

Boosting Economy with Politically Involved Corporate: A Case of Shine Garments Limited

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Abstract

Today, when many are debating whether Corporate Social Responsibility (CSR) should be a law or not, India stood the first as a country to have CSR legislation, mandating that companies give 2% of their net profits to charitable causes. This is a case that deals with a unique strategy revolving around the concept of CSR and its dramatic developments in India. The case is focusing on Shine Garments Limited and their CSR strategy that evolved from the existent red-tapeism practised by the panchayat (local body) administration. It was noted that the Panchayat was incompetent in bringing appropriate developments including water supply and electricity to the village. The initiative of Shine Garments Limited have gathered representatives from different fields and disciplines to form an NGO, under the name Twenty 20, during the year 2013. Not only that Shine Garments Limited has taken the initiative to form an NGO, but also they took the lead for participating in the local body elections to secure 90% of the seats under 'independent' banner. The CSR initiative that the company had adapted was branded under Total Responsibility Program and is regarded as first instance in the nation where a company to have a control over the local administration. The program was successfully implemented during the year 2013 and the village is earning different benefits under the Total

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Responsibility Program of Shine Garments Limited. The case study will assess the benefits produced through the Corporate Social Responsibility strategy - for the society and for the company. It is important to assess whether the case is replicable in similar scenarios. Since 2013, the program has passed through 3 long years and it could mark significant changes in the society and its developments. The case will also assess the current state of the program.

Keywords: Corporate social responsibility, Total responsibility program, Local body elections, Village development initiatives.

Pedagogical Objectives

- Aimed at spreading light to the possible arenas of corporate social responsibilities in local body governance and societal developments.
- Focused at understanding the prospects, challenges, achievements, and drawbacks of total responsibility program, which is tagged under corporate responsibility by Shine Garments Limited.

Case Positioning and Setting

Corporate Social Responsibility deals with organizational values and their approaches to merge-in with its society by taking the responsibility of total development. This case being focusing on corporate social responsibility, it is best positioned under the academic discipline of strategic management. However, today many universities and academicians consider Corporate Social Responsibility and Ethics as a discipline by itself. Corporate social responsibility having direct links with human resource management and public relations, it act as a bridge between the two major disciplines under Business – Human Resource Management and Marketing Management. In short, the case can be positioned as a case of corporate social responsibility, which in fact is considered a discipline itself.

BOOSTING ECONOMY WITH POLITICALLY INVOLVED CORPORATE: A CASE OF SHINE GARMENTS LIMITED

In 2015, one of the major business entities had a quiet entry to the arena of Indian politics. As reported in the Hindu Businessline (2016), *for the first time in India, as claimed, an apolitical outfit launched by a corporate house swept the gram panchayat elections, securing 17 out of the 19 seats on the village council.* The action was the part of the organization's corporate social responsibility to support the local development and to earn a collaborative growth.

About The Organization

Part of renowned Henna-Shine group of companies, Shine Garments Limited is one of the largest employers in private sector. The company is located at Kumargunj, a village near to a city in India. Established in the year 1991, the company has well-established global connections and distributes its products to renowned conglomerates in America and Europe. Currently, Shine Garments Limited is the second largest producer of children's apparel in the world. Kumargunj village, the primary recipients of Shine Garments Limited's corporate social responsibility strategy, is a suburban with green hillocks, fertile farmlands, and contemporary-style houses. This village is an abode for almost 30,000 residents, the establishments of Henna-Shine Group of Companies, and other similar initiatives.

THE BACKGROUND

CSR POLICY:

Ministry of Corporate Affairs has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CRS Rules) which has come into effect from 1 April 2014. Applicability: Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Further as

per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.

CSR Committee and Policy: Every qualifying company requires spending of at least 2% of its average net profit for the immediately preceding 3 financial years on CSR activities. Further, the qualifying company will be required to constitute a committee (CSR Committee) of the Board of Directors (Board) consisting of 3 or more directors. The CSR Committee shall formulate and recommend to the Board, a policy which shall indicate the activities to be undertaken (CSR Policy); recommend the amount of expenditure to be incurred on the activities referred and monitor the CSR Policy of the company. The Board shall take into account the recommendations made by the CSR Committee and approve the CSR Policy of the company.

Definition of the term CSR: The term CSR has been defined under the CSR Rules which includes but is not limited to:

Projects or programs relating to activities specified in the Schedule; or Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR policy subject to the condition that such policy covers subjects enumerated in the Schedule.

CSR at SHINE:

Shine Garments Limited, which was established in the year 1991 didn't have a very smooth operations in Kumargunj, despite its business success. Even after fulfilling all necessary criteria, the company was denied a permanent license by the Kumargunj Grama Panchayat. In spite of several pleads and official requests, the local body administrators refused to sanction the required permanent license for the company.

Denial is not a reason to run the Panchayat, it was a decision to serve and grow with the society where organization is located. Factory took over the panchayat after 20 years of establishment.

Continuous denial of permanent license led to the company's decision in launching a charitable investment under the aegis of Twenty20. Charitable investment is a concept of giving and not as a part of obligatory sharing. Twenty20 had invested over Rs. 40 crores in the last three years to bring in notable development in the panchayat. It was the beginning of a journey that emerged Kumargunj Twenty20 as a credible alternative to the entrenched political parties in the local area.

The Twenty20 project has upgraded a whole lot of civic amenities ranging from drinking water to roads and road services in the village. Surprisingly, Kumargunj Grama Panchayat (Local Body Administration) made only a total spending of Rs. 22.4 crores during their last four years of administration which was only half of the amount spend by the Twenty20 project in 3 years.

Twenty20 project did not have a smooth run to emerge as an alternative to the super-powered political parties of the Grama Panchayat. There were criticisms and harsh words against the idea of Shine Garments Limited. Political parties used media to spread severe criticisms to bring the idea of a corporate body to participate in civic body elections. There were also negative reviews and unwelcoming comments from other corporate units from the state. Some of the comments even described the situation as a business tactic to cover up the faults in Shine Garments Limited's inadequate and inappropriate waste management system.

More About Twenty20 Project

Twenty20 project was invented and innovated as part of the Total Responsibility Program of Shine Garments Limited. The project was based on a well-thought process and a well-planned activity. The project was initiated to bring developments to the Kumargunj Grama Panchayat as a whole. It was a corporate social responsibility initiative that included the entire village in its growth and development plans. The project aimed to get public support and cooperation to bring in the best possible facilities and services to ignite and sustain developments. The project that is registered as a charitable initiative was officially inaugurated on 19th January, 2013. Since then, the developments brought to the village

through this project is unmatched to any other initiatives by the usual political parties across the nation. During a short span of operations, the initiative brought basic amenities and needed services to the village, which are accessible by all classes of people.

Achievements of Twent20 project

The project earned applause through its development initiatives and some of these initiatives include,

a. Housing development activities

Kumargunj village, which is like any other normal Indian villages, has families those suffer their lives in shabby huts and even on roadsides. Under this scheme of housing development, twenty20 is envisaging a village with proper houses for all by the year 2020.

b. Drinking water facilities

There is no life that sustains without water. Accessibility to drinking water is becoming a serious question in most parts of the country. Since its introduction, twenty20 initiative could bring 19 different drinking water schemes to solve the drinking water problems of over 1300 families permanently. Twenty20 is eyeing to irradiate the problem completely from the village.

c. Healthcare facilities

Health is wealth and the twenty20 initiative knows it very well. The project took actions for making the government hospitals in the village to operate efficiently with proficient healthcare team. The project also unleashed many healthcare camps that could improve the living standards of the villagers.

d. Farming initiative

The project was successful in converting barren lands of 2232 acres into farming