

Companies must admit dishonesty and find a way out

IN 1947 we went through a traumatic partition based on misguided notions of statehood and religion. This time around, we could be heading towards a virtual division of the country along the fault lines of myopic development economics. The India-Bharat, ruralurban, rich-poor divide has now assumed alarming proportions, threatening to create two mutually exclusive Indias – one India dominated by a group wielding power, money, access to resources and opportunities; and another India of marginalised and poor, used cynically for electoral gains. It is relevant to ask the question whether corporates are abetting this divisive slide, are they part of the problem?

Corporate India's role has to be assessed in the context of the liberalisation process that has happened in the last two decades. I believe that liberalisation has done a world of good to India. It pulled out India from the morass of stagnation, galvanised our tired economic system burdened with socialist rhetoric and governmentbureaucracy control of industrial licensing. It released our spirit of enterprise, brought to the fore a new generation of entrepreneurs. Shaking off the fetters of the past, we were able to accelerate our gdp growth and emerge as one of the fastest growing economies of the world. The robustness of our systems and



Illustration: Mayanglambam Dinesh

processes were tested at the time of the global economic downturn of 2008. When the economies of developed nations were plunged into chaos and uncertainty, it appeared as if we could set a benchmark for stable growth that others could emulate.

But then we had the depressing revelations of scams and mind boggling corruption. Like an unending television serial this sordid saga of greed and grab continues to haunt public imagination. Suddenly, the powerful and moneyed India is under the spotlights and it is a not a pretty sight. Politicians, bureaucrats, lobbyists and corporate chiefs are seen to work in tandem to plunge India into this sorry state of affairs. More importantly, it is threatening to turn us into either hardened cynics or angry and self righteous crusaders offering simplistic solutions.

As liberalisation began the process of dismantling the License Raj, we had expected corruption to go down. In many areas it did. The surge in economic activity that we saw in the last two decades was a direct outcome of freeing our economy from controls that bred corruption. But today we realise that the discretionary powers of the government, the opening up of new areas of economic activity (such as telecom and mining) and corporate profiteering have increased the scale of corruption. The unhealthy nexus between some greedy politicians and a few corporates has now pushed the agenda of 'growth at any cost' to the national forefront. For those who chant this mantra, concerns about the poor and the displaced, environmental degradation and growing income disparities are irritants to be brushed aside. Short term gains of the here and now are all they care about.

Significant sections of the media also don't want to interrupt this jolly ride that is ignoring the growing despair and anger of the other India. They constantly update the list of billionaires and applaud them, never once questioning the source of wealth. Inquisitions and postmortems happen only after the news of the latest scam breaks at prime time. The wealthy and the powerful are indeed comfortably settled in their comfortable bubbles. They have become insular and forgetting they are trustees of wealth they are busy creating spectacles of conspicuous consumption. Our media dutifully mirrors these and we are periodically bombarded with magical tales of 'Brand India' and 'The Latest Superpower'. Creating a feel good sentiment for the stock market to ride on seems to be the central purpose of economic activity these days. Here, it is the corporate-media nexus that is inflating this bubble of brand valuations and market capitalisations. The balloons can only be inflated to a certain level before they burst.

Obsessed with gdp numbers and quarterly profits, we are losing sight of the pressing and basic needs of the marginalised India. Already, there is an upsurge of anger and it is fuelling extremist movements in many parts of the country. It would be naive and foolish to expect that the poor would patiently suffer the indignities and deprivations that they are subjected to, day after day in this Shining India where they have no role and no voice.

Companies can and should do more to improve social conditions. They should go beyond simplistic concepts of corporate social responsibility (csr) that are often used for brand building. Business for social responsibility, a global organisation that helps member companies to make csr an integral part of their business operations, defines it in broader and more humane terms as 'achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment.' Such a definition brings companies closer to the domain of human rights, as the element of respect is the bedrock on which the edifice of human rights is built.

However, in the frantic rush to attain targets and chase growth numbers, instead of promoting and nurturing rights, the agencies responsible for development including companies often disregard the rights of communities and sometimes even flagrantly violate them. Though several companies have drafted policies regarding safety, codes of conduct and corporate governance practices –necessary prerequisites for a humane eco-system of rights – practices often run against such finely formulated guidelines. Thus, we have industrial accidents of the magnitude of a Union Carbide, or corporate frauds of the Enron kind and many of our home-grown variety.

Today, in the name of development there are companies aiming to expand their operations at the cost of human rights of groups of people, who often are the vulnerable sections of our public. We have laws to protect the tribals. The law clearly states that no forest land can be acquired for any development activity without the consent of the tribals. But greed sets aside

all other considerations and we see the rights of forest dwellers ignored and the law of the land violated.

Regulatory frameworks and governmental vigil certainly help to rein in errant companies. Tough laws and impartial enforcement backed by punitive measures, to an extent, can avoid such breakdowns of systems and processes. However, legal enforcement can only single out and maybe avoid serious acts of commission, where wrong doing and illegal acts are discouraged and punished.

Given the strong entrepreneurial nature of the Indian public, our capacity to work hard and the humane vision our constitution has established as the foundation of our statehood, I believe we can ensure equitable growth where all sections of the public are cared for by creating opportunities and through better distribution of wealth. For that, as a first step, it is imperative that we tackle corruption head on to plug the leakages of national wealth. It is time for the government and corporates to sit together and take a hard look at the conditions and contexts that breed corruption. Asking their members to sign a declaration saying they will henceforth be honest, as ficci and cii have done recently, is not going to change anything. This futile Boy Scout's promise is almost next to impossible to implement.

Corruption has spread to all the areas and most corporates would find it impossible not to indulge in some form of corruption. It is unfortunate that in taking advantage of this situation, a few corporates have indulged in fraudulent and criminal activities, bringing down the credibility of the entire business establishment that has contributed so much to the creation of wealth in this country.

So, in their own interest, it is better for companies to honestly admit that we are all dishonest (in small or large measure) and sit with government departments to find out which are the areas where work is impossible to get done without bribing the government official. It is time both government and the corporate sector got serious about their intentions to check corruption and implemented measures that can work. The time for platitudes is long over.

The enormous resources that the corporates command – financial, managerial, technological – can really be channelised creatively to do good, to benefit larger numbers of people and to create a vibrant and progressive society. This process of harnessing corporate power for national good can begin only when we corporates turn the mirror on ourselves. It can help if, once in a while, we log out from our frantic upward journeys and turn our attention to the world around us. It may require that we move out of our bubbles and breathe again. I am sure that such a move would be a rewarding exercise for everyone concerned: corporates and for society at large.

Anu Aga is a director and former chair of Thermax Group.
letters@tehelka.com