

1. Do you think compulsory corporate social responsibility affects genuine philanthropy and charity work? Comment.

Approach

Define what is CSR in introduction and its underlying principle. In next part write how the compulsory CSR is necessary for the nation. Then write how the compulsory CSR goes against the basics of philanthropy and list other probable issues. In conclusion take a stand which you think you have conveyed through your answer. As the question is open ended and both arguments are equally strong, you can make a good choice at starting point itself.

Introduction

The progress of a society depends on the businesses that thrive in its environment, similarly the success of a business depends on the stability of that society. In this regard, Corporate Social Responsibility (CSR) plays such a role in the society where according to World Business Council for Sustainable Development, 2001, CSR is “the commitment of business to contribute to sustainable economic development, working with employees, their families, and the local communities.”

Body

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance.

Provisions of CSR are needed and helpful for both Society and Corporates

- In the Indian context, the importance of CSR is paramount. Though the economy stands at a reasonable growth, there have been equal levels of poverty, education, health care, sanitation, skill gap, and numerous aspects where attention is required.
- Particularly it has been seen that after the liberalisation of Indian economy although the corporates have grown with exponential rate, they have not been able to spread these positive outcomes to rural areas and the poor population living around the companies in city.
- Profitable companies are only required to spend on CSR. In this way it doesn't harm the business principles. Further as seen in times of COVID-19 there are some sectors which have made enormous profits such as IT services, pharmacy sector these profits if redistributed to people in such crises helps in already hampered government resources and further imparts confidence about various companies in public.

- Branding: Further CSR will result in marketing of the company and hence increase the brand value and hence – the customer base. This will be a win win situation both for the government and corporates.
- As the finance minister said – compulsory CSR will ensure more accountability and better enforcement to strengthen the corporate governance norms and compliance management in corporate sector. This is important aspect as it will help in imparting a social bent in corporate culture which will avoid malpractices such as environmental degradation.
- The spending on CSR will help in increasing purchasing power of citizens and hence in the long term is helpful to increase the customer base of the companies and also will be helpful for India to achieve the targets of sustainable development
- As the prime minister said there should be diversification in CSR spending. Compulsory CSR will help in achieving the CSR fund allocation to every sector as requires. E.g. As per the statement of the ministry of corporate affairs 2/3rd of the CSR spending is spent in primary education.
- It helps in cracking down of shell companies and hence create a market driven economic competition in lines of liberal economic services.

Issues with compulsory CSR

- If the CSR is made mandatory, it will be treated as another tax on businesses. Thus even if the intention was to make corporates realise their role in society, in opposite it just dampens the business sentiment .
- CSR is not the main business of a company and making it compulsory will result in focusing their energies on social spending rather than on the business.
- Compulsory CSR will result in micromanaging the companies by the government and tie down businesses with rules and regulations that impose a heavy compliance burden.
- The provisions of criminalising for non-compliance of CSR will deter the investors and also results in several companies suppressing the profit to avoid CSR spending.
- A company's profits belong to the shareholders and a for-profit private enterprise spending in social sectors (which is the job of the government) is against liberal economic principle.
- Restrictive list of CSR spending as mentioned in the latest amendment will discourage the employee volunteering and compliance.
- At least the social work should be done with one's own will. Any imposition by an external agency just takes out the philanthropy part out of it and seems like a forced decision.
- Further the Indian society has been at forefront in philanthropy . Even in past the Tatas, Birlas and Bajaj have contributed more than the current CSR requirements. Further in times like Covid the companies like reliance which provided free oxygen have done with its own will.

Conclusion

It is true that the government should have no role in the business and therefore the compulsory CSR is antithetical to the true principles of philanthropy. But every society is different in this context. India has not achieved the required level of development even when its corporate sector has boomed. This dichotomy is not healthy for any society and therefore the compulsory CSR will help make corporates realise their role in larger society. Further the recent CSR evaluations had showed that more than 30% corporates do not adhere to the meagre 2% target of CSR. Therefore CSR in its compulsory form is needed in India but can be done away in future when India gains the required development standards.



2. Critically evaluate the existing legal jurisprudence related to rehabilitation of development affected population. What role do NGOs play in this area? Discuss.**Approach**

Define what is displacement with help of examples for introduction. In next part mention various provisions on rehabilitation in India. In next part write what role the NGOs can play. In conclusion take a critical view and contextualise role of NGOs.

Introduction

Developmental projects like construction of roads, dams, canals and flyovers displace people from their home. The recent example of Sardar Sarovar Dam is a case in point. Rehabilitation means restoration to the former state. The International Displacement Monitoring Centre in 2007 reveal that about 50 million people in India had been displaced due to development projects in over 50 years. Therefore, resettlement refers to the process of settling again in a new area, while rehabilitation means restoration to the former state.

Body

India, after Independence in 1947, geared towards the path to development, leading to construction of large multipurpose river valley projects, thermal power, mining, transport linkages etc. According to the Working Group on Human Rights in India and the UN Report, India has the highest number of people displaced due to development projects in the world, largely the traditional forest dwellers and the Scheduled Tribes. The report of the Lok Sabha Secretariat of 2013 shows a figure of 60 million from the period 1947-2000, the worst sufferers being again the Adivasis or the Scheduled Tribes of the country.

Legal jurisprudence related to rehabilitation of development affected population

- The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, in section 4 (5) states that save as otherwise provided, no member of a forest dwelling Scheduled Tribes or Other Traditional Forest Dweller shall be evicted or removed from the Forest Land under his occupation till the recognition and verification procedure is complete.
- Government has enacted the RFCTLARR Act, 2013. The purpose of the said Act is to ensure, in consultation with institutions of local self-government and Gram Sabhas established under the Constitution, a humane, participative, informed and transparent process for land acquisition with the least disturbance to the owners of the land and the other affected families and provide just and fair compensation to the affected families whose land has been acquired or proposed to be acquired.
- Under Section 48 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act, 2013 in

short), a National Level Monitoring Committee for Rehabilitation and Resettlement has been constituted in the DoLR vide DoLR's Order No. 26011/04/2007-LRD dated 2nd March, 2015 for the purpose of reviewing and monitoring the implementation of rehabilitation and resettlement schemes and plans related to land acquisition under the RFCTLARR, 2013 and National Rehabilitation and Resettlement Policy, 2007.

- By way of safeguards against displacement special provisions have been made for Scheduled Castes and Scheduled Tribes under Sections 41 and 42 of the RFCTLARR Act, 2013 which protect their interests. The RFCTLARR Act, 2013 also lays down procedure and manner of rehabilitation and resettlement.
- The First Schedule of the RFCTLARR Act provide for compensation for land owners. The Second Schedule provide for element of rehabilitation and resettlement for all the affected families (both land owners and the families whose livelihood is primarily dependent on land acquired) in addition to those provided in the first Schedule. Similarly, the Third Schedule provide for infrastructural amenities for a reasonably habitable and planned settlement in the resettlement area.
- The Panchayats (Extension to Scheduled Areas) Act, 1996, also provides that the Gram Sabha or the Panchayats at the appropriate level shall be consulted before making the acquisition of land in the Scheduled Areas or development projects and before resettling or rehabilitating persons affected by such projects in the Scheduled Areas; the actual planning and implementation of the projects in the Scheduled Areas shall be coordinated at the State Level.
- Constitutional provisions under Schedule – V also provide for safeguards against displacement of tribal population because of land acquisitions etc. The Governor of the State which has scheduled Areas is empowered to prohibit or restrict transfer of land from tribals and regulate the allotment of land to members of the Scheduled Tribes in such cases.
- The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement act- the Act grants compensation for the owners of the acquired land shall be four times the market value in case of rural areas and twice in case of urban areas. The LARR Act 2013 requires that the consent of 80% of land owners is obtained for private projects and that the consent of 70% of land owners be obtained for PPP projects. The 2014 Ordinance creates five special categories of land use which are exempted from the above requirement: (i) defence, (ii) rural infrastructure, (iii) affordable housing, (iv) industrial corridors, and (v) infrastructure projects including Public Private Partnership (PPP) projects where the central government owns the land.
- National Policy on Rehabilitation and Resettlement 2007 The policy aims at striking a balance between the need for land for developmental activities and, at the same time, protecting the interests of the land owners, tenants, the landless, the agricultural and non-agricultural labourers, artisans, and others whose livelihood depends on the land involved.

Role of NGOs

- The NGOs possess expertise in various fields of rehabilitation due to their constant work in the field and also direct connect with the community at the ground. Further their role fluctuates from helping government to achieve its purpose to opposing the unjust laws and policies.
- The Narmada Bachao andolan voiced its concern in initial years when the project was still at implementation stage thus it was at forefront to support the community being displaced but as the project got approved and completed it has changed its role to advocacy for proper rehabilitation under the new laws and is helping people get their benefits.
- The NGOs can also help the tribals understand the need for rehabilitation many times as the government is seen with negative perspective especially in Maoist affected belts.
- NGOs can build infrastructure needed for new settlements and also in selection of sites. Also the initial livelihood concerns can be taken care with help of NGOs.
- NGOs can educate the displaced population about their legal and constitutional rights and fight for them if they are being wronged.
- Further the NGOs can help to innovate and try to bring an alternative to present rehabilitation measures which can be later debated and made into law.

Conclusion

Needless to say that majority of population of India is still deprived of basic fruits of development, but rather than adopting the approach which is more inclusive and look for solutions within the constitution, India is faced by disturbances in many parts of the country. This not only hampers the development projects but also shrink the space for people's participation to achieve their goals through peaceful means. Therefore there is need to balance the imperative of development and constant displacement without rehabilitation. NGO's can play a greater role in this sector with their expertise in handling issues of displacement and a ground connect.

3. What are the challenges with India's fuel pricing policy? Examine. What alternatives would you suggest to remedy the problems? Discuss.**Approach**

Introduce with why there is a debate on fuel pricing policy. In next part mention the present pricing policy. Then add what are the effects of such policy and at the last suggest some alternatives. In conclusion take a reform oriented stand.

Introduction

Petrol and diesel prices hit an all time high in July 2021. Petrol is well above Rs.108 a litre while diesel is getting there. The fact that crude oil - the fountainhead of these fuels - is still below 2018 levels highlights the role of petrol and diesel pricing policies of the government.

Body**Pricing policy in India**

- The price of petrol and diesel in India is not determined by the actual costs incurred by PSU refiners. These include crude oil sourcing, refining and marketing costs incurred by Indian Oil, HPCL and BPCL.
- Rather, a formula named the trade parity price (TPP) is used to price these products. It assumes that 80% of petrol and diesel is imported into India and 20% is exported.
- So, petrol and diesel prices in India are determined based on prices of these fuels in the international market and not on the basis of crude oil prices.
- The international petrol and diesel prices generally move in line with crude oil prices. But it need not always be the case, given that demand and supply dynamics could be different.
- The TPP in dollars is converted to rupees. Then comes other costs and margins of the oil companies, dealer commission and taxes.
- From mid-June 2017, the pricing of petrol and diesel is done through a 'daily pricing' mechanism, based on a 15-day rolling average international rate. So, time lag has an effect too.
- Further, the weakening of the rupee against the dollar over the years has added to the fuel's cost.
- Petrol and diesel are government's good source of revenue. It constitutes 20 percent of total revenue generated by government in the last year.
- During the crude crash earlier in 2020, a cash-strapped Centre raised excise duty on petrol and diesel by Rs. 13-16 a litre. Many States too increased their sales tax/VAT.
- But when oil prices started rising, the taxes were not rolled back. So fuel prices increased, and customers bore the brunt. Notably, taxes now account for about 60% of the fuels' price.

- Besides pricing mechanism and taxes, there are unexplained pauses to price changes, leading to opacity in pricing.
- E.g. For more than 80 days between March and June 2020, the fuels' prices were frozen when they should have actually fallen. Further during Bengal elections the prices were again frozen.

Effects of High fuel prices

- It affects the savings of a household as for many it comes under necessary expenditure.
- It leads to inflation as the rates of vegetables and other essential increases as they are transported across vast terrain of the country.
- It leads to less consumption expenditures which affects the growth of economy as the overall demand in the market remains less.
- It takes away expenditures away from social needs such as health which can adversely affect the citizens, especially the vulnerable groups such as poor and women.
- It may lead to governments extra dependence on this mode of taxation which is against the basic principles of economy. For example, Rajasthan levies the highest local taxes (value added tax or VAT) on petrol and diesel, followed by Madhya Pradesh, Maharashtra, Andhra Pradesh and Telangana. So, for these states the cumulative (Centre and states) tax component will be more than 60%.

Alternative to present policy

- The fuel pricing can be brought under GST. This will lead to standard rates of taxation across the country. Also it will make all the stakeholders at one place accountable to act under public pressure. The current system of each state taking its own course of action is counter productive to the whole idea of GST and ease of doing business.
- At the start the indirect taxes are regressive in nature. Therefore it affects the poor and the rich equally. Therefore there is a need for differential pricing policy for vehicles as per their utility. For example: SUVs, Trucks can be charged high taxes while fuel efficient vehicles could be charged less.
- The government can also think of other alternative taxation such as tax specifically of super rich rather than all people equally. Also the untouched taxes such as estate taxes and wealth taxes can be given a try.
- Further there is an overall need to reform the taxation of each level from municipalities to centre to make collection more efficient.

Conclusion

The high prices of fuel when there is rise in international market is logical but when prices were all time low and still the people of India had to pay all time high prices, it goes against the basics of fuel pricing policy of deregulation which India started in 2002. Once the economy comes out of Covid-19 induced slowdown there is a need for

drastic reforms in fuel pricing policy to avoid the negative effects of high prices when demand in the market was already low. India can add petrol and diesel in GST as a starting point.

