are operating across the country. This means one NGO per 650 people for a population exceeding 1.3 billion are operating in India. Most of the companies involve NGOs as partners to undertake their CSR projects. Developing adequate accountability and transparency in designing and implementing various identified projects by the companies along with their partner agencies is a key area of concern. The Transparency International (TI) Corruption Perceptions Index 2015, has rated India at 76 (up from 85 in 2014) of 168 countries, with a score of 38 out of 100. India was ranked 130 out of 190 countries in the World Bank Group's annual report "Doing Business 2017," one rank up from last year.

The Impact of Mandate

Report on CSR by Times of India (2016) discloses that after the new Companies Act made it mandatory, India's total CSR reporting increased by

Table-5 : Top 10 Companies in CSR Spent, 2015-16

Company	Prescribed CSR	Actual CSR	Actual CSR in %
Reliance Industries Ltd	557.78	651.57	117%
NTPC Ltd	349.65	491.80	141%
Oil & Natural Gas Corporation Ltd	593.70	421.00	71%
Tata Consultancy Services Ltd	360.00	294.00	82%
ITC Ltd	246.76	247.50	100%
Tata Steel Ltd	150.00	213.24	142%
NMDC Ltd	193.28	210.09	109%
Infosys Ltd	256.01	202.30	79%
Power Finance Corporation Ltd	145.09	196.20	135%
ICICI Bank Ltd	212.00	172.00	81%

Source : NGOBOX, India CSR Outlook Report, 2016

27 per cent in 2015, the maximum among 45 countries surveyed by international audit firm KPMG.

The data shows that the oil and gas sector which includes both public and private sector are the leaders in CSR spent followed by the services and banking sector in India.

Out of the total outlay of ₹6,490 crore towards CSR in India for 2015, companies have spent ₹5,115 crore. The health sector accounts for 20 per cent of the spending followed by education with 19 per cent. Maharashtra has 205 projects under CSR, the maximum among Indian states, followed by Karnataka (152), West Bengal (123) and Tamil Nadu (122). While companies based in India have a target of ₹5,779.68 crore for 2015, they have spent ₹4,708 crore. But out of the target of ₹710.12 crore for foreign-based companies, only ₹406.17 crore has been spent. Among Indian companies, the private sector has performed far better than the public sector. Against the prescribed amount of ₹2,306 crore, PSUs spent ₹1,628 crore (71%). The energy and power sector accounted for the highest expenditure under CSR. Nearly ₹1,994 crore (39%) of total spending is by the power sector followed by banks and IT firms (13% each), mining and metals (11%), and consumer goods (9%).

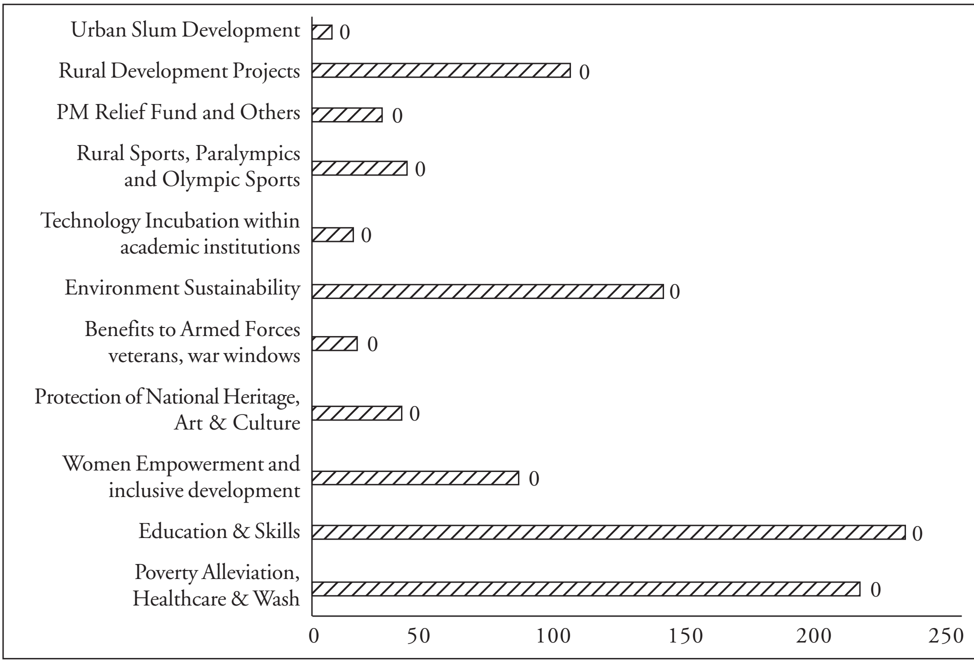
The data in Figure-2 reveals that out of the various subjects and activities indicated in Schedule-VII of the Companies Act (2013), ₹1,463 crore were spent on activities targeted at promoting education, vocational skills and livelihood enhancement. Eradicating hunger, poverty and health care was the next favourite with a spending of ₹1,422 crore. ₹1,189 crore were spent on environment sustainability activities. Rural development projects saw ₹724 crore of spending. An amount of 42.6 crores was contributed to the Swatch Bharat Kosh and 15.5 crores to the Clean Ganga fund. A contribution of 125 crores was made to the Prime Minister's National Relief Fund (PMNRF).

According to the Indian CSR outlook report of 2016, this is a survey of 250 companies accounting for one-third of the total CSR spent. The study shows that there is substantial improvement in the actual CSR spend to prescribed CSR in FY 2015-16. While it was 79 per cent in FY 2014-15, it has increased to 92 per cent in the last financial year.

Reflection on the Thematic Areas of CSR Investment

The data reflect that education (including skilling) and healthcare themes have been the most preferred areas of CSR projects. Environment sustainability stands as the third most preferred area of CSR projects.

Figure-4 : Thematic Priorities in CSR-Schedule-VII – Theme-wise Number of Companies



Source : India CSR Outlook Report, 2016 NGOBOX.

Table-6 : Thematic Areas of CSR Initiatives of Indian Companies

Thematic Areas	No. of Projects	INR cr.
● Poverty Alleviation, Healthcare and Wash	876	2142
● Education and Skills	1189	2073
● Women Empowerment and Inclusive Development	171	167
Protection of National Heritage, Art and Culture	87	83
Benefits to armed forces veterans, war widows	16	7
● Environmental sustainability	345	559
Technology incubators within academic institutions	15	12
● Rural sports, Paralympics and Olympic sports	88	159
● PM Relief Fund and others	44	162
● Rural development projects	206	771
Urban slum development	10	7
● Administration Expenses	-	437

Source : NGOBOX, India CSR outlook report, 2016.

The outcomes of the Section-135 of Companies Act, 2013 has surely brought in a change. The India CSR outlook report, 2016 identifies the outcomes as mentioned below :

- The overall quality of reports and availability of data has improved.
- Despite the fact that Section-135 of the Companies Act 2013 mandates companies to prepare CSR report (as part of the annual report) in a particular format, more than 30 companies have not followed the format and went on hiding (moreover ignoring) crucial information like project location, implementing partners, project specific budget and spend, etc.
- There is a high discrepancy in the reported data when accounting for actual CSR spend and project-wise CSR spend of companies.
- A few companies spent the unspent amount of last year's CSR budget in this financial year (15-16) and have calculated it as the actual CSR spend of FY15-16, taking their actual CSR spend much higher than the prescribed CSR of this FY.

Focus of Organizations towards CSR Audit

- Companies need to increase their focus on what performance data is actually saying; articulating its meaning rather than simply recording facts.
- Companies need to ensure that their measurement practices are embedded within a company's operational structure, not just left at 'head office' level.
- Guidelines, standards, measurement management systems all need to remain mindful of the balance between what can be standardized and what needs to remain flexible.

CSR Issues

- Companies are at very different stages and levels of learning, measurement practice and CSR involvement.
- There is a lack of consensus regarding what should be measured, and why.
- There are different motivations of reporting companies, ranging from measuring to record statistics, or measuring as a process to learn and improve.
- There is a vast range of different things being measured: outputs, improvements, impact, stakeholder interest-areas.

- Local, regional, national and global agendas all have an impact on the ability to arrive at comparable results.
- Risk Management Frameworks do not currently reflect CSR measurement issues as a standard component.
- Corporate opinions differ (vastly) regarding the relationship between the company and its stakeholders.
- There is a perception that 'those that talk about their performance and philosophies will attract attention and get shot down'. A set of statistics can be taken in many ways. It is important to qualify statements made.

Corporate Case – Addressing Livelihood

Neem Project of Gujrat Narmada Valley Fertilizers and Chemical limi-ted (GNFC)

In this project, GNFC Neem Oil is prepared along with neem cakes. The material for the same is collected through local women of SHGs from around 4,000 villages. Around 2,200 neem seed collection centres have been set up in 22 districts of the village. Local women were trained to collect the neem seed which is available only between July-August. The project generated ₹12-15 crore income for 1.25 lakh women as well as created indirect employment for around 50,000 rural people.

An impact assessment study by UNDP clarifies that the project lead to increased income, reduction in migration, and enhanced decision-making role of women in their families. The study also reflected that asset creation in the form of livestock as well as stoves increased. The women empowerment initiated also addressed the typical issue of domestic violence in villages and reduced it by a considerable percentage.

Corporate Case – Addressing Health

Anti-Tobacco Initiative of Bajaj Electricals, Mumbai named "Yes to Life and No to Tobacco"

Tobacco is not just harmful to health but to the environment. It causes soil pollution and fertile lands by clearing tress are used for tobacco cultivation. The Anti-Tobacco policy of the company applies the 5As – *Ask, Advice, Assess, Assist and Arrange*. The anti-tobacco drive was taken in with project partner Salaam Bombay foundation where initiatives were taken to increase awareness, empowering school children to refuse tobacco products, building capacity for local stakeholders and engaging policymakers. The mass media outreach initiative included the

World No Tobacco Day campaign through Mumbai dabbawalas, World No Tobacco Day campaign with Mumbai BEST Transport and World No Tobacco Day campaign with Mumbai police personnel.

The outcome of the initiative was 250 Mumbai police took a pledge against tobacco and agreed to pass on the message. One thousand dabbawalas reached the message to 1 lakh population of Mumbai. Thousands of Zilla Parishad schools of rural area of Yavatmal and Wardha were made tobacco free. This is a continuous effort and the impact will be seen over a period of time.

Corporate Case- Strategizing CSR Addressing Social Issue

School Hand Wash Program of Dettol

Health and hygiene is an issue in rural India. Most of the rural population does not go for hand wash using soap till date. Sadly in India 1 lakh children die annually from preventable illnesses such as diarrhea and some of those deaths could have been halted through the very simple act of hand washing with soap. Dettol took an initiative of creating awareness of hand wash using their own products. Dettol is one of the top 10 trusted brands in India which is stood for "trusted protection" and has completed 75 years in India. In order to spread the good hand washing habits amongst school children, Dettol started the *"School Hand Wash Program"* with the help of Sharp NGO. The main aim of the program was to educate students on the importance of school hand washing and including 6 steps of proper hand washing. The activity has helped to position Dettol as the best product available for maintaining hygiene. All the students covered under this program took a pledge to wash their hands properly and to spread the message to their families and community. Posters of the 6 steps of hand washing were also displayed near the wash rooms and drinking water sources. The students with 100 per cent attendance were awarded the *"Dettol 100% Attendance Award"* All the schools were also given a First Kit to the school and Dettol Hand wash dispensers. The message has been passed to 1.1 million students across 3,000 schools.

Conclusion

CSR needs to address the real needs of the society. The role of corporate lies in identifying real needs and designing CSR initiatives to address social issues arising out of their own operations and then cater to other social issues. Molson Coors, a world-wide known beer company initiated a technology oriented initiative working against 'Drunken Driving'. The company's responsibility lies in identifying social issues and defining the needs of the society. Identification of the right partner for implementation, monitoring, evaluation and impact assessment is also integral to the success of the initiatives. The initiative of the government in the form of the Companies Act, 2013 has already led the pathway for development but challenge lies in encouraging corporate to follow the true spirit of CSR and initiate needed, sustainable and scalable efforts for future development.

Ratan N. Tata has said, "We do not do it for propaganda. We do not do it for publicity. We do it for the satisfaction of having really achieved something worthwhile." In some cultures it is believed that doing good deeds in a discreet way is more desirable and rewarding than for publicity.

Companies should go in with a long-term commitment towards CSR which will demonstrate added value to both shareholders and stakeholders. Also, the entire workforce should be engaged in CSR activities as nowadays employees are choosing to work in organizations whose values resonate with their own. Leaders must be prepared to make a personal commitment if the CSR activities are to realize their full potential.

A well planned CSR improves the bottom line of the company. An ethical, environment friendly and socially responsible management can buy customers' and employees' loyalty. Thus, the new paradigm is shifting from outsourcing CSR to deploying corporate own resources with the philanthropic model being replaced by a stakeholder-participation model. It is essential that companies understand the essence of true CSR as undertaking initiatives not just to fulfill the legal and ethical requirements. The CSR activities should be undertaken in sync with national issues. This brings in a cohesive effort of government and corporate to deal with the major issues of the country leading to the development of the country as a whole.

India both leads the world in some areas of CSR and trails a long way behind in others. In India, CSR has to shift from the extraordinary, to the exceptional, to the expected. It is expected to evolve from a position of vulnerability and "bolt-on" practice within companies to a position of integration into company strategy, policies, and practices. Its success is attributable to a realization that CSR is inseparable from reputation, trust, and brand enhancement and risk management, as well as to the organization's capacity to anticipate and act upon new business opportunities amidst shifting consumer and regulatory environments. Signs of the transformed scenario are new ownership and governance structures that will challenge conventional practices and introducing new definitions of corporate purposes. The future of CSR is about accelerating a new form of business in India – combining strong financial returns with social good by having CSR which is transformative, collaborative, integrated, diversified, scalable, reward-based, performance-driven and global.

In all a CSR 2.0 as coined by (Visser, 2019) in India is not a new concept; companies have been practicing it in a voluntary spirit with a philanthropic approach. Not all companies were practicing it in a structured manner with many practicing it with the objectives of gaining publicity, tax benefits or goodwill generation. CSR in its current form is in its nascent stage and hence study like this will help organizations to understand and learn from the CSR practices of the leading companies of the country. The province of corporate social responsibility with the effort to bring India's geographically remote and low-income groups into the mainstream of economic life now has the potential to become the most valuable business opportunity of the next decade. The time is just right for companies to pursue the agenda of inclusive growth. Inclusive growth for India needs to be assessed from every perspective : personal, societal, cultural, and economic. Inclusiveness is benchmarked against achievement of monitorable targets related to (i) income and poverty, (ii) education, (iii) health, (iv) women and children, (v) infrastructure and (vi) environment. It is high time that Indian organizations initiate CSR 2.0 involving transformative, collaborative, integrated, diversified, scalable, reward-based, performance-driven and global initiatives; as it is the future driven thematic concept.

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Corporate Reforms in Uncertain Times : Some Post-Pandemic Reflections in The Indian Scenario

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The world is in the grip of a crisis that stands unprecedented in living memory. The coronavirus (Covid-19) crisis has heralded huge disruptions to daily life for the citizens, businesses and governments, necessitating policy responses at breakneck speed. While the response to the pandemic is primarily an epidemiological and healthcare concern, the crisis required the agility to continued corporate reforms from governments at every stage, adjusting rapidly to changing circumstances. The focus of the paper is to provide an overview on the policy responses the government has formulated and adapted to the demands and pressures brought about by the pandemic crisis, through the regulatory measures aimed at rebooting the economy and ease the compliance burden facilitating the companies doing business in India.

Keywords : Regulatory Compliance, Annual General Meetings, Online Databank, Chairman & Managing Director, (CARO) 2020, Business Responsibility.

Introduction

The year 2019 was an anus horribilis. The Covid-19 pandemic began as a fast-moving, severe, transnational crisis unleashing a dramatic economic collapse and humanitarian catastrophe across the world since its origin in Wuhan in December 2019 (Honigsbaum, 2020; Lynn, 2020). The World Health Organisation (WHO) declared Covid-19 as a global pandemic on March 11, 2020. The spread of Covid-19 which intensified in the first half of 2020, took 67 days from the beginning of its outbreak in China in late December to infect the first 100,000 people, has posed an unprecedented challenge to public health systems around the world.

Since the virus spread so quickly around the globe, most countries were caught unprepared to the speed and scale of impacts from the Covid-19 (Jongeun, 2020), necessitating governments the world over to devise and implement their policy responses more or less simultaneously. At least 186 countries have implemented varying degrees of restrictions on population movement across the world to slow the spread of the coronavirus and prevent health systems from becoming overwhelmed

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(Emeline et al., 2020). While the Covid-19 crisis may be an extreme case, more broadly, the pandemic has forced all nations to look inward, the social isolation imposed through government lockdown rules served to curtail the spread of the virus, sought to reduce the severity of lockdown induced economic downturns through a range of income-support and broader expenditure measures (Mintrom& O'Connor, 2020) but at massive costs to businesses, livelihoods, and economies.

Impact of Corona Virus and Follow up Measures

As the virus made its way across the globe, India is no exception to this devastating onslaught, as the first case of Covid-19 in India was reported on 30 January 2020, and the number of cases continued to rise. Against the backdrop of the Covid-19 induced crisis around the world, the Government of India (GoI) declared Covid-19 pandemic as a 'notified disaster' in March 2020, and acted early and decisively (Prajapati, 2020) clamping the entire country under lockdown, with necessary administrative preparedness and follow-up action at the field level, much before the advice from WHO (Press Information Bureau, 2020).

Given an array of notifications, guidelines, circulars, and clarifications, the GoI from time to time has been relaxing the rules, relief measures and related timeline extensions to provide respite to various sectors of Indian economy, and in particular minimise the hardships faced by the corporates in their operation which varied gradually in intensity across the country alongside with certain standard operating procedures calling upon the people to exercise caution and protect themselves from contracting the virus.

Regulatory Compliance Burden Portal

In a move to minimize burdensome compliances on businesses and citizens and translate the Atmanirbhar Bharat Abhiyan into a reality, the government has launched on a mission mode, the Regulatory Compliance Portal, a first-of-its-kind central online repository to have a real-time comprehensive view of all compliances and status and act as a bridge to facilitate Government to Business and Government to Citizen interfaces online, transparent and time bound of all requests raised across Central Ministries/Departments and States/Union Territories (UTs) to help usher ease of doing business for industry and ease of living for citizens are among the key priorities of the Government of India.

All Central Ministries/Departments and States/UTs would examine laws/regulations/rules under their purview and implement an Action Plan to rationalize and simplify all the processes and remove burdensome compliances, decriminalize laws and repeal redundant Acts. These details captured and tracked on the Regulatory Compliance Portal followed by customized reports of action taken by each Ministry/Department and State/UT gets generated for monitoring and evaluation. As it stands, close to 7,000 compliances have been identified by central and states ministries and keeping in view the upcoming 75th year of India's Independence, the government is keen to further reduce the compliance burden and to simplify the citizen-government interface irrespective of an online or offline mode. As per the World Bank's Doing Business Report 2020, it takes 1,445 days for a company in India to resolve a commercial dispute through a local first-instance court, almost three times as long as the average time in high-income economies. India's position in the Ease of Doing Business Rankings for 2020 improved 14 places to 63 among 190 countries.

Board Meetings

Amid the Covid-induced disruptions and social distancing, companies in India sought to speed up decision-making which required rapid realignments in all aspects of commercial operations of business. Informal Board and Sub-committee meetings across sectors have surged, not only to minimise damage to business but to discuss among other aspects in terms of business continuity, portfolio/business health and quality, industry status, insights and implications of government announcements.

The mandatory requirement of holding meetings of the Board of the companies within the intervals provided in Section-173 of the Companies Act, 2013 (120 days) stood extended by a period of 60 days till next two quarters i.e., till 30th September. Accordingly, a one-time relaxation of the gap between two consecutive meetings of the Board has been extended to 180 days till the next two quarters, instead of 120 days as required in the Companies Act, 2013.

The Companies Act 2013 mandates that independent directors are required to hold at least one meeting devoid of the attendance of non-independent directors and members of management. Given the constraints triggered by pandemic,in case the independent directors of a company are not in a positon to hold such a meeting for the Financial Year 2019-20, the Ministry of Corporate Affairs (MCA) has accorded permission to view it as non-violation. Nevertheless, the independent directors are allowed to share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

As it stands, the SEBI Listing Obligations and Disclosure Requirements Regulations, (SEBI-LODR 2015), lay down that companies should inform the exchanges about disruption of operations of any one or more units or division of a listed company due to natural calamity, force majeure or events such as strikes and lockouts.

Coming to the specifics of Sebi (LODR) the time gap for conducting board and audit committee meeting has been relaxed without any upper limit – for meetings held / proposed to be held between December 1, 2019 and June 30, 2020.

Alongside as per the general circular of the MCA and taking into account the specific request by the corporates, MCA has allowed minimum residency in India by at least one director of every company, under Section 149 of the Companies Act-2013 for a period of 182 days not to view it as non-compliance for the financial year 2020-21.

Annual General Meetings

With the ongoing pandemic being an unforeseeable and unavertable event, companies have to let investors know how they are coping with the turbulence. In the given situation, the onus is on companies to regulate and prioritise queries from shareholders as in the case of well-attended meetings. According to the regulator, only few companies have informed the exchanges about shutdown of operations due to the pandemic, sanitation of premises, safety of employees and so on. According to the Companies Act, 2013, companies must hold an Annual General Meetings (AGMs) within six months from the closure of the previous financial year and not beyond 15 months of the last AGM. MCA has clarified that blanket extension will not be granted, but each company will have to submit a request in Form GNL-1 and get their individual approval. However, amid the Covid-19 lockdown, the MCA had received several representations from the industry seeking relaxation to allow them to hold the AGM beyond the statutory period provided under the Companies Act.

In response to the representations,MCA has advised the Registrar of Companies (RoC) to consider all such applications liberally in view of the hardships faced by the stakeholders alongside to accord approval up to a maximum period of three months extension to companies who have not able to hold their AGMs for the financial year ending on March 31, 2020.

Nonetheless, it has also allowed listed companies to conduct their Annual General Meetings including Extraordinary General Meeting (EGM) sans the physical presence of directors through video conferencing or other audio visual means, for passing resolutions pertaining to business matters, duly ensuring compliance of recording the proceedings of the meetings and recognise the participation of such directors along with details of date and time up to 31-12-2020. The Registrar of Companies on the advice of MCA had given extension of time in holding of Annual General Meeting for the financial year ended on 31st March, 2020 till 31st December, 2020 (The maximum period which can be extended by the Registrar of Companies under Section 96 of the Act). Although the Board of Directors can take all the crucial decisions relating to the working of a company, a set of critical decisions require shareholders' approval pertaining to appointment/reappointment of directors, undertaking related party and inter-corporate transactions exceeding regulatory thresholds, issue of securities, schemes of arrangement, etc. Not obtaining shareholder approval in time might lead to non-compliance with the provisions of law.

The only remaining option for shareholder approval is via the postal ballot. Concurrently, to protect the interests of minority investors and transact items through postal ballot, e-voting facility has been made mandatory. Companies have also been asked to issue a public notice to enable shareholders who have not registered their email addresses with the company to cast their vote through e-voting. Having dispensed with printing and the associated difficulties in dispatching of physical copies to the shareholders, the companies are allowed to send the financial statements, along with Board's reports, auditor's reports and annual reports only through email.

From the companies perspective, given the proclivity of a virtual platform, arranging such meetings is considered far more efficient, with the location barrier completely taken care of, made much simpler and user friendly, enabling more shareholders to participate with fewer coffee breaks, shorter-duration calls, small talk and post-meet dinners, not to mention of the hassles of travel and hotel bookings involved in putting up directors at fancy hotels which saves both precious time and travel tabs involving costs to the management of the organising companies.

However, the investor groups according to media reports, held the view that doing away with the physical presence of attending AGMs entirely and to rely solely on the virtual form could vest a greater degree of control with the company management. They also held the view that companies can hinder the participation of dissenting shareholders since they control the virtual platform and would deny shareholders a chance to directly question the management on prickly and sensitive issues.

While the regulation comes with a timeframe to allow holding virtual AGMs within the calendar year till 31 December 2020, it will likely fall back to the provisions of the Companies Act 2013. While the Companies Act 2013 does not explicitly prohibit virtual participation by shareholders,[#] it does not encourage it either.

Online Databank for Independent Directors

It may be recalled that the Independent Directors databank was jointly launched by Ministry of Corporate Affairs (MCA) and Indian Institute of Corporate Affairs (IICA) in December 2019. And to facilitate knowledge resources for the databank, IICA has collaborated with various partner institutions for the continuous professional development of Independent Directors through the channels of advocacy, researches, case studies, capacity building programs, conferences, events, etc. Broadly, the databank envisioned to be a comprehensive repository of existing as well as eligible independent directors is aimed not only to strengthen the institution of independent directors, create a pool of skilled professionals and build an eco-system, but also to ensure standardized process to help companies connect with people who had the specific skills they were looking for.

The amended rules under the Companies Act 2013, required that all independent directors ought to register themselves with the databank within three months from the date of notification i.e., by February 2020, but due to covid-induced compulsions, the registration timeline has been extended to end December 2020.

Online Proficiency Self-Assessment Test

While duly adhering to the procedural formalities of registration with the databank, the aspiring and serving directors are required to take a mandatory online corporate proficiency self-assessment test conducted by IICA on a variety of topics before their appointment/reappointment as director. The Companies Act, 2013 requires independent directors to be trained every year and sensitised about new topics in their sector. The test is based on relevant topics pertaining to the functioning of an individual acting as an independent director, such as company law, securities law, basic accountancy and corporate governance. The ostensible reason

The status at the time of drafting the paper in mid-December, 2020.

being that of late a spate of corporate scams have turned the heat on company directors, to whom the government felt have failed to detect any signs whatsoever of the brewing trouble. The current law requires all the listed companies to have a third of their board members as independent directors. Their role is to ensure that the interests of minority shareholders are protected and act as overseers outside the influence of the firm. The proficiency test, therefore, aims to ensure that only those who can understand the implications of board decisions are hired as independent directors.

The MCA has granted two years for people to pass the mandatory online proficiency test from the date of their inclusion in the database of directors subject to the condition that an individual who obtain a score of 50 per cent or more shall be deemed to have passed such test.

On the flip side, many qualified professionals serving corporate boards as independent directors were not willing to take this test,given the fact they had proved their capability by running their companies for several years. The last three years, Sebi has seen a surge in the number of resignations of such professionals obviously feeling the heat of the new regulations, rendering them not only accountable but sulking with a bruised ego to take online proficiency test along with the aspiring directors. However, the MCA administered a general exemption for those directors or Key Managerial Personnel who had served over 10 years in a listed company or an unlisted company with over ₹10 crore paid up capital from appearing to take the online self-assessment proficiency test.

Exemption from Online Proficiency Test

On a review thereof, to enable Indian companies to retain and attract high calibre professionals as Directors, the amended rules liberalized the experience requirement, lowering it to three years for those who have already held directorships to be exempted from the test, from the earlier 10 years.

The rules specifically recognize that senior officials of select Ministries and Regulatory Bodies with three years of corporate governance experience are exempted from the test. Accordingly, the directors in the Ministries of Finance, Corporate Affairs, Commerce and Industries, Heavy Industries and Public Enterprises with experience in economic, corporate and securities laws has been exempted from taking the test. In the case of regulators such as the Securities and Exchange Board of India, Reserve Bank of India, Insurance Regulatory and Development Authority of

India and Pension Fund Regulatory and Development Authority, those in the pay scale of chief general managers with three years of experience are exempt from the test. In a nutshell, exemption from passing the online proficiency test is given to an individual who has served for a total period of not less than 3 years in any of the designations and organizations specified by the central government as against the earlier specified period of 10 years.The move, in fact, has made it easier for state-owned and private enterprises to scout for prospective professionals to serve on their board. Alongside MCA has also given relief to foreign directors who are also eligible for exemption from writing the test.

Separation of the Roles of Chairman and Managing Director

The Uday Kotak Committee has recommended that all listed companies with more than 40 per cent public shareholding to appoint separate individuals in the roles of Chairperson and Managing Director (or Chief Executive Officer) was one of the most significant proposals in the committee's report on corporate governance submitted in October 2017, promptly followed by SEBI's notification of these rules in May 2018. The notion that reduction in the concentration of powers would lead to better decision-making, given the inherent merits of the separation of Chairperson/Managing Director and their roles clearly defined and well qualified to hold the respective positions. Having initially talked tough on its new governance norms that required separation of roles of Chairman/CEO of top Indian companies, Sebi's abrupt twist and turns of caving in to pleas and pressures from the corporate lobby to defer its own deadline from April 2020 to April 2022 is an enormous setback to the process of disciplining corporate India and a disservice to minority shareholders. Be that as it may, the World Bank while assigning 'ease of doing business' rankings for a country, factors in minority shareholder protection as one of the key aspects that would have done much to strengthen India's standing on this parameter.

Compliance of Company Auditor's Report Order (CARO) 2020

With a view to bring transparency into the financial affairs of companies, the new audit format namely the Company Auditor's Report Order (CARO) 2020 was introduced to put greater onus on companies to enhance due diligence and disclosures by auditors. The regulations were a result of learnings from fraudulent activities in companies that took advantage of loopholes in the law to misguide investors and regulators.

Normally, March and April are busy months for businesses and auditors. In the light of significant disruptions triggered by Covid-19 in logistics, has entailed a set of new challenges and concerns for auditing and compliance work with stress and strain mounting for the mid-size companies due to reduced activity levels entailing change in various accounting estimates, leading to an increase in write-offs, expected credit loss/provisioning, fair valuation assessment of various assets and liabilities, and revenue recognition, among others. The auditors are expected to exercise higher degree of professional scepticism and ensure that logistical challenges should not impair audit quality for mid-size companies in terms of physical verification of inventory, fixed assets, balance confirmations, fair value measurements, expected credit losses, going concern and impairment etc., Besides it warranted the auditors to comment on 50 matters, including sub-clauses, as against 21 matters in the 2016 version of the CARO's order which are likely to have a significant impact on financials, automobile, retail, commodities, hotels, media, aviation, capital goods, infrastructure sectors, and among others. This is a significant expansion in scope and it remains to be seen how much it adds to transaction cost and delays in practice.

In the light of Covid-19 lockdown and logistical restrictions, the government understandably taking due cognizance of the auditing challenges, however, was not inclined to mount pressure on the companies to give explanations to observations of the auditors as non-compliances. In fact, the government has deferred twice the deadline for compliance of the CARO from 2020-21 by a year to 2021-2022 onwards, to give the much needed relief to companies and the auditors as well and to enable them to avail the additional time to prioritise allocation of resources and to prepare for the enhanced disclosure requirements.

Companies Affirmation of Readiness towards Covid-19 Form

The MCA has designed and deployed the Companies Affirmation of Readiness towards Covid-19 Form on 23rd March 2020, to facilitate companies/ LLPs as a purely confidence building measure to assess their readiness to deal with Covid -19 threat, which ought to be filed by the authorized signatory of the companies. It is a simple web form with minimum fields which can be filed from anywhere. There is no requirement of digital signature certificate sans the payment of any fee, advising the companies/ LLP's to avail the service from March 23, 2020 onwards at its earliest convenience.

Unlisted Companies

In India, there are technically 16 lakh registered companies of which there are about 6,500 listed companies with the rest being about 11-12 lakh are active ones in the unlisted space. Many such unlisted companies have attained larger size or economically significant which have wider stakeholder engagement with employees, lenders, suppliers, investors, etc. Currently these are required to file financial statements annually and by eight months from the close of the financial year. This loses relevance for timely review and intervention from the perspective of public interest wherever needed or detecting frauds or financial irregularities, as the government now wants this information to be filed with the Registrar of Companies (RoC) within 30 days of the completion of the specified period. Hence governance is not required only in the case of listed entities but it is equally required in big-size unlisted entities, necessitating a strong case to report the financial results at a shorter interval, say quarterly or six monthly to the government.

And therefore with a view to improve governmental oversight of unlisted companies, especially the large private companies, the government has moved a step closer through an executive order, operationalising into effect a provision in the company amendment law to make the reporting of financial results on a periodical basis more frequent with a stipulation that the financial results will need Board approval and need to undergo a completed audit or limited review as may be prescribed.

Companies Fresh Start Scheme, 2020

In order to support and enable companies and Limited Liability Partnerships (LLPs) in India to focus on taking necessary measures to address the Covid-19 threat, MCA has introduced two schemes, the "Companies Fresh Start Scheme, 2020" and modified "LLP Settlement Scheme, 2020" to incentivize compliance and to reduce the compliance burden triggered by Covid-19. The USP of both of these schemes is a one-time waiver of additional filing fees by the companies or the LLPs by allowing them to file belated documents in MCA-21 Registry without any additional fees from 1st April to 31st December, 2020. The schemes, apart from giving longer timeline for corporates to comply with various filing requirement, has significantly reduced their financial burden especially for those with long standing defaults, thereby giving them an opportunity to make a 'fresh start'.

Alongside the MCA has announced a Condonation of Delay Scheme for Companies restored by National Company Law Tribunal (NCLT) between 1st December, 2020 to 31st December, 2020 under Section-252 of the Companies Act, 2013. The Scheme provides to condone delay in filing forms with the Registrar, and spares payment of additional fees.

Sebi Panel by Keki Mistry

With a view to address information asymmetry amongst shareholders, a Sebi panel headed by Keki Mistry has recommended that listed companies should make available audio and video recordings of post-earning conference calls on their websites as well as stock exchanges within 24 hours or before the next trading day.While many listed companies disclose the occurrence of institutional investors meet or conference call with analysts, noticeably they do not divulge the details of what transpired in such meetings. More pertinently, minority shareholders, who do not attend these meetings, are not privy to the information shared with a select group of investors, thereby creating information asymmetry among different classes of shareholders. Among the recommendations specific to analyst and investor meets subject to an option that listed companies to decide whether conference calls are open to everyone to attend or limit such calls to their existing shareholders. The Sebi panel also proposed that listed companies should provide number of one-to-one meetings with select investors as part of corporate governance report submitted by them to stock exchanges on a quarterly basis along with affirmation that no price sensitive information isshared by any official of the company in such meetings.

Decriminalisation of Economic Offences

With a view to reduce the compliance burden on companies, facilitate ease of living for law abiding corporates, boost investor confidence and de-clog the work load of the criminal justice system, the government revisited all the various offences under the Companies Act, 2013 and economic laws with a calibrated approach through the Companies (Amendment) Bill, 2020. The Bill passed by the Parliament amended around 48 sections of the Companies Act, 2013 decriminalizing various non-compoundable offences related to defaults, but not involving frauds, omitting imprisonment for various offences which were considered procedural and technical in nature. The overall intent is to switch over to civil punishments for offences that are essentially of a civil nature but attract criminal proceedings as corporate offenders will no longer have to face imprisonment for procedural, technical or minor offences as per the changes to the Companies Act.

The Bill is largely based on the recommendations of the Ministry of Corporate Affairs-constituted Companies Law Committee which categorised offences to fit in the in-house adjudication framework, increasing the threshold for CSR compliances, adding exceptions to the definition of listed companies, and giving exemptions to non-banking financial companies.

The bill removed the penalty, imprisonment for 9 offenses which relate to non-compliance with orders of the National Company Law Tribunal (NCLT), and reduces the amount of fine payable in certain cases. These include matters relating to winding-up of companies, default in publication of NCLT order relating to reduction of share capital, rectification of registers of security holders, variation of rights of shareholders and payment of interest and redemption of debentures.

In the case of Corporate Social Responsibility (CSR), companies failing to transfer the amount to a specified fund, is liable to a penalty twice the amount required to be transferred or ₹1 crore, whichever is less. Also, every officer of the company, which is in default, will have to pay a penalty of one-tenth of the amount required to be transferred by the firm, instead of the earlier provision of three years imprisonment and maximum fine of ₹5 lakh.

These amendments are in furtherance of the objective of CAB (2020) to eliminate subjectivity in the adjudication process, which exists in such cases because the Act provides the adjudicating officer with the power to order either a punishment of imprisonment or impose a criminal fine, or both.

Post-Covid Expanded Activities Under CSR

The Government of India (GoI) having declared the Covid-19 pandemic as a 'notified disaster' in March 2020 enabled the state governments to utilize funds from the State's Disaster Response Fund towards relief measures. Shortly after, the GoI allowed the classification of funds spent on Covid-19 as eligible for CSR activities.

Since the inception of the Companies Act 2013, there has been a steady increase in the list of activities of mandated corporate spending in Schedule-VII under its Section-135, to include expenditure on activities related to Covid-19 towards promotion of healthcare and disaster management. Apart from contribution to the PM Cares Fund and to the State Disaster Management Authority, expenditure incurred on preventive healthcare and sanitation, ex-gratia to temporary/casual workers over and above daily wages, providing quarantine facilities to those affected, amongst others, considered as CSR spend.

In August 2020, the GoI further expanded the scope of CSR spends to include Research and Development (R&D) spending on new vaccine, drugs, medical devices related to Covid-19 for FY-2021, FY-2022 & FY-2023. This will be allowed if funds are spent in collaboration with permitted institutions listed in the Entry IX of the schedule of VII of the Companies Act. These institutions include universities, Indian Institutes of Technology (IITs) among others.

The second policy change is to allow all donations for Covid-related efforts to be eligible for 100 per cent tax deduction.

While the Covid-19 impact was visible at year-end, companies had limited time to manoeuvre resources in this direction for FY-20. Going by the public disclosures made by companies, annual reports and other press releases, Covid-19 will take up a lion's share of the CSR spends in FY-21. GoI proposed draft amended rules for CSR 2020 which signals a shift away from the globally known COREX as Comply or Explain.

Alongside, the Companies (Amendment) Act, 2020 has provided the relaxation to the companies for constitution of the Corporate Social Responsibility Committee, if the amount to be spent by them on CSR activity does not exceed fifty lakh rupees.Further, companies which spend any amount in excess of their CSR obligation in a financial year can set off the excess amount towards their CSR obligations in subsequent financial years.

Committee on Business Responsibility

The Committee on Business Responsibility was constituted by the MCA towards finalising business responsibility reporting formats for listed and unlisted companies under the National Guidelines on Responsible Business Conduct. Basically, the endeavour of the committee is to ensure that the BRSR reporting format would serve as a single source for all non-financial disclosures with reporting requirement may be extended to unlisted companies above the specified thresholds of turnover and/or paid-up capital. However, smaller unlisted companies may adopt a light version of the format, on a voluntary basis.

The committee has proposed that the Business Responsibility Report should be called as the Business Responsibility and Sustainability Report (BRSR) to facilitate better reflecting the intent and scope of reporting requirement. As a long-term measure, the Committee envisions that the information captured through BRSR filings be used to develop a Business Responsibility-Sustainability Index for companies. The new norms, voluntary this year 2020 and mandatory thereafter,as per the report would apply to the top 1,000 listed companies in terms of their market capitalisation or as prescribed by Sebi.

Growth of Companies Registered

As on December2020,the number of companies registered under the Companies Act was 21,05,614. Of these 7,53,091 were closed, 6,841 were under liquidation, 39,313 are in the process of being struck-off from the registrar and 2,247 have so far obtained the dormant status according to Section-455 of the Companies Act, 2013.

Notwithstanding the Covid-induced lockdowns which had little impact on the registration of companies, there are signs of growth of almost 10 per cent in the number of companies registered in the calendar year 2020, compared to those in 2019. A perusal of the accompanying Table-1 shows that close to 85 per cent comprising fewer companies were closed in the year, compared to those in 2019. There was also a 234 per cent surge in the number of active companies during this period. Moreover, 5,611 companies struck off earlier by the Ministry of Corporate Affairs because compliance-related lacunae were registered again.

Concluding Remarks

India enters the new year 2021 on the back of sustained improvement in high frequency indicators and approval of emergency use of two vaccines to counter Covid 19, which will provide tailwinds to the country's V-shaped economic recovery with further plans to help improving ease of doing business.

At stake is the MCA expected to continue its reforms on improving ease of doing business. It has already decriminalised economic offences, including ones that concern procedural lapses. The prison sentence has been removed and the fines either reduced or abolished.

The corporate world is experiencing a paradigm shift from pure shareholder

Table-1 : Growth of Registered Companies

	Actuals as on			New Additions	
Company	**December 2018**	**December 2019**	**December 2020**	**2019**	**2020**
Registered	1,837,345	1,966,551	2,105,614	129,206	142,063
Liquidated	6,300	64,898	6,841	198	343
Struck off	83,542	42,033	39,913	3,491	2,120
Dormant	1,548	2,109	2,247	561	138
Active	1,136,243	1,175,489	1,306,522	39,246	1,31,033
Closed	6,54,611	7,40,354	7,53,091	85,743	12,737

Source : Ministry of Corporate Affairs

focus to an all stakeholder perspective. Organisations that have focused on multiple stakeholder interests and sustainability have actually ended up enhancing shareholder returns substantially. Implicit in the faith are the core values and good governance standards for the company is critical for the management team and these beliefs need to be cascaded to all levels of the organisation.

The adoption of the Kotak Committee's recommendations on reforms covering board appointments seems likely to be delayed by another couple of years, but the MCA and SEBI would do well to hasten the process in response to changing circumstances.

The rules for physical board meetings may not be relevant in an era where the pandemic has fast-forwarded a tech revolution of sorts. Given the choice, a hybrid model to either attend physically or participate using virtual platforms are likely to be the way forward widening the scope of participation as much as it will, over time, enhancing the quality of the discourse. Providing such flexibility to companies which are considered as model jurisdictions for India, would align India's corporate laws with those of developed nations. The Ministry of Corporate Affairs must make virtual AGMs a permanent part of the AGM process.

While during the pandemic, the government has given compliance relaxations to ease the burden of corporate India, a lot needs to be done, as this is India's biggest economic crisis in modern times, and is likely to remain one, if government actions and responses remain proactive, keeping in view the financial year still remains up to March 31, 2021 has brought with it a set of new challenges and concerns to capture the potential impact of the Covid-19 which is delicately poised between the dual imperative of saving lives and safeguarding livelihoods.

To conclude, India needs to fix its pre-Covid issues to restore its old glory as the fastest growing economy in the world. If 2020 was a year of Covid infection, lockdown and recession, 2021 will be a year of vaccination, reopening and recovery.

End Notes

1. Ministry of Corporate Affairs-General Circular, No.36/2020, dt.20-10-2020
2. Ministry of Corporate Affairs Companies (Auditors Report) Order 2020 No.S.O, 4588(E)17-12-2020.

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The students of IPE have been recruited by various cross section of industries which include Banking Financial Services & Insurance [BFSI] Sector, Consultancy services, IT & ITES, Manufacturing, FMCG, HealthCare, Retail, e-Commerce, Telecommunications, Media and others. The highest salary offered during this year as of now is Rs. 20.84 Lakhs per annum while the average salary offered is Rs. 6.00 lakhs per annum.

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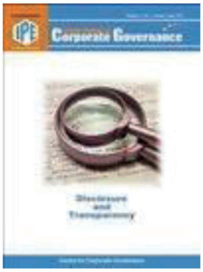

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