

**ONE DAY SEMINAR ON  
CORPORATE SOCIAL RESPONSIBILITY AND ALTERNATIVE  
DISPUTE RESOLUTION  
28.09.2013 – 9.45 AM**

**PRESIDENTIAL ADDRESS BY  
HON'BLE ACTING CHIEF JUSTICE OF  
MADRAS HIGH COURT**

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Hon'ble Mr. Justice Jagdish Singh Khehar and Hon'ble Mr. Justice F.M. Ibrahim Kalifulla, Judges of Supreme Court of India, Hon'ble Mr. Justice V.S. Sirpurkar, Chairman, Competition Appellate Tribunal, Mr. Justice B. Rajendran, Judge of Madras High Court and Executive Chairman of Indian Law Institute, my esteemed Sister and Brother Judges of Madras High Court, newly appointed Office Bearers of Indian Law Institute, Senior Advocates, advocates, Officials of the National Insurance Company Limited, Judicial Officers, budding young lawyers in the offing and other distinguished guests, ladies and gentlemen,

A very Good Morning to all of you.

It gives me great pleasure to be in your midst. As the President of the Indian Law Institute – Tamil Nadu Branch, I welcome all of you to this august gathering.

I congratulate the new Office Bearers of the Tamil Nadu Branch of the Indian Law Institute and I hope they will carry on the good work in coordination with the Indian Law Institute.

The topic chosen today is the Corporate Social Responsibility and Alternative Dispute Resolution vis a vis the insurance sector.

Since Ages, our countrymen, irrespective of their religion, caste or creed, realising the importance of their duties and obligations to the society to which they belong, had been earmarking a part of their earnings/capital for the welfare of their fellow citizens.

Ancient Indians understood that the creation of wealth is through the network of society and hence has to be given back to the society. Dharma i.e. alms giving, is one of the four obligations of every Hindu. We have been taught to give back more than what we get. Just as you have to let your breath to go to let the next breath come in, you have to let the money in your hands to go to get back it. All Religions emphasise about spending for charitable activities. To mention, Islam stipulates payment of zakat, i.e. alms-giving, which is a personal responsibility of wealthy Muslims to ease economic hardship for others and eliminate inequality. Usually the amount of zakat to be paid on capital assets is 2.5% (1/40). You

won't believe, the conservative estimate of annual zakat is estimated to be 15 times global humanitarian aid contribution!!

Even before the idea of corporate responsibility originated abroad during late 1960s, some of the corporate houses have been earmarking and spending part of their income for charitable purposes. However, India became the first country to legally mandate corporate spending on social welfare. Though Denmark adopted a Bill in 2008 making it mandatory to include information on corporate social responsibility, India went a step further and made it mandatory to ensure spending at least 2% of profits on the corporate social responsibility. The Companies Act 2013 has stipulated that every company with net worth of Rs.500 crore or more or turn over of Rs.1,000 crores or more or a net profit of Rs.5 crore or more, during any financial year, shall constitute a CSR Committee of the Board, whose responsibility is to ensure that at least 2% of average net profits of the company in the three immediately preceding financial years, are spent in every financial year on such activity. This is a landmark initiative to involve the business in achieving national development goals together with the government and the civil society. The India Institute of Corporate Affairs and BSE are preparing a new index for ranking companies on the basis of their efforts and spending towards social welfare

schemes. It would assess impact and performance of companies listed on the BSE on CSR activities.

Of course even before it is made mandatory, some big corporates are taking CSR initiatives like social & farm forestry, watershed development, rural rehabilitation and inclusive growth, basic healthcare facilities, health etc.

The Gujarat Government also, in the year 2009, included the corporate social responsibility clause in its Industrial Policy.

'Corporate responsibility' in insurance sector may start with interpreting the contract clauses liberally so that the unfortunate victims of accidents may not lose for lack of clarity in the contract. As you are all aware, contracts of adhesion are common in insurance policies and even literate people may get carried away with those fine prints. Unaware of the exclusion clauses, they sign on dotted lines and realise their folly when their claims are rejected. Though technically, the insurance companies are right, viewing from the victim's position, the insurance companies may consider interpreting the provisions in favour of the victim. If the insurance companies reject the claim, the victim approaches the courts and the case goes either way. In fact, I have heard from my brother

Judges that during Lok Adalats, the insurance companies are generous in accepting the terms for settling a case. This generosity they can show in the beginning itself so that the victim gets benefitted. It will have a telling effect on the insurance companies and also on the hapless victim. I, therefore, feel that the insurance companies may widen the ambit of 'corporate responsibility' – it is also called 'corporate conscience' - and reduce the litigation by this generous attitude.

Another area, which direly requires your contribution, is the preventive measures for avoiding accidents. Over the years, the vehicles have increased several times but the width of the roads remain the same, nay, they have shrunk also! And the motorists – whatever the type of vehicle they use - also have become impatient in the sense, all the road users seem to be in a terrific hurry to reach their destination unmindful of the risk they take in going at that speed. No day passes without seeing the news about accidents and casualties. After the victim's family, the next sufferer is the insurance company as they have to settle the claim either way it goes. Though there are sufficient laws and road rules, they are seldom followed rather violated. I call upon the insurance sector to concentrate in this area and increase awareness among the road users on the dangers of violating road rules. Of course, the traffic

police are doing their utmost in instilling the fear on the road ragers and educating them to follow the road rules. But, I feel that the discipline should come from within and force does not give results always. I think the insurance sector can take the mantle and devise new ways and means in educating the educated lot about the need of following traffic rules. You can start from the schools and colleges and then you can select an area and hold your camps on educating the public. Gradually you can widen the ambit and move to corporate houses or to institutions where a large number of employees work. In my opinion, this is also a corporate responsibility, on your shoulders. All the General Insurance Companies, including those in the private sector, can join hands towards this goal. The ultimate beneficiary is not only the would-be victim but also the insurance companies.

Coming to Alternative Dispute Resolution system, we have time and again emphasised about the importance of ADR system. Realising the importance of Alternate Dispute Resolution system in the country and to reduce the dockets of pending cases and time taken in deciding disputes by the courts, the law makers of our country have made a statutory provision by inserting Section 89 in the Code of Civil Procedure 1908, empowering the Courts for possible settlement of disputes by arbitration, conciliation and

judicial settlement, including Lok Adalat and mediation, which is a welcome step. In fact, Madras High Court has been the pioneer in starting the court-annexed Mediation Centre inside the premises of the Madras High Court and it was later expanded. It has played a pivotal role in bringing an end to many acrimonious battles. The Madras High Court has also been taking a leading role in organising Lok Adalats and from July to till 21.9.2013, through Lok Adalats, we have settled 39,173 cases for an amount of Rs.334.86 crores. As you are all aware, we are making preparations for the Nationwide Lok Adalat to be held on 23.11.2013 and I request the officials of the National Insurance Company to make optimum use of the Lok Adalat and settle the claims. I also call upon the Judicial Officers present here to hold discussions with advocates so that the claimants may be educated about the beneficial aspects of settling the disputes through Lok Adalat rather than the litigation.

Thank you all.

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