

Rethinking Business Responsibility in India

18th November 2013

Proceedings

1. Introduction

- 1.1 Consumer Unity & Trust Society (CUTS), organised a meeting on 18th November, 2013 to discuss the findings of a report entitled “*Rethinking Business Responsibility in India*” developed under the BRCC project. This project has been implemented in the pharmaceutical & private healthcare sectors across four states in India with support from the Ministry of Foreign Affairs, Norway over the period 2011-13.
- 1.2 The report highlights issues that can help stimulate better business for achieving sustainable development goals in India. Two sectors i.e. Pharmaceutical and Private Healthcare were selected to carry out the research in Andhra Pradesh, Gujarat, Himachal Pradesh & West Bengal. Evidence from both the sectors has been gathered through extensive primary research and secondary analysis involving key stakeholders from these two sectors.
- 1.3 The main objective behind organising this event was to share the findings of the BRCC project with relevant stakeholders related to pharmaceutical and private healthcare sector and especially scholars with rich experience and interest on Corporate Social Responsibility (CSR)/Business Responsibility (BR) issues in India.
- 1.4 Participants in this meeting were drawn from the pharmaceutical and healthcare sectors, government institutions, civil society, academia, etc.

2. Proceedings

- 2.1 The meeting commenced with **Rijit Sengupta**, Director, CUTS-International welcoming the participants. After providing a brief description about the project and objective behind organizing the event, he invited Pradeep S Mehta, Secretary General, CUTS-International, to enlighten the meeting with his views regarding the initiative taken by CUTS for promoting business responsibility in India.
- 2.2 **Pradeep S Mehta**, in his remark stated that businesses’ contribution towards sustainable development and inclusive growth has been a subject of considerable contemporary interest across many stakeholders. There are empirical evidences from various countries that point towards the fact that enhanced private participation can

facilitate eradication of poverty, reverse illiteracy, contribute to infrastructure development and help address a number of social and economic challenges. Business of tomorrow have also realised the 'business case' in championing such a strategy, and have often evolved their business model accordingly.

- 2.3 He further added that it is imperative that private sector starts realising their role towards promoting sustainable development. This, really, is the central element of 'business responsibility'. However, one has to bear in mind that certain 'enabling' conditions need to exist for stimulating the private sector to pay greater heed to their contribution towards sustainable development; all three aspects of equity, economy and the environment. In this whole process it is also crucial to identify key stakeholders and develop their capacity as 'advocates' of 'Business Responsibility'.
- 2.4 With reference to the 'National Voluntary Guidelines on Social, Environmental & Economic Responsibility of Business in India', developed by Ministry of Corporate Affairs, Government of India in the year 2011, he stated that it provides a consistent framework to the Indian industries for defining and operationalizing 'business responsibility' in India-through a mix of nine Principles and 48 Core Elements.
- 2.5 He further extended gratitude towards number of experts who guided CUTS in implementing BRCC project under the leadership of Shri Arun Maira, Member, Planning Commission, Government of India. He also thanked Vasanthi Srinivasan from Indian Institute of Management-Bangalore for contributing to the final report of the BRCC project and hoped that policy makers in India would take note of the findings of the BRCC project and initiate necessary policy and practice related actions to promote business responsibility in India.
- 2.6 Taking forward the discussion, **Arun Maira**, Member Planning Commission, Government of India emphasised that "the business of business cannot just be business in the pharmaceutical and healthcare sectors in India", He stated that the two current priorities before the government are to improve the quality of regulation and enhance capacity of regulators to ensure 'good governance' practices in sectors which have considerable public interest element. Specifically, he mentioned that both structural elements in regulation of the pharmaceutical sector and condition for doing business therein are poor and need to be addressed appropriately.
- 2.7 He asserted the fact that trust of society in government institutions and business institutions has deteriorated drastically over time. In a system which is characterised by such a low level of trust, he opined it was very difficult for society to be well governed, and businesses well regulated. He emphasised, however, that government

and business needed to understand each other better and try to work together. However, he also cautioned that such cooperation should not lead to a situation that propagates crony capitalism.

2.8 **Ambassador Eivind S. Homme**, Norwegian Ambassador to India congratulated CUTS for coming up with such a comprehensive and timely report that according to him would definitely provide guidance on how to promote business responsibility in India, not only in pharmaceutical and private healthcare sectors but in other sectors also. He said that any modern leader, who intended to promote well-functioning markets needed to focus on improving regulations.

2.9 **Dhanendra Kumar**, Adviser, Indian Institute for Corporate Affairs (IICA) raised the point that responsible business behavior can contribute towards infusing stability in society. He stated that growth does not take place in vacuum and hence it is important for businesses to realise what impacts would their operations have on society at large.

2.10 The event also provided an opportunity for the participants to delve upon recent developments regarding the Corporate Social Responsibility (CSR) regime in India. Government through the Companies Bill; 2012 has made it compulsory for companies beyond a certain threshold to spend a certain portion of their profits on CSR activities. This has also been retained in the draft CSR Rules, 2013 developed by the Ministry of Corporate Affairs. It helped improve clarity among key actors on how CSR/BR can be promoted in the pharmaceutical and private healthcare sectors given the above regime in the country.

2.11 Finally the vote of thanks was delivered by Rijit Sengupta. He emphasised upon the requirement of collective effort from all the stakeholders related to the pharmaceutical and private healthcare sectors in order to frame an inclusive model, so as to facilitate the process of adoption of business responsibility in these sectors. He thanked all the dignitaries once again for gracing the occasion.
