



RESEARCH ARTICLE

VEDIC THEORY OF DEBTS AND CSR, LEGAL REGULATIONS AND CSR INITIATIVE BY MAHARATNA COMPANY - GAIL (INDIA) LTD.

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ABSTRACT

Hindu scriptures say that every human being is born into five important debts that are Deva Rin, Rishi Rin, PitraRin, NriRin, BhutaRin and one has to repay these Karmic Debts to follow the path of DHARM in their lifetime. The thoughts of Vedic literature are important and worthy for corporate sector and businessman in the modern context on the subject of ethics and social responsibility, because they tell us that CSR is not a charity and philanthropy but our Duty/Dharma to follow. The debt theory cautions the corporate that they need to be indebted in their life time. Most of the businessman/industrialist are differing from the Noble prize winner Milton Friedman's view on CSR that a company should have no "social responsibility" to the public or society because its only concern is to increase profits for itself and for its shareholders and the thought of as we take so much from the environment around us, a moral obligation remains to repay to the society what is growing at the pace. That is the reason, businesspersons like, Azim Premji, Rakesh Jhunjhunwala, Shiv Nadaretc giving substantial amount of their personal wealth for society. It has been very well understood by Government that they alone will not be able to succeed in its endeavor to uplift the downtrodden society, hence Indian Parliament passed the legendary bill making CSR mandatory for companies. Review of literature on CSR provides a gap of not understanding the CSR from the perspectives of Vedic theory of Debt which inspire to give back to society as a part of one's duty not the charity or philanthropy. This paper makes an attempt to understand and elaborate how five debts theory of Hindu Scriptures is relevant to CSR and tries to provide an insight of various Corporate Social Responsibility (CSR) initiatives taken by Maharatna company GAIL (India) Ltd in conformance of the CSR regulations.

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INTRODUCTION

Business ethics and social responsibility are closely related concepts that address how companies should conduct themselves. It is believed that this concept has been brought from western countries. But, indeed it is a fact that CSR activities are in the DNA of Indians. It is the concept which was imbibed in the model of PURUSHARTHA. Ancient Hindu philosophy says that basic objective of human life is to follow four Purushartha's as *kama*, *artha*, *dharma* and *moksha*. Corporate social responsibility is a part of following one's *dharma*. It is said in TaittiriyaSanhita and Shatpath Brahman that every human being is to be indebted in his life from five types of debts those are Deva Rin, RishiRin, PitraRin, NriRin and BhutaRin. In this paper an attempt has been made to know the CSR from the perspective of Vedic theory of debts. A study of CSR activities of "Maharatna" company GAIL (I) Ltd

has been made to know the extent company is following the provisions of the Companies (CSR Policy) Rules, 2014 which came into effect from April 1, 2014.

Business Ethics and CSR

Business Ethics are moral guidelines for the conduct of business based on notions of what is right, wrong and fair. Strong ethical business practices are a hallmark of a good company that they want to build and maintain in their business. Company can build sound business practices by setting ethical examples, creating policies and procedures that govern the activities of business. While there may be no single universally accepted definition of Corporate Social Responsibility (CSR), each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Some definitions are –

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Definition 1: Philip Kotler and Nancy Lee define CSR as "a commitment to improve community well - being through

discretionary business practices and contributions of corporate Resources.

Definition 2: The EC (European Commission) defines CSR as “the responsibility of enterprises for their impacts on society”. To completely meet their social responsibility, enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”

While the definitions of CSR may differ, there are some common principles that underline CSR:

- CSR is a business imperative
- CSR is a link to sustainable development
- CSR is a way to manage business

CSR and Vedic Debt (Rin) Theory

Nowadays CSR (Corporate Social Responsibility) is a buzzing word in the company’s and understood largely as a typical western concept based on western values. But it is neither a western concept nor a product of western values. But, the practice is essentially rooted in the Indian value system and references to it can be found in Vedic literature. It is said that Brahma who was the creator, wrote the Nitishastra (the book of knowledge), which laid down the laws of living, mentioning *dharma*, *artha* and *kama* as the cardinal values. Owing to these three subjects, this book was also called Trivarga. The objectives of *dharma*, *artha* and *kama* are to lead society to material progress, cultural development and general welfare of its diverse population. CSR is the manifestation of Dharma.

Rig Veda emphasizes the need for the wealthy to plant trees for the community as it would bring them glory in life and beyond. AtharvaVeda says that one should procure wealth with one hundred hands and distribute it with one thousand hands. The Yajur Veda says that one should enjoy wealth with detachment, do not cling to it because it belongs to the public, it is not yours alone. The wealth, thus, should be used for social good. So, well - being of all on the earth was the part of way of living and finally to get the Moksha.

Ancient Hindu philosophy has given the concept of the four Purusharthas, which were the basic objectives of human life — *dharma*, *artha*, *kama* and *moksha*. The purpose of *four p* urushart has was to ensure that people would not neglect their obligatory duties by becoming obsessed with particular desires that may lead to moral and social degeneration and destruction of values but to follow the way of Dharma. Dharma of human being is further elaborated in the *Vedic Debt Theory*.

It is said that each person born with debts and he must repay them in order to live a fulfilled and complete life. These debts are not a burden, but recognition and expression of gratitude for many gifts that we receive from a world often taken for granted. It is similarly applied on the companies in a greater way because companies utilize more resources from nature and hire manpower to get work done. So, it is company’s moral responsibility to give it back to nature as well as society.

According to the Taittiriya Sanhita, a child is born with three debts to repay in his or her lifetime which are –

- Deva rin (Debt towards the Deities)
- PitraRin(Parental Debt)
- Rishi rin (Debt towards Teachers/Sages)

Another ancient Hindu scripture, Shatpath Brahman, added two more debts which are,

- NriRin(Debt towards Human)
- BhutaRin(Debt towards Nature)

Dev Rin is our debt towards powers which control nature and gifted us with invaluable gifts of air, water, fire, food, vegetation etc. So, we need to honor them by looking after all these invaluable gifts and leaving them in a better state as compare to we received them. Thus CSR initiatives of reducing air and water pollution, cleaning of lakes and water bodies etcare the activities which are repayment of *Deva Rin*. For example water conservation projects by Bajaj Auto, Swachh Bharat Abhiyan by various companies and Save Ganga, Yamuna projects.

Rishi Rin is our indebtedness towards our teachers, great Seers, sages, discoverers and inventors who have imparted knowledge and wisdom to the whole humanity and brought our civilization and culture at this stage. The debt may be repaid by disseminating the acquired knowledge/traditions, both in the realm of matter and spirit, to as many people as possible. For example creating universities, Skill development Institutes, Research Centers by Tata’s, Birlas, Ambany’s, Shiv Nadaretc and remembering discoverers and inventors by celebrating their Birth Jayantis is a way to indebt from the Rishi Rin.

PitraRin is to indebted to our ancestors as they have propagated their lineage and are the cause of our birth. To repay this debt, we must take care of our parents in their old age, when they are infirm and need help. GAIL Shaksham program to care the elderly and differently abled, Infosys and Dabur centers for old age persons and day carecenter are the good examples of repayment of PitraRin.

NriRin or **Manushyarin** is that a person is indebted to humanity at large which can be repaid by treating others with respect and helping them by sharing our possessions with fellow human beings. One of its most popular form is Atithi-Satkaror i.e. hospitality even to a stranger. CSR campaigns like education to less privileged children, sponsoring the fee of education, GAIL Kaushal (Livelihood Generation Initiatives), GAIL Arogya and GAIL Unnatiprograms (Rural Development, health & Infrastructure Initiatives) are to indebt from NriRin.

BhutaRin is that a person is indebted to plants, animals and nature. Various activities like tree plantation, artificial nest for birds, animal health care and cattle ranch are kind of the repayment of Bhutarin. For example GAIL Harit (Environment Related Initiatives), Go Green by HDFC etc. So by various examples of CSR initiatives, we can see that almost all initiatives are in some way related with one of the five debts as per Vedic literature.

CSR Regulations in India

The Ministry of Corporate Affairs drafted regulations regarding CSR and notified under Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (CSR Policy) Rules, 2014 to come into effect from April 1, 2014. The rules under these acts are as follow:

I.Applicable to all companies incorporated in India and having either of the following condition in any financial year:

- Net worth of INR 500 crore or more
- Turnover of INR 1000 crore or more
- Net profit of INR 5 crore or more.

II.Annual spending on CSR by companies:

- Every financial year, at least 2% of the average net profits made during the 3 preceding financial years

III.The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act.

IV.Contribution to any political party is not considered to be a CSR activity.

V.Profits from any overseas branch of the company, including those branches that are operated as a separate company would not be included in the computation of net profits of a company.

VI.Net profit to be calculated as per Section 198 of the Companies Act.

VII.Board level CSR Committee:

- Comprising of 3 or more directors with at least one independent director,
- Unlisted public companies and private companies that are not required to appoint an independent director and may have a minimum of only 2 members.

VIII.Responsibilities of the CSR Committee

- Formulate and recommend a CSR Policy and amount of CSR expenditure
- Regular monitoring of the CSR initiatives.

IX.Responsibilities of the company's Board:

- Approve and disclose CSR Policy in the annual Report and on company website
- Ensure implementation of CSR activities as per the Policy
- Director's Report to specify reasons in case the specified amount is not spent

X.According Section 134 – Financial Statements, If a company fails to spend CSR amount, the Board shall in its report specify the reasons for not spending the amount.

XI.If a company contravenes the provisions of section 134, the company shall be punishable with fine which shall not be less

than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in fault shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Focus Areas of CSR activities

The all CSR activities which are permissible is mention in Schedule VII of companies act 2013 which are,

- Eradicating extreme hunger and poverty
- Promotion of education
- Promoting gender equality and empowering women
- Reducing child mortality and improving maternal health
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
- Ensuring environmental sustainability
- Employment enhancing vocational skills
- Social business projects
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women

CSR and GAIL (A study)

GAIL CSR Vision Statement -

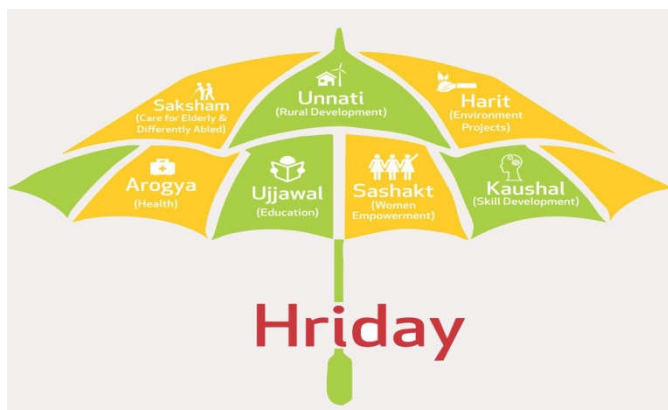
GAIL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment its role as a Socially Responsible Corporate, with environmental concern.

Objectives

- Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To directly or indirectly take up programs that benefit the communities in & around its workcentres and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- To generate, through its CSR initiatives, a community goodwill for GAIL and help reinforce a positive & socially responsible image of GAIL as a corporate entity.

GAIL CSR Programs

CSR initiatives at GAIL cover a wide spectrum of welfare and developmental activities spanning across various focus areas and are mostly undertaken in and around its major work centers. GAIL has one CSR Umbrella called GAIL Hriday (Corporate with Heart). Under this umbrella GAIL has various CSR initiatives-



GAIL Ujjwal (Towards a Bright future) – Education initiatives



To boost the outreach of education among the lesser privileged, GAIL has contributed for creation of school infrastructure like class rooms, IT facilities, libraries, science labs, provision of equipment and stationery to schools to enhance creativity among students and improve attendance of children. Under the education initiatives, a flagship programme, GAIL Utkarsh, is aimed at meritorious children from marginalized communities; provides all-expense paid, specialised residential coaching/intensive mentoring so that they can compete for engineering entrance examinations such as IIT/JEE, AIEEE and UPTU.

GAIL Arogya (Wellness) - Nutrition, Health and Sanitation and Drinking Water projects-

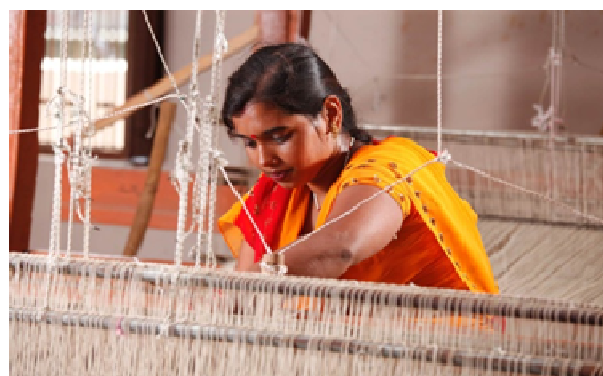
Under this program, GAIL is operating 20 Mobile Medical Units across the states of Madhya Pradesh, Uttar Pradesh, Gujarat, Haryana, Uttarakhand, Andhra Pradesh and Punjab, covering more than 391 villages and a population of almost 5,00,000. To enable access and increase the supply of potable water, GAIL has adopted an integrated water management strategy that supports responsible water management and environmental stewardship. 650 handpumps have been installed in various districts of Uttar Pradesh to address the perennial problem of non – availability of water.

GAIL Kaushal (Skill) - Livelihood Generation and Skill development initiatives

GAIL is operating 4 GAIL Institute of Skills for imparting job linked skills training in Auto CAD, Web Designing, Domestic BPV/BPO, Welding, Industrial Electrician, CNC Operator, Instrument Technician, retail associate, masonry to 3000 rural and semi urban youth in the remote/backward districts. GAIL also lent a helping hand to Delhi Police by providing Skill Training in the Hospitality Sector to 500 young men and women under Delhi Police's Yuva Programme. Over 6,000 people have benefitted through various Skill Development initiatives of GAIL.

GAIL Unnati (Progress)- Rural Development

Project Srijan, a holistic intervention meant for restoration and rehabilitation of the affected people was implemented in Uttarakhand, post the Flash Floods that hit in 2011 is a key initiative undertaken in this Focus area. Project Jaldhar has resulted in functioning of over 48 Self Help Groups which have in turn facilitated Income generation and promote saving among tribal women of Jhabua, creation of 15 Watershed Structures and plantation of trees/saplings. GAIL also contributed substantial amount from its CSR funds towards MoP&NG Scheme for providing one time grant to BPL families for release of new LPG connections. GAIL has undertaken restoration of Heritage Gate at Sisupalgarh entrance, Dist. Khorda, Odisha and also constructed approach road from KalindiKunj to Madanpur Khadar.



GAIL Sashakt (Empowerment)- Women Empowerment initiatives

GAIL firmly believes that a woman's position is a true reflection of a society's progress. SEWA – a new initiative

introduced in Ujjain, M. P. this year, has provided skill training based training to 3200 women in courses in Computers, Beauty & make-up, tailoring, karchok, Tiffin service, financial literacy training. Etc Another GAIL project has been undertaken in Delhi/NCR with an aim to empower Adolescent Girls & Women through Employability Skill Training, Gender Sensitization and Legal Awareness in slums of Nizammuddin, Jangpura, Bhogal and Pant Nagar.



GAIL Saksham (Capable) - Care of the elderly and differently abled

Infrastructural support and audio- visual aids were provided to over 1400 children in the last Financial Year. Financial support was provided to Umeed Asha Kiran schools, run and supported by Air Force Wives Welfare Association for children with special needs. Additional accommodation and Dining Hall kitchen was built at Deaf and Mute school at Belagumba, Tumkur, Tumkur District, Karnataka GAIL has also provided aids and assistive devices to nearly 700 Persons with Disability through organization of 2 Distribution Camps in partnership with Artificial Limbs Manufacturing Corporation of India.



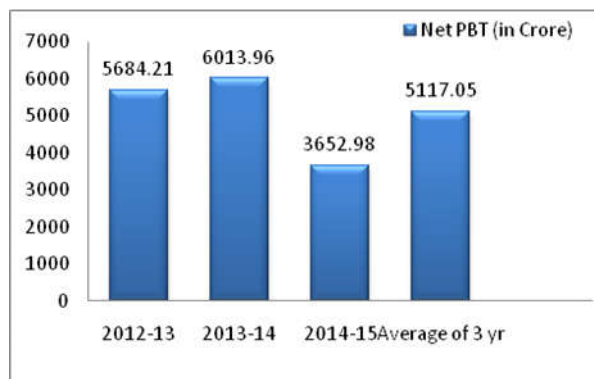
GAIL – Harit (Green) - Environment centric initiatives

GAIL has tried to mitigate the damage to the environment and reduce its footprint by - effectively ensuring zero discharge of harmful effluents, adopting recycling practices of rain water harvesting, water recharging and ground water reuse systems, increasing the green cover of the areas in proximity to the work centres through extensive soil treatment of correcting alkalinity and restoring the soil balance, afforestation and other biodiversity management activities.

GAIL CSR Fund Allocation

GAIL allocates 2% of the avg. net profit (PBT) of the preceding 03 financial years towards achieving its CSR objectives through implementation of meaningful & sustainable CSR programs. The same is aligned with the provisions of Section 135 of the Companies Act, 2013.

FY 2015-16

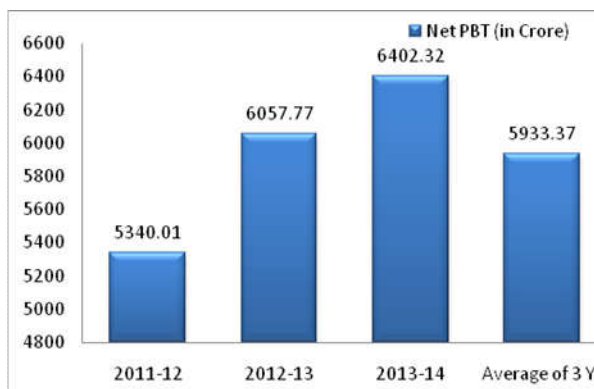


Financial Year	Net PBT in Cr
2012-13	5684.21
2013-14	6013.96
2014-15	3652.98
Total	15351.15
Average	5117.05

Average Net PBT

- The prescribed CSR expenditure for FY 2015-16 as per provisions of Companies Act, 2013 was 102.34 crores.
- In order to ensure spends of a minimum 2% of the avg. net profit of the preceding 03 years, GAIL had allocated 2.7% of the avg. net profit of the preceding three FYs towards CSR projects and activities of FY 2015-16. Factoring the increased 2.7% allocation as also carry forward available from previous years (as CSR budget is non – lapsable as per GAIL CSR Policy), the total allocation made for CSR projects/activities in FY 2015-16 was 162.63 crores.
- In the FY 2015-16, a total of 160.56 crores was spent on CSR activities, out of which 118.64 crores was spent exclusively on CSR projects/activities approved in 2015-16, while 41.92 crores was spent on CSR projects/activities approved in previous years

FY 2014-15



Financial Year	Net PBT in Cr
2011-12	5340.01
2012-13	6057.77
2013-14	6402.32
Total	17800.10
Average	5933.37

Average Net PBT

- Average Net PBT of 3 Financial Years was 5933.37 Crores and The prescribed CSR expenditure for FY 2014-15 as per provisions of Companies Act, 2013 was 118.67 Cr.
- 71.69 crores were spent during the year, out of which 41.36 crores pertains to FY 2014-15. Amount unspent was 77.31 Crores due to work in progress of construction of toilets under Swachha Bharat Swachha Vidyalaya and hence payments for projects committed during the course of the financial year, will be released over subsequent months.

Conclusion

The review of literature on CSR makes it evident that concept of CSR is not new. This concept is created and followed by our ancestors. Also all CSR activities are nothing but the repayment of the five vedic debts with which a person born. These debts are Rishi Rin, Deva Rin, Pitra Rin, Nri Rin and Bhuta Rin. As Companies take their resource from the nature and mother earth so, It is companies' duty (Dharma) to give it back to nature, society, human, animals etc. So companies must repay their Rins (debts) for which they indebted. CSR is not a burden to any company but it will produce very positive impact in long term. Thus companies consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This is seen to extend beyond the statutory obligation to comply with legislation as organizations are

voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. By studying, GAIL's CSR activities, we can conclude that GAIL's CSR activities are aligned with government requirement's. So, further study can be extended to some other companies to ascertain the expenditures in line with CSR provisions. In last, if all companion start taking, part actively, in various CSR activities, seriously, then it will take very less time for India to eradicate evils from the society.

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