

SPEECH BY THE PRESIDENT OF INDIA, SHRI PRANAB MUKHERJEE AT THE NATIONAL SUMMIT ON CSR ON THE THEME "PARTNERING THE NATIONAL AGENDA"

Vigyan Bhavan, New Delhi: April 29, 2015

1. It is my privilege to join you for the inaugural session of this National Summit on Corporate Social Responsibility (CSR). At first, let me congratulate the Confederation of Indian Industry (CII) for organizing this annual conclave aimed at creating a strong, sustainable CSR movement in the country. I also compliment the National Foundation for Corporate Governance, with whom the CII has partnered for this 2015 edition of the Summit. The government has over the last few months articulated the key national priorities and programmes. It is, therefore, apt that this Summit has been convened at this time on the theme "Partnering the National Agenda".
2. I am glad to find many distinguished industry captains participating in this important event. You are leaders with sharp business acumen, valued experience and wide expertise. You are entrusted with the responsibility to manage the development of your business into models of excellence. Remember that this calls for not only sound application of management principles, but also better appreciation of the socio-economic reality in which your companies operate. You have a bigger purpose than to merely earn profits. Just as you add value to your shareholders' wealth, it is equally important to add value to the society at large. You, as conscientious industry heads, would do well to build this emerging gospel of doing business into your corporate blueprint.

Ladies and Gentlemen:

3. The notion of CSR is not new to India. Mahatma Gandhi had espoused the socio-economic philosophy of trusteeship. It provided a means for wealthy people to be trustees to look after the welfare of the common man. CSR gradually evolved into the corporate framework. CSR refers to a company's sense of responsibility extending beyond its shareholders to all

stakeholders, notably the people and ecology who are in the domain of its operation. It indicates a sense of 'corporate citizenship'. Though a business entity incurs short-term costs without direct financial benefit, yet, it gains in the long run through the promotion of social and environmental change.

4. Indian industry has displayed a keen interest in contributing to the betterment of the society. Shouldering the task of socio-economic development is increasingly considered a shared responsibility of the government and the industry. This CSR consciousness has received a renewed impetus through a legal framework in the Companies Act, 2013. Section 135 of the Act prescribes every company eligible in terms of net worth, turnover or net profit to constitute a committee of the Board to formulate a policy for undertaking specified CSR activities. The Act also provides such companies to spend in a financial year at least two percent of the average net profits made by it during the three immediately preceding financial years.
5. This legislation could help unlock a substantial amount - estimated to be in the range of Rs. 8,000 to 20,000 crore - for social sector engagement of Indian companies. A structured development strategy is now required to ensure that these funds are efficiently deployed in areas most beneficial to society. In a country as vast as India, scalability is critical to the success of programmes. Leading industry associations like CII must encourage pooling of funds by companies to create large high impact programmes. In this context, the Foundation set up by CII to reinforce the CSR initiatives of various businesses is commendable.

Ladies and Gentlemen:

6. Inclusive growth is an avowed objective of our public policy. It calls for intensive collaborative efforts of the government and the corporate sector to provide the basics for improving the quality of life in our rural and urban areas. The corporate sector must provide renewed impetus to CSR initiatives towards cleanliness, health and education. The Government has launched several important schemes in this direction. To mention a few - *Swachh Bharat Mission* aims at a Clean India by 2nd October, 2019 to

coincide with the 150th Birth Anniversary of Gandhiji; *Saansad Adarsh Gram Yojana* envisages the integrated development of selected villages. The corporate sector can work at various models to develop a synergetic relationship in the implementation of these schemes.

7. In the sphere of health and education, many companies have established reputed institutions. The private sector can extend the good work to rural areas by meeting the infrastructure requirements in government schools and investing in teacher up-skilling. Companies can adopt specific blocks or districts for such intervention. This can be synergized with efforts to tackle malaises like malnutrition and other health-related issues. It is heartening to note that CII through its member-companies has committed to build about 10,000 toilets in schools. This effort will not only help develop quality culture but also bring children, especially the girl child, to schools.
8. A demographic transition is underway in India, with half our population of 125 crore under 25 years of age. In less than a decade, we will possess the largest working-age population in the world. India's large, youthful population can become a dividend only if they are empowered and enabled to fulfill their potential. The onus is on us collectively to train and skill 50 crore youth by 2022. I am confident that the industry will prove to be more-than-an-able partner in the efforts of the government.
9. The corporate sector must also venture beyond the mandated CSR spend - to activities such as energy conservation; environment protection; and development of an innovative spirit among workers to foster productivity and industrial growth. To my mind, more than money, important socio-economic objectives need innovative ideas, technology and management for their speedy realization. The Indian industry must leverage its strengths and competencies, and lend its expertise in a wide array of programmes.

Ladies and Gentlemen:

10. Given the diversity and level of development in different parts of our country, CSR cannot be a one-size-fits-all approach. While developing programmes, industry leaders and CSR experts must look at issues that

are relevant to different regions. At the same time, they must ensure that companies look across India and not concentrate on a few pockets. The industry must work closely with non-governmental organizations. They have the pulse of development needs at the grassroots and can provide last mile connectivity in the delivery of programmes.

11. The corporate sector must also build a dedicated cadre of volunteers, who can bring individual energy and creativity for transformational change. The India@75 programme of CII was started with a vision to see India emerge as a world leader through economic strength, technological vitality and moral leadership by 2022. It is a platform to bring together young entrepreneurs who want to make a difference to the country. CSR must become a critical component of this initiative.

Ladies and Gentlemen:

12. Disseminating information about the work done by companies is necessary to create a positive sentiment about CSR. Equally important is to sustain the work that a company has initiated in this area. I am told that the Indian Institute of Corporate Affairs, Bombay Stock Exchange and CII have joined hands to develop the world's first CSR exchange. It will help the corporate sector to become socially responsible, connect with implementing partners, and comply with the new CSR requirements. I compliment you all for the same.
13. I am sure this CSR Summit will generate many innovative ideas and methods towards building an inclusive, compassionate and responsive society in India. I look forward to receiving its outcomes and the work plan for the coming year. I wish the Summit great success. I also wish you all Godspeed in your endeavours. Let me conclude in the words of Mahatma Gandhi: *“Man becomes great exactly in the degree in which he works for the welfare of his fellowmen”*.

Thank You.

Jai Hind.
