



Lecture Namit Agarwal, marking 40 years Arisa

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It's a great honour to speak here today. Especially when I look back at the history of an organisation that started before I was even born.

I am going to present my reflections of the last 40 years from the perspective of how the political economy of India changed and what were some of the key highlights from a people-business point of view. Before I do that, let me set the context to India's responsible business trajectory.

In India, the concept of responsible business conduct resembles the Gandhian principle of Trusteeship. During India's independence struggle, Gandhi introduced the concept of Trusteeship as an economic construct for protection of human dignity rather than mere material prosperity. Under the Trusteeship principle, businesses are considered custodians of societal wealth. Businesses as trustees, must act in the best interest of the society. Much like the concept of stakeholder capitalism, Trusteeship prioritizes business responsibility towards stakeholders over that towards the shareholders.

India's Commitment to Human Rights

The fundamental rights and freedoms enshrined in the Indian Constitution provide a robust constitutional framework to locate the responsibilities and obligations of business enterprises. Right to Equality prohibits discrimination on grounds of religion, race, caste, sex, or place of birth. Right against Exploitation prohibits forced and child labour.

The Constitution also includes provisions for just and humane working conditions, maternity relief, living wages, participation of workers in managing industries, affirmative action, and environment protection.

India is signatory to several international treaties and conventions with many exceptions such as the International Convention on the Protection of the Rights of All Migrant Workers and Their Families, Collective Bargaining Convention (1981), Occupational Safety and Health (1981), etc.

Timeline of 4 Decades

In context of Arisa's four decades, let us look at the key socio-economic moments of each decade with an emphasis on business impact on society and its conflict. In the first decade, the Bhopal Gas Tragedy took place where several thousand people died and over half-a-million were exposed to a gas leak at the Union Carbide plant (now owned by Dow Chemicals). The victims' families are waiting for justice and remedy till date after 37 years.

The Narmada Bachao Andolan also started in this decade to protest the impact of a World Bank funded Sardar Sarovar dam on the lives and livelihoods of villagers. The struggle continues.

In the second decade, economic reforms began with India's drive for economic liberalisation. The third decade saw the rise of the information technology sector and related services.

While the economic liberalisation and the reforms created hope of overall prosperity, the benefits were distributed rather unequally. Liberalisation led to better linkages of Indian businesses to global value chains and the beginning of supply chain due diligence and accountability. Civil society cooperation on supply chain accountability in the textile sector has perhaps been the most significant.



It has not been easy or straightforward, but a lot of what now is considered a norm standard in the textile sector in terms of occupational health and safety, working conditions and workers' rights is due to the tireless work of many people and organisations, such as ICN and her partners, in that decade. Despite the controversies, India's textile sector is much more sustainable and compliant to international standards because of the efforts of organisations such as Arisa and her partners.

Before the COVID-19 pandemic, India was one of the fastest growing economies in the world. India's annual gross domestic product (GDP) growth rate for the last decade has been over 6 percent on an average. India added thirty-four new billionaires in 2019, making India third on the global list of ultra-rich persons. However, this is in contrast with high levels of economic inequality, environment degradation, high unemployment, and rising dissent. Discrimination and exploitation on the basis of caste, sex, religion are still prevalent. In 2019, the richest one percent in India owned more than four times the wealth of the bottom 70 percent of the country's population.

The COVID-19 pandemic has exposed this broken system. For many people in India the images of migrant workers walking from cities to villages were a revelation of their existence and significance in their lives.

The fourth decade also witnessed policy actions in the area of responsible business conduct in line with the UNGPs, and the OECD Guidelines for Multi National Enterprises.

Policy Actions

In this decade, India has taken several policy actions to strengthen the transparency, and accountability of businesses towards societal and environmental impacts. In 2011, the Indian government introduced National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business. The NVGs, for the first time, provided a government framework on business responsibility.

Policy actions on strengthening company disclosures on environment, social and governance factors has led to increased awareness with large companies to a great extent. Corporate disclosures are a very significant first step towards accountability and positive impact. However, disclosures alone do not translate into impact.

An assessment of the disclosures of top one hundred companies listed on the Bombay Stock Exchange between 2014 – 2016 finds shortcomings in disclosure quality and consistency. On one hand, a trend of increasing disclosures was observed on issues such as non-discrimination and corporate social responsibility. On the other hand, not much change in disclosures was observed on issues such as stakeholder engagement and transparency in supply chains.

Ground Realities

The Indian economy is predominantly informal with over 90 percent employment in the informal sector. A significantly large part of business impact on society and environment is therefore likely to be outside the formal sector.

One of the limitations of the responsible business policies in India is that these policies are designed for the formal sector leaving a significantly large part of the business sector outside its direct scope.

In a stark contrast to the encouraging policy actions on the responsible business front, recent changes in labour, land, environment, and agriculture laws have been criticized to be detrimental for communities and the environment.



Effective implementation and monitoring of compliance relies on front-line state capacity in the hands of local labour inspectors, pollution control officers and law enforcement agencies. The paradox of India's well-designed policies is an elite well-functioning national bureaucracy coupled with a chaotic and dysfunctional local government system. Implementation of policy is significantly impacted due to bureaucratic overload and inadequate resourcing at the front-line.

This weak implementation capacity often means that large parts of business operations in lower tiers, supply chains, farms and communities practically remain out of policy scope. Land conflicts have impacted an estimated 7.2 percent of India's GDP and over 6.5 million people in 2018-2019. Access to remedy and justice is severely constrained due to an extremely overburdened judiciary with over thirty-four million cases pending in lower courts in 2020.

On the positive side, there is a much higher level of awareness among workers and communities. They better understand their rights and in many cases have successfully convened themselves together to fight the power imbalance.

Challenges to Address

Policy contradictions, weak implementation mechanisms and an overburdened access to the justice system can be significantly counter-productive to India's responsible business agenda.

It is important to enable the micro, small and medium enterprises (MSMEs) to adopt sustainability principles. Economic viability and capacity constraints of the MSME sector could impact greater adoption of responsible business policies. A role of lead firms in supply chains that source from MSMEs, business membership organisations and financial institutions is crucial in facilitating responsibility and transparency of MSMEs in supply chains.

Globally there is a welcome trend among countries to legislate mandatory human rights due diligence in supply chains. It will be important to unpack such legislations from a global value chain perspective. How do these legislations translate in countries such as India?

Addressing policy contradictions in labour laws, environment laws, land ownership and agriculture can provide a consistent policy framework that supports sustainable development. Strengthening community consultation processes and community-based institutions can address the power imbalance between communities, corporations, and government.

Empowered community collectives can better engage in negotiation processes (e.g., land acquisition, environment, and social impact, etc.) and overcome existing challenges of information asymmetry.

Considering challenges of state capacity in implementing policies and legislations, it is perhaps better to rely on local, participatory, and agile governance mechanisms. Strengthening access to justice in the context of responsible business is a matter of urgency. Enhancing access to non-state-based grievance mechanisms in cooperation and collaboration with necessary stakeholders could possibly overcome the situation of an overburdened local judicial system. These are some areas where Arisa could focus more and strengthen the multi-stakeholder initiatives approach to address grievances in a participative manner.

Road Ahead

2021 and beyond India needs stronger civil society, collaboration between citizens, business and government towards inclusive growth and development for all. **Hope and solidarity** within the civil society is much needed to overcome the oppression and crackdown it faces.



The rules of the game have changed drastically in these decades, business have much more influence over policy in today's context. Some businesses (not all) have an intent to work in an inclusive and sustainable manner. Indian business and policy makers are influencing regional and global developments. What has not kept pace is how Indian and global civil society collaborates.

International aid predominantly follows the traditional mindset and approaches that are unfit in today's context. What we need is a rapid transition of the power centres from the North to the South. An unacceptable part of the international aid and resources continue to remain in the North. This needs to change.

Arisa's partnership model is fit for purpose even today. We would need scaling up of Arisa's approach of partnership so that it becomes a norm rather than an exception.

Scaling up international advocacy to ensure that foreign governments prioritise human rights and sustainability over trade. International civil society must work with organisations in the global South as equal partners and stand in solidarity.