

Corporate Social Responsibility and Chartered Accountants

The gigantic corporate growth has done India good. But there is even better side of this development. In the backdrop of tough competition and 'Liberalisation – Privatisation - Globalisation' (LPG) wave sweeping through countries and continents, more and more corporations are realising that a growth without a social face cannot be sustained for long. They are gradually heeding the concepts like 'inclusive growth', 'responsible business enterprise', 'convergence of accounting standards' and to cap it all — good corporate governance practices. They are successfully intertwining their corporate social responsibility (CSR) with their business strategies to the benefit of all.

The CSR is no longer a cliché but a popular benevolent thinking in action. As such, corporate activities today extend to almost every sphere of life, from manufacturing to service, education, hospitality, environment and even spirituality. But much more is still required to be done to make a real difference at the ground level at large, particularly in rural India. There is growing perception that the concept of voluntary CSR has not picked up in India as it should have. As such, the Government is somewhat rightly actively considering to make it mandatory for corporate to earmark part of their profit for CSR initiatives in the new Companies Bill. The new Corporate Affairs Minister Mr. Veerappa Moily has rightly said that Indian corporate *need to develop a culture of voluntary CSR...CSR cannot be considered only as a charity it is more of a social business*. The two per cent mandatory provision for CSR spend in the Companies Bill 2009 should indeed stay. According to a recent study, the mandatory spend on CSR may lead to Indian companies collectively Spending close to \$2 billion (about ₹8,700 crore) a year on CSR programmes. But if we go by the sense of good economics, this spending on CSR will ultimately benefit the corporate in the long run, facilitating their sustainable growth besides benefiting the society in general.

As rightly observed by former Corporate Affairs Minister Mr. Salman Khurshid: *there is a strong need for establishing socially responsible business models as Corporate Social Responsibility (CSR) is not merely a question of morality but an example of good economics*. There is a need for an effective Government-NGO-Corporate partnership to do away the scepticism about CSR as just another tool of the

ultimate business objective of maximising profits. It is time that Governments encourage corporations in their civic activities through supportive legislations. It is time that there is greater corporate accountability, and convergence of accounting standards to ensure transparency, efficacy and user-friendliness of corporate financial statements. SEBI has done its bit so far as statutory aspect of Corporate Governance and CSR is concerned. Revised Clause 49, Independent Directors, Whistle Blower Policy, etc. have all been steps in the right direction.

The need of the hour is the business models where making profits and doing social environmental good go hand in hand. This background not only offers a plethora of professional opportunities for the chartered accountants but also puts important social responsibility on them. They can play a crucial role with respect to both statutory and voluntary aspects of CSR. They are already proving to be an effective facilitator and implementer of the modern approaches like transparency in corporate financial disclosure, restructuring and tax compliance. Further, they can help corporations devise such strategies, policies and projects that serve both their business as well as social goals. They can ensure that the corporate values and social values never come in conflict.

When associated with the corporate-aided community projects, the CAs can ensure that the projects benefit the intended lot and their social objective is not lost in corporate exercise of profit maximisation or building brand equity. CAs have the potential to be the most effective tool of good corporate governance involving CSR. It is high time that professionals help create responsible enterprises.

With more and more companies embracing entire world as their workplace and market place, corporate governance backed by the concept of corporate social responsibility has become the key to business success. CSR-based policies are fast emerging as the corner stone of corporate governance. This presents a great challenge and opportunity for the professionals who can be of great help in creating an enabling environment for better CSR and corporate governance.

-Editorial Board
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