CHAPTER I

1. INTRODUCTION

“*The wealth that one creates has to be ploughed back for the benefit of society*”.

Mahatma Gandhi

Corporate social responsibility (CSR) is a concept which suggests that commercial corporations must fulfill their duty of providing care to the society. CSR is important because it represents nothing less than an attempt to define the future of our society¹. The concept of social responsibility among businessmen, particularly in India, is not new and can be easily seen in the form of magnificent temples, high mosques, large dharmshalas and great educational institutions². The term Corporate Social Responsibility is inaccurate and its function differs. Corporate Social Responsibility can not only be refer to the compliance of labour, human right standards and social security arrangements, but also to the struggle against climate change, sustainable management of natural resources and consumer protection. At the same time the liability of the corporations with reference to Mass tort litigation and role of CSR is a pertinent question? "Mass Torts"³ can be put in plain words as ‘such activity of the defendant, the harm caused by which is wide and a large number or sector of society gets affected simultaneously. A mass tort is a civil action involving numerous plaintiffs against one or a few corporate defendants in state or federal court. As the name implies a mass tort may include many plaintiffs and law firms have used mass media to reach possible plaintiffs.

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³ A *tort* is a civil (as opposed to a *criminal*) wrong committed by one person that results in injury to another person. (A corporation is considered a legal “person.”) The person who commits the tort is legally responsible (or, *liable*) for the harm suffered by the victim. The victim, if he or she sues, becomes a *plaintiff*. The party sued is the *defendant*. The plaintiff typically sues the defendant to recover damages (monetary compensation for the plaintiff’s injury). A *mass tort* is a single tort that results in injury to *many victims*, and therefore involves numerous plaintiffs suing one defendant (or several defendants) who acted negligently. In most mass tort cases, the various individual plaintiffs must be suing based on harms caused by a single common product. Two of the most frequent mass tort claims are:

- **Consumer product claims**: Many plaintiffs might sue together seeking compensation for injuries (or even deaths) caused by dangerous products; and
- **Pharmaceutical claims**: Unfortunately, even medical products such as drugs—prescribed by a doctor and over-the-counter—intended to help you can be dangerous or deadly.

When a large group of plaintiffs want to sue a common defendant in a single lawsuit, the plaintiffs’ lawyer must ask the court for permission to file a *mass tort action*. 
Mass torts may include mass disaster torts, mass toxic or noxious torts and product liability torts. Researcher will be mainly dealing with noxious torts. A noxious tort results from consequence of wrongful act which consists of exposure to a deadly substance. There are various ways in which such tort can happen, it can be via oil spill, explosion, solvent fumes or asbestos or harmful effects of medications or adverse effect of consumer products in the market. Researcher is of the view that the cases of mass torts are somewhat different from those situations when only one or two persons are harmed. A multinational company has a primarily and absolute duty to the persons and country in which it has in any manners caused to be undertaken any ultra-perilous or inherently dangerous activity to be conducted with the highest standards of safety and to provide all necessary information and warning regarding the activity involved. History of Mass tort litigation often produces arbitrary results; it fails to deliver the right compensation to the right victims when it is most needed; it misallocates risk among consumers, corporations, and governments; it generates unconscionable; and it does not achieve corrective justice.

Industrialization is important for the development of Nation. It reflects the prosperity of a country. Today if we try to define the prosperity of the country, it is said that if industrialization is active in a country then in that case the country is prosperous. Today there is a demand from the customers, employer, suppliers, community groups and government to the corporations to invest in CSR. It is because of the serious issues like global warming, corporate liability and tortuous liability of corporate bodies. As industries are growing faster the demand for CSR has also increased. Many companies have taken steps to increase their CSR budget; hence there is a competition in the number of companies to continuously work on CSR. Some companies or corporations are of the view that investing in CSR will adversely affect their intention to maximize profit. But incidents such as Bhopal Gas Tragedy, Thalidomide Tragedy and nuclear disasters set the dire need of companies to avail the responsibility towards the society via CSR efforts to mitigate the possibility of any tragedies.

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1.1 DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

"Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

Corporate social responsibility (CSR) can be defined as the "economic, legal, ethical, and discretionary expectations that society has of organizations at any given point of time." Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive, social and environmental change.

The above discussed definitions brings out responsibilities of Corporations in relation to society i.e

1. Improving Welfare of the Society.
2. Today CSR is beyond the Social and Legal Responsibilities.
3. Challenges business to be accountable for the consequences of their action while pursuing economic goals.
4. It represents concern of business towards entire society and its constitution

Diagram to represent multi-dimensional approach of CSR

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7Carroll and Buchholtz “Corporate Social Responsibility” 2003, p. 36
1.1.1 ARGUMENTS IN FAVOUR OF CSR

a. CSR Enhances Brand Image and Reputation - Good brand image leads to customer loyalty, which cannot be established overnight. Customer loyalty is sometimes defined as ‘an act of bonding – intellectually or emotionally – to a course of action’. In the subsequent sections we shall see that emotional binding is one of the factors contributing to brand image and customer loyalty, and CSR is a tool for achieving that. There is a desperate need for marketers to realize the potential in positioning them as environment friendly corporate, as consumers expect it and corporate responsibility demands.\(^9\)

b. CSR Increases customer loyalty and Sales - This is perhaps the most non-controversial statement about CSR; s business benefits. While human beings are very selfish they, at the same time, exhibit the tendency of getting moved by an act of charity and always have a soft corner towards it. Consumers not only want safe products, but would also like to know that what they buy was produced in socially and environmentally friendly way and sometimes even willing to pay more for products that are produced in a socially and environmentally responsible manner. Loyalty is a combination of three crucial elements - Product or Service Quality, Price and Intellectual Emotional Bonding.\(^10\)

c. Business Must Show Appreciation towards Society - Without societies support, business could not have built its recourses base in the first place. Hence a corporation owes debt towards the society, which corporations should repay to the society.

d. CSR Increases ability to attract and retain employees - CSR creates a dedicated workforce – employees take pride in themselves and their company. It encourages a spirit of volunteerism and boosts morale, builds self-worth, and foster team spirit.

e. CSR leads to better Image in Society - It is the strategy of every business to build a better public Image. With better image in the society more customers, good employees will attract towards the corporation. Corporate contribution towards the society will help to build public image in the society.

\(^9\)Agarwal Sanjay “Corporate Social Responsibility in India” Sage publication, 2008 – p 36
\(^10\)Ibid
f. With CSR Social Cost get recovered - If any corporations do something for the society, it in turn builds a reputation in society at large. People rely on TATA Group because they understand the sensitivity of this group towards quality and society at large. If social cost is invested, it will surely come back with positive consumer response.

1.1.2 LEADING CORPORATION CONTRIBUTING TOWARDS CSR

a. TATA Group
Tata group is contributing towards Corporate Social Responsibility since 1970, when they changed their Memorandum of Association by inserting social activities for the welfare of the society. Tata Group have taken many steps to improve the quality of life by implementing number of programme like education, Training, health care, family planning, drinking water, irrigation, agriculture, rural industry etc. Tata Group has spent billions of rupees on social and moral responsibilities to the consumers, employee’s shareholder and society at large.

b. A V Birla Group
It is observed that AV Birla Group has been contributing to social activities from last 50 years. Group was dedicated to contribute towards poor, but later they realize that it is important to contribute to long term solution. Today AV Birla Group stated such social activity which includes education and training, health care; helping disabled people, widow remarriage and women empowerment. A V Group also undertakes scholarships to students of IIT’s, and IIM’s.

c. SAIL
SAIL recognizes that its business activities have direct and indirect impact on the society. The Company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders.

The Company is committed to continuously improving its social responsibilities, environment and economic practices to make positive impact on the society\(^\text{11}\).

Guiding Principles toward this commitment are to -

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\(^\text{11}\) Available at [http://www.sail.co.in/pdf/SAIL%20CSR%20brochure%20.pdf](http://www.sail.co.in/pdf/SAIL%20CSR%20brochure%20.pdf) browsed on 17\(^\text{th}\) December 2012 at 11.44 AM.
• Create a positive footprint within the society to make a meaningful difference in the lives of people by continually aligning its initiatives to the goals for sustainable development.
• Maintain commitment to quality, health and safety in every respect of the business and people.
• Undertake ethical business practices across the supply chain.
• Make positive impact on the environment and promote good environmental practices.
• Promote equality of opportunity and diversity of workforce throughout its business operations.

d. NTPC

NTPC has been a committed and socially responsible organization since its inception and has formulated specific guidelines for the welfare of Project Affected Persons (PAP's). It is one of the firsts in the corporate sector to formulate comprehensive resettlement and rehabilitation policy for addressing the issue of PAPs. NTPC's deep commitment to provide quality education systems and co-curricular activities to children of its employees and from neighboring areas is reflected in the 48 schools being currently run in NTPC power projects benefiting about 40,000 students12.

e. Bharath Petroleum Corporation Ltd.

Bharath Petroleum is a leading name in the Oil and Gas Sector in India. It has operations in many of the states. The policy of Corporate Social Responsibility taken up by the Corporation is in relation to the workers which work in the oil and gas mines. Arrangements are done for their upliftment and rise in the standard of living. Major interventions are in the area of health, education, awareness about the hazards of working in a mine, precautions for respiratory illness, availability of portable water. For this purpose Bharath Petroleum is in active partnerships with many Non-governmental organisations for the accomplishment of the tasks and the humanitarian work. Bharat Petroleum Corporation Limited has also adopted 37 villages as their responsibility to develop in all walks of life. It has made efforts to make them self-reliant, provided them

12 Available at http://www.ntpc.co.in/index.php?option=com_content&view=article&id=36&Itemid=90&lang=en browsed on 17th December 2012 at 11.50 AM.
fresh drinking water, sanitation facilities, medical facilities, vocational training and literacy camps.  

1.1.3 ARGUMENT AGAINST CSR

a. Sequentially relation of Profit and Responsibility

It is through profit, social responsibility comes. Hence before contributing towards the society corporations will have to make sure about the profit to meet the obligations. No corporation can take up social cause unless its cost is known and cost is well within range of its accumulated profit.

b. Responsibility cannot oversee compulsion

Businesses can be made socially responsible only to the extent of any contractual obligation. As the scope of the CSR is unpredictable that society and stakeholder try to relate at negative impacts on them. Businesses, therefore contradicts, and own only such responsibility that squarely relate to them.

c. Multi-faceted Ethical Issues

There is no uniformity as to the scope of Corporate Social Responsibility; it creates difficulty for corporations to understand the social concern, as ethical issues are complex.

d. Business is Business to do business

To be socially responsible cost is incurred, such cost does not benefit the business, and hence there is no reason to incur such cost. For Example:- Use of paper bags which are environmental friendly is costlier than the poly bags.

1.1.4 Examples

e. Mexico Gas Blast

It was only due to poor facilities towards environment, safety and society in November 1984, a liquidated gas tank exploded. Around 450 people died and 4200 were injured. Mexico Gas Blast has made the society to think about Corporate Social Responsibility.

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13 Conference paper – Emerging trends of corporate social responsibility, October 2011, SLS, NOIDA
14 Sunita “Politics, Ethics and social Responsibility of Business” Paragon Books, New Delhi, 205 p. 259
a. Tehri Hydro Project Corporation Limited

The world largest dam is located at tehri (Uttaranchal). To complete the project forest was removed about 50 km, there was earthquake measuring 7 rectors scale in 1990, resulting big landslide, shrinkage of gomukh glacier in himalayas, uneven rains and lack snowfall in hilly areas of north India. In August 2004 one of the tunnels has caved resulting in death of 50 workers.15

b. Silicon Valley Catastrophe

A Chemical name TCA was stored in underground tank to avoid fire and explosion. Life of container and their conditions were not checked, containers were leaked reported several cases of miscarriages, heart diseases in newly born. IBM confirmed such soil contamination and requested state agency to regulate water quality. Again the issue which surfaced was casual approach to safety, environment protection.

1.2 RATIONALE / NEED OF THE STUDY

Corporate Social Responsibility refers to corporations voluntarily assuming the responsibilities for the impacts of all aspects of their business activities on the whole society and the environment. The corporations, through Corporate Social Responsibility, try to help the society through developmental projects towards betterment of the standards of life. The practice of Corporate Social Responsibility is also not free from controversy and criticism. Hence, there is a need to understand the importance of CSR in corporations. In day to day life, we come across with the cases of mass torts. Leading examples can be, Alcock v. Chief Constable of South Yorkshire Police 16. In India, we can consider UCC v. Union of India.17 Fire and smoke at Uphaar Cinema, Stampede at Kumbh Mela, Patna Air Crash. Thalidomide tragedy, Carbonyl disaster etc are such cases in which the activity is dangerous or hazardous and a sizable number of people are prone to harm and also where the activity is prima facie harmless or recreational but people have assembled at the site on the invitation of the defendant.

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15 Sunita “Politics, Ethics and social Responsibility of Business” Paragon Books, New Delhi, 205 p. 268
16 (1991) 4 All ER 907
17 AIR 1989 (1) 296 1989 SCALE (1)380
The present study will evaluate and analyze role of CSR in mass torts in context with Drugs, Chemical and Nuclear Reactor Corporations with special reference to Bhopal Gas Tragedy, Thalidomide Tragedy and some cases related to Nuclear Damages.

Researcher evaluates and analyzes to find out the perceived importance and to know how such corporations can integrate CSR efforts to mitigate Mass Torts.

The Primary need of the study is to evaluate and analyze the role of CSR in Corporate sectors, with special reference to Drugs, Chemical and nuclear reactor corporations. The researcher also analyzes the inefficient corporate laws and role of judiciary related to Corporate Social Responsibility in India. The present CSR norms and practices are insufficient to tackle the aftermaths and long lasting repercussions on society generally and in health and environment specifically. At present there are voluntary guidelines issues by Ministry of Corporate Affairs and Company Law Bill 2012, which is pending; it provides about 2% allocation of profit share towards Corporate Social Responsibility. But today CSR is something which has more than monetary contribution. Hence, the researcher felt the need to study and analyze the various legal issues arising out of Corporate Social Responsibility and also the social responsibility in the Drugs, cosmetics, chemical and nuclear reactor industries with special reference to Bhopal Gas Tragedy, Thalidomide Tragedy and some important cases related to nuclear reactor corporations with special reference to NPCIL.

1.3 REVIEW OF LITERATURE

Corporate Social Responsibility (CSR) is one of the most reputation-enhancing tools and has blossomed as an idea with many companies adapting to this concept and big firms increasing willingness to be viewed as a good corporate citizens. The drive to a good reputation is ethics, which consist of four components: trustworthiness, ethical business practices, open and honest communication with the public and a good relationship with regulatory bodies (Resnick, 2002). Furthermore, the importance of being a good corporate citizen has been moved to a higher level in the corporate agenda, which marks a significant victory in the battles of ideas for charities, non-governmental

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organizations and other elements of so called civil society (Economist, 2005; and Tyrrell, 2006).  

However, the term CSR does not always mean the same thing (Coelho, 2003). Furthermore, it provides a very broad and vague definition that can be difficult to grasp since it means so many different things, and may provide a problem (Tyrrell, 2006). To some people, CSR can be describe as a business philosophy which stresses the need for firms to behave as good corporate citizens, not merely obeying the law but conducting their production and marketing activities in a manner which serves the community as a whole. However, according to Friedman’s paradigm, there is only one social responsibility for a corporation and that is to engage in activities designed to increase profits so long as it stays within the rules of game without deception or fraud (Coelho, 2003). Describing CSR as: “preaching pure and unadulterated socialism” (Tyrrell, 2006:44). Still, what does this hot buzz word CSR really mean?

According to Carroll (1999), CSR is a product of the 20th century and its history can chiefly be traced back to the 1950’s, when an era of scientific studies on the subject started. A large amount of formal writing has been made on the topic since then, and as authors and researchers have created their own image and idea about the concept, a plethora of definitions, descriptions, and explanations of what the concept entails, can be found. The debate regarding what responsibilities corporations actually have in today’s society has to a large extent coloured the definitions and discussion on the topic.

The origins of the first ethical model of corporate responsibility lie in the pioneering efforts of 19th century corporate philanthropists such as the Cadbury brothers in England and the Tata family in India. The pressure on Indian industrialists to demonstrate their commitment to social progress increased during the Independence movement, when Gandhi developed the notion of ‘trusteeship’, whereby the owners of property would voluntarily manage their wealth on behalf of the people.

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19Economist (2005b) “The Union of Concerned Executives – CSR as practised means many different things”, A survey of Corporate Social Responsibility, January 22-28; pg.6
This approach was encapsulated by the American economist Milton Friedman, who in 1958, challenged the very notion of corporate responsibility for anything other than the economic bottom line. “If our anything is certain to destroy free society, to undermine its very foundation, it would be a widespread acceptance by management of social responsibilities in some sense other than to make as much money as possible. This is a fundamentally subversive doctrine.” Friedman (1958)’ However, it was not until the 1990s that the idea of the stakeholder corporation gained prominence in business practice.

The essence of the stakeholder model was captured by David Wheeler and Maria Sillanpaa (formerly with The Body Shop) as follows. “The long term value of a company rests primarily on: knowledge, abilities and commitment of its employees; and its relationships with investors, customers and other stakeholders. Loyal relationships are increasingly dependent upon how a company is perceived to create ‘added value’ beyond the commercial transaction. Added value embraces issues like quality, service, care for people and the natural environment and integrity. It is our belief that the future of the development of loyal, inclusive stakeholder relationships will become one of the most important determinants of commercial viability and business successes.” Wheeler and Sillanpaa (1997)

Many companies in India are facing new pressures, not simply to comply with legislation, but also to meet the requirements of international and national business partners, for example, through codes of conduct related to labour and environmental standards in their operations as well as their supply chains. Indeed, there is a growing consensus throughout the world that companies need to go beyond their traditional ‘economic’ roles; the following analysis from the Centre for Development and Enterprise in South Africa demonstrates this aptly. “It is in the interests of the corporation the business sector as whole to become more self-conscious social actors. Both the individual firm and the voluntary business association need to think hard and strategically about their role in society, and their relationships with government and others. To do anything else is counterproductive.” Bernstein and Berger (2000) For example, a 20-country public opinion survey on corporate social responsibility carried out by the Toronto-based Environics International in July 2001 concluded that India ranks last in terms of the level of social responsibility demanded from companies (Environics International 2001).
In order to gain a better understanding of the actual perceptions of key players in the corporate responsibility debate in India, TERI-Europe conducted a snapshot poll in August–September 2001. The poll focused on four dimensions of corporate responsibility, namely worker health and safety, community relations, environmental sustainability, and accountability to stakeholders. The key findings of the poll are described in the following section and will be used to guide more in-depth work by TERI-Europe and its partners to better understand attitudes and practices and develop targeted training workshops for stakeholder groups.

It is an undisputed fact that the term corporate social responsibility is nowhere defined in a perfect manner in any of the lexicons. Few people tried propounding a complete definition however, none succeeded. Till date such a definition has not been coined this clearly depicts every dimension of this Term. McWilliams & Siegel (2001) define CSR as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” and similarly Carroll’s (1991) tried propounding a model of “Pyramid of Corporate Social Responsibility” taking philanthropic requirements as grounds. The term is often used synonymously for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organisation’s performance against economic, social and environmental parameters. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. Corporate social responsibility (CSR) has variously been described as a ‘motherhood issue’ (Ryan 2002, p. 302) ‘the hot business issue of the noughties’ (Blyth 2005, p. 30) and ‘the talk of the town in corporate circles these days’ (Mees & Bonham 2004). There seems to be an infinite number of definitions of CSR, ranging from the simplistic to the complex, and a range of associated terms and ideas (some used interchangeably),

25 Supra fn 3
26 A.B. Carroll, "In Search of the Moral Manager," Business Horizons, March-April 1987, pp. 7-15
28 K. Davis, "Can Business Afford to Ignore its Social Responsibilities?" California Management Review. 2. 3 (1960): 70-76
30 Shalini S., Pawan Kumar, Taneja and Rajen K. Gupta, Researches in Corporate Social Responsibility: A Review of Shifting Focus, Paradigms, and Methodologies, journal of Business Ethics
31 Supra fn 9
32 Mees Adine & Bonham Jamie (2004), canadian HR Reporter, Vol 17(7)
including 'corporate sustainability, corporate citizenship, corporate social investment, the triple bottom line, socially responsible investment, business sustainability and corporate governance' (Prime Minister's Community Business Partnership). It has been suggested that 'some...researchers...distort the definition of corporate social responsibility or performance so much that the concept becomes morally vacuous, conceptually meaningless, and utterly unrecognizable' (Orlitzky 2005); or CSR may be regarded as 'the panacea which will solve the global poverty gap, social exclusion and environmental degradation' (Van Marrewijk 2003).

Many companies in India start CSR programs as a response to dissatisfaction with the prevailing social order and an urge to improve it. It is often the case that CSR programs emerge out of the founders' desires to create alternatives which challenge existing models, and their corporate practices are shaped by their underlying deontological views about social reality. The motivation for socially responsible activities of companies often comes from the leadership and orientation of top management (Sood and Arora 2006).

Alternatives to existing order can be put into three categories: alternatives to the state, alternative to the community and alternatives to the market. (Schwabenland 2006) In India, alternatives to the state and alternative to community seem to be prevailing, while market alternatives are less noticeable. This point is reiterated in a speech by the then President of India, Pratibha Devisingh Patil, at the presentation of the Lucknow National Leadership Awards in New Delhi, February 2008: “.....Most importantly, Indian companies should fulfill their duty towards those who have less, those who are disadvantaged and those who have been inadvertently left behind in the race for development.

Corporate entities cannot for long remain aloof from the society in which they operate. They need to set up mechanisms to ensure that they give back to society by transforming the quality of life around them.

It is only when you give back, in the form of educational institutions, healthcare, social service or environmental protection that you have shown visionary leadership and also have truly earned the real profit, which is the goodwill of society...” Such deontological

rationales in promoting CSR activities don’t seem similar to the ones found in the following remark by Gordon Brown, Former Prime Minister of the U.K.

**Andriof and McIntosh (2001)**[^35] argue that the foundation of corporate CSR consists of four specific areas:

- The environment
- The workplace
- The community
- The marketplace

According to **Andriof and McIntosh (2001)**, corporations can take responsibility by developing programs, monitor, and change the effects of their operations within each specific area. Thus, socially responsible corporations step up to their obligations regarding these areas and try to improve the conditions and behave appropriately. **Deresky (2003)**[^36] states that the impact that corporate decisions have on issues such as poverty, lack of equal opportunities, the environment, consumer concerns, employee safety and well-fare are the most quoted in the literature regarding CSR in MNCs.

As stated earlier, a corporate code of conduct is “a statement setting down corporate policies, ethics, rules of conduct, and codes of practice or company philosophy concerning responsibility to employees, shareholders, consumers, the environment or any other aspects of society external to the company” (**Schlegelmilch & Houston, 1989, p. 11**).[^37]

Some corporations consider codes of conduct to be a business idea and others a constraint on profit (**Brytting, 1997**). **Weaver (1993)**[^38] highlights that national culture, organisational size, and industry environment influence the use of codes and research indicates that national culture as well as political environment can have an effect on the use of codes. Furthermore, larger corporations are subjected to more public scrutiny and often operate in more diverse environments than smaller ones, and are therefore more likely to have codes. Some research also shows that the industry environment might be related to use of codes. For example non-regulated industries may use codes as a

[^38]: Weaver, G.R. (1993), *Corporate Codes of Ethics: purpose, process and content issues*. Business and society. 32.
supplement for regulation. **(The Global Compact)** The Global Compact is probably one of the most prominent international codes due to the wide international reach that the United Nations (UN) represents, both in developed and developing countries **(Kapstein, 2001).** The nine principles of the Global Compact are derived from the UN’s Universal Declaration of Human Rights, the International Labour Organization’s Fundamental Principles on Rights at Work, as well as the Rio Principles on Environment and Development **(Bhagwati, 2001; Kapstein, 2001; the UN, 2002).** Through the Global Compact, the UN asks companies to act according to the principles when conducting business, however the co-operation is voluntary and failure to live up to the principles will not be formally punished. Nevertheless, participants are obliged to create a clear statement that supports the nine principles and explicitly promote the Global Compact. **(The UN, 2002)** This can be done by:

- Informing employees, shareholders, customers, and suppliers.
- Integrating the Global Compact and the nine principles into corporate development and training programs.
- Incorporating the Global Compact principles into the company’s mission statement.
- Including the Global Compact commitment in the company’s annual report and other public documents.
- Issue press releases to make the commitment public.

**Legal Responsibility**

In the legal responsibility, business operates by the laws and regulations created by the government that work as a social contract between the business and the society, hence pursuing the economic mission within the framework of the law **(Carroll, 1991).**

**Economic Responsibility**

A business organization are described as economic entities that provide goods and services that satisfy consumers’ needs and wants in order to make an acceptable profit.

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In other words, the corporation is solely satisfying consumers’ needs and wants to maximize profit and all other business responsibilities are hence predictable upon the economic responsibility of the firm (Carroll, 1991).

**Ethical Responsibility**

Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are either expected or prohibited by societal members even though they are not codified into law. Ethical responsibilities embody those standards, norms and expectations that reflect a concern for what consumers, employees, shareholders and the community regard as fair, respectful and a protection of stakeholders’ moral rights (Carroll, 1991).

**Philanthropic Responsibility**

Philanthropy encompasses those corporate actions that are in response to society’s expectation of that businesses are good corporate citizens. This includes actively engaging in acts or programs to promote human welfare or goodwill. The distinguishing feature between philanthropic and ethical responsibilities is that the former are not expected in an ethical or moral sense: It is a corporation voluntarily wanting to pursue social responsibility and being a good citizen in the community (Carroll, 1991).

It is an undisputed fact that the term Corporate social responsibility is nowhere defined in a perfect manner in any of the lexicons. Few people tried propounding a complete definition however, none succeeded. Till date such a definition has not been coined this clearly depicts every dimension of this Term. McWilliams & Siegel (2001) define CSR as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”

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45Supra fn 3
According to popular belief there are three key drivers for CSR, they are:

Enlightened self-interest - creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labour and communities are able to function well together.

Social investment - contributing to physical infrastructure and social capital is increasingly seen as a necessary part of doing business.

Transparency and trust - business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas. Increased public expectations of business - globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.

Today Protection of Environment has been a deep concern for every organisation that subsists in India. If we look at society from a historical perspective, we realize that protection and preservation of the environment has been integral to the cultural and religious ethos of most human communities. Nature has been venerated by ancient Hindus, Greeks, Native Americans and other religions around the world. They worshipped all forms of nature believing that it emanated the spirit of God. When something as inherently dangerous as a nuclear power plant is set up the concern multiplies. McWilliams & Siegel (2001) define CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" and similarly Carroll’s (1991) tried propounding a model of ‘Pyramid of Corporate Social Responsibility’ taking philanthropic requirements as grounds. The term is often used synonymously for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organisation’s performance against economic, social and environmental

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46 Arcot, Sridhar, Bruno, Valentina and Antoine Faure-Grimaud, "Corporate Governance in the U.K.: is the comply-or-explain working?" (December 2005)  
48 Supra fn 3  
49 A.B. Carroll, "In Search of the Moral Manager," Business Horizons, March-April 1987,pp. 7-15  
51 K. Davis, ’Can Business Afford to Ignore its Social Responsibilities?’ California Management Review. 2. 3 (1960): 70-76
parameters. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities\textsuperscript{52}.

There are several dimensions of CSR that have not been recognised till date and contribution of Nuclear power Corporation in India has somehow been ignored. Therefore the availability of literature in this regard suffers. For the purpose of this research an extensive review of newsletter, reports, interviews and online debates has been done this gives a very narrow shape to the research and helps the researcher to propound principles for rectification for the issue that have not been dealt at length.

1.4 PURPOSE / OBJECT OF THE STUDY

The broader objective of this study is to gain a better understanding and to evaluate the involvement of CSR in Drugs, Chemicals and Nuclear related industries.

Following are the specific objectives of this study -

- To study the important cases relating to the above industries in light of implementation of CSR.
- To know the concept of CSR being implemented in the corporations and how do these corporations can integrate CSR in their operations.
- To analyse and evaluate the role of CSR in Bhopal Gas Tragedy and Thalidomide Tragedy and some cases related to Nuclear Industries and recent developments related to nuclear industries in India.
- To evaluate legal mechanism/policies intended at making CSR mandatory in corporations.

1.5 RESEARCH QUESTION OF THE STUDY

Corporate social responsibility (CSR) is the deliberate inclusion of public interest into corporate decisions. CSR refers that organizations consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers and shareholders, conditions and quality of life of employees and the communities surrounding the plants, future generations and environmental impacts, legal compliance, support and system, social and economic crises management. So, it is essentially a

matter of corporate legal regime present and practiced in India. The aim of this work is to evaluate and analyse the role of CSR in Drug, Chemical and Nuclear reactor Corporations.

On the basis of the literature reviewed on the subject, there arises the following research questions on which the present research work would be undertaken.

1.5.1 RESEARCH QUESTION

- Whether the existing CSR norms adequately deal with mass tort committed by Drugs, Chemicals and Nuclear reactor Corporations?
- How can Drugs, Chemical and Nuclear Corporations integrate their CSR efforts to mitigate Mass Torts?

1.6 SCOPE OF THE STUDY

There is no comprehensive law governing Corporate Social Responsibility in India. There are only the guidelines issued by Ministry of Corporate Affairs regulating CSR, but such guidelines are legally non-mandatory. They are not clear on issues like what are the challenges? At the same time there is a need to find out the importance of CSR in some areas in the light of implementation of CSR Norms. Thus it gives scope for research to come up with the suggestions by studying the various legislations regulating CSR in India and other countries the researcher will also analyse and evaluate the Cases related to Drugs, chemicals and nuclear corporations. The researcher will also examine some factors involved in CSR such as moral and ethical issues governing CSR.

1.7 METHODOLOGY

The study undertaken is a doctrinal research, in which the evaluation and the analysis are based on the major premise i.e. books and the minor premise i.e. law journals, research papers, encyclopedias and e-sources. Therefore, all the data collection will have its base from textbooks, law journals, case laws, research papers and e-journals and eventually to navigate the conclusion and suggestions on the aforesaid study.
1.8 TOOLS FOR THE RESEARCH

In the present research, various tools both primary and secondary i.e. text books, judgments, articles, journals, e-sources, newspapers and periodicals will be used to aid and study the subject in all dimensions.

1.9 LIMITATION OF RESEARCH

Within the time frame given and the available resources, certain limitations which are visible in the course of the research are given below;

1. It was not possible to refer to each and every book, articles and judgments pertaining to Corporate Social Responsibility because of time constraint and availability of the resources.

2. Due to time constraint in depth comparative analysis of the statues of all the countries that have legalised Corporate Social Responsibility was not possible.

1.10 SCHEME OF STUDY

The research study is presented in six chapters.

The first chapter deals with research guidelines which will help into the better understanding of the subsequent chapters. It contains the introduction and the framework of the study i.e. need for the study, review of literature, objectives of the study, research question, methodology, scope and limitations of the study

The second chapter analyses and evaluates the role of CSR in Bhopal Gas Tragedy a Chemical Disaster. This chapter also discuss about various legislative as well as judicial responses related to Bhopal Gas Tragedy and how CSR would be tool to mitigate such mass disaster.

The third chapter analyses significance of CSR in pharmaceutical Industries with special reference to the Thalidomide Tragedy. This chapter gives an idea that how pharmaceutical industries can integrate their CSR efforts for the welfare of the society. Chapter also discusses about national and international norms of a Pharmaceutical Industries.
The **Fourth chapter** analyses the importance of nuclear power and how nuclear corporations can incorporate CSR to mitigate mass disaster. Chapter four also discusses about some cases in relation to Nuclear disaster further a study of NPCIL and its CSR efforts are analyzed to bring out the importance of CSR in Nuclear Corporations.

The **fifth chapter** deals with international perspective of CSR. This chapter gives an idea about the role and importance of CSR at international level. How other developed and developing countries consider CSR as mandatory or voluntary tool, is discussed in this chapter.

The **final chapter** provides conclusion and suggestions. Conclusion is drawn on the basis of discussions made in the previous chapters and suggestions are mooted to combat the situation and analyses the need to regulate Corporate Social Responsibility in India

The **bibliography** contains an array of books, journals, articles and information from print media.

The **webliography** contains all the internet sites that have been accessed in the course of the research.

Thus, the overall study of the scheme of the chapters shows that a proper flow is maintained throughout the research and proper linkage between the chapters is being provided for the better understanding of the research. In the following chapter the researcher has explored the Bhopal Disaster and has analysed the issues surrounding it to find out, how the chemical industries can integrate CSR efforts to mitigate such disaster.