

# STUDY ON CORPORATE SOCIAL RESPONSIBILITY POST COVID-19 ERA

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## Abstract

COVID-19, a pandemic is impacting everyone all over the world. No one can escape this deadly virus unless they take all the precautions listed by public health professionals. We know that Over the last five years, companies have mobilized their resources to meet the mandate of corporate social responsibility and do their bit for the society in India. Companies have a more efficient and systematic way of dealing with problems and finding solutions. The contribution of corporate social responsibility funds will provide the required stimuli to the efforts at this very significant period to contain the pandemic. The private sector has been given a go-ahead by the government to support testing efforts during this crucial time. Companies have set up huge networks to deliver their projects through NGOs (non-governmental organizations) or their foundations. These NGOs and foundations have been doing commendable jobs in the field of education, health, and medicine. Therefore, this article basically deals with the positive role played by companies through utilizing CSR funding to prevent and protect from the spread of Covid-19 in the society effectively.

## INTRODUCTION

The world calls for a leadership post Covid19. But the vision proposition that companies and healthcare enterprises can bring must solely be built on values. The corona virus pandemic has shaken world leaders and businesses like never before in our lifetime. This is a litmus test for those leaders who hold their guard and still drive businesses alongside building social responsibility more now than ever before. These can only be driven by those who have anchored themselves in their strength of values. A Covid19 world must not merely focus on businesses alone, but now needs to integrate business development and social impact together.

Balancing science, commerce and social responsibility calls for a vision. A vision that cannot easily be obtained by merely putting money for publicity. That vision needs to be nurtured, shaped and hand-held for a time to see results. Visionary leaders must also learn to spend their corporate social responsibility budget more effectively rather than merely donating it to any treasury and feeling satisfied to have contributed. Accountability and effectiveness are very important. Therefore, post covid19 world calls for greater activism, deeper engagement on ground and lesser optics. The true meaning of life is to plant trees under whose shade you may not sit, but at least live to see.<sup>1</sup>

Indian companies spend around 15,000 crore a year on charity as mandated by law. The move is expected to benefit the local community to combat the crisis that has disrupted economic activity<sup>2</sup>The present article focuses on meaning of Corporate social responsibility, various activities covered under Schedule 7 of Companies Act as CSR activities and positive developments through various organization post Covid-19.

## HYPOTHESIS

1. CSR activities can be used to integrate economic, environmental and social objectives. Therefore, it can be said that CSR fund when properly expended by the company it increases reputation of a company's brand among its customers and society.
2. The role of companies post covid-19 in participating with the government machinery to implement welfare schemes for the needy under the CSR program takes precedence over earning regular profits. Therefore, the companies may face certain challenges in implementing the CSR activities.

<sup>1</sup> Edmond Fernandes, "Leadership & corporate social responsibility in a post Covid19 world", Times of India, 29 April, 2020.

<sup>2</sup> Gireesh Chandra Prasad, Companies can spend Social Responsibility Fund to fight Corona Virus Crisis, Live mint also available at: <https://www.livemint.com/politics/policy/companies-can-spend-social-responsibility-fund-to-fight-coronavirus-crisis-11584961881634.html>

## OBJECTIVES

1. To study and analyze the concept of Corporate Social Responsibility and activities falling under it.
2. To analyze the positive developments brought out by Ministry of Corporate Affairs in the field of CSR post Covid-19.
3. To conclude with proper recommendations.

## RESEARCH METHODOLOGY

The researcher has adopted doctrinal method for the purpose of collection of data. It includes online books, articles, various law journals, newspapers and internet. The material was collected and arranged in systematic order.

## MEANING AND DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

CSR can be defined as a Company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies can fulfil this responsibility through waste and pollution reduction processes, by contributing educational and social programs, by being environmentally friendly and by undertaking activities of similar nature. CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth. CSR is said to increase reputation of a company's brand among its customers and society.

Section 135 of The Companies Act, 2013, Companies (Corporate Social Responsibility) Rules, 2014 and Schedule VII which prescribes mandatory provisions for Companies to fulfil their CSR.

## APPLICABILITY OF CSR PROVISIONS

- 1) On every Company including its holding or subsidiary having:

- Net worth of Rs. 500 Crore or more, or
- Turnover of Rs. 1000 crore or more, or
- Net Profit of Rs. 5 crore or more

- 2) During the immediately preceding financial year

-A foreign company having its branch office or project office in India, which fulfills the criteria specified above. However, if a company ceases to meet the above criteria for 3 consecutive financial years then it is not required to comply with CSR Provisions till such time it meets the specified criteria.

## CSR COMMITTEE

Every Company on which CSR is applicable is required to constitute a CSR Committee of the Board:

- Consisting of 3 or more directors, out of which at least one director shall be an independent director. However, if a company is not required to appoint an independent director, then it shall have in 2 or more directors in the Committee.
- Consisting of 2 directors in case of a private company having only two directors on its Board
- Consisting of at least 2 persons in case of a foreign Company of which one person shall be its authorized person resident in India and another nominated by the foreign company

## SCHEDULE 7

Activities which may be included by companies in their Corporate Social Responsibility Policies relating to:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports
- Contribution to the Prime Minister's national relief fund or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the central govt.
- Rural development projects
- Slum area development.

### POSITIVE DEVELOPMENTS POST COVID -19

In light of the increasing number of cases of COVID-19 & the World Health Organisation's (WHO) declaration of it as a pandemic, the Government of India has decided to treat COVID-19 as a notified disaster. Further, on 23rd March 2020, the Ministry of Corporate Affairs (MCA) released a General Circular clarifying that funds spent by the corporate houses towards providing aid and succour for combating COVID – 19 shall be eligible to be considered as funds spent for CSR activities.

- The MCA further clarifies that the funds may be utilized for activities falling under the item numbers ((i) Promoting healthcare including preventive health care and sanitation and (xii) disaster management, including relief, rehabilitation and reconstruction activities) of the Schedule and shall be interpreted liberally.
- This circular has come as a sigh of relief during these tough times and has been welcomed as a commendable step by the MCA towards combating the spread of COVID-19 by several corporate houses. This is an encouraging step by the MCA towards providing an opportunity for the companies to play an effective role in talking COVID-19.
- CSR, TBL- COVID-19 (Triple Bottom Line that is Profit, people and Planet)<sup>3</sup>
- During these tough times, when nations are under lockdown, economies are falling and common men are losing their jobs, it is of utmost importance on part of companies to adhere to the basic principles of TBL while carrying out their CSR activities. With the spread of COVID-19 in the entire country, panic and chaos have taken over. Under these circumstances, the role of companies in participating with the government machinery to implement welfare schemes for the needy under the CSR program takes precedence over earning regular profits. Companies may expect to face certain challenges in implementing the CSR activities, however, they must remember that to refuse the challenge is akin to risking extinction.

### CRITICISMS

1. CSR activities should not be political.
2. It should not be limited to own employees.
3. It should not be for money making.
4. It should not be discriminatory.

### CONCLUSION AND RECOMMENDATIONS

It can be concluded that the Indian CSR regime is at the right cusp of defining and adjusting to make the CSR policies of corporate houses more impactful towards the constant social, political, economic and environmental vicissitudes. Organizations conducting CSR projects in health and medicine should go the extra mile and provide healthcare and medicines in the interiors of the country. Under the CSR healthcare initiative, some organizations have deployed medical mobile vans to provide healthcare facilities to the underprivileged, thus, bridging the gap in the existing system. These mobile vans can be equipped well and can be used for testing of COVID-19. These mobile vans can share the burden of the present-day COVID-19 testing infrastructure and can be deployed in the rural areas throughout the country. A big factor in preventing the spread of the virus is to identify positive cases in the community and isolate them immediately. These mobile vans can also be utilized as MICUs (Mobile Intensive Care Units) which can be deployed in the underdeveloped and farflung areas of the country.

<sup>3</sup> Pauline Ksiezak and Barbara Fischbach, "Triple Bottom Line: The Pillars of CSR", Journal of Corporate Social Responsibility and Leadership, May, 2018

## RECOMMENDATIONS

1. NGOs to tie up with government agencies and their private donors and Supply of nutritious food to the poor people,
2. The leading organizations **to Assist in the COVID-19 Testing Efforts.**
3. The Indian IT companies to provide innovative technological solutions to accumulate data points on health symptoms and wellbeing of the communities.
4. Leading business groups and noble philanthropic organizations should support to small and medium sized businesses by mentoring them on crisis management and initiate a coordinated effort to provide emergency funding to such organizations.

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