

## CORPORATE SOCIAL RESPONSIBILITY AT TIMES OF COVID-19

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### ***Abstract***

*The CSR activities of the companies has been improved during the crisis, they helped the society at times of pandemic. This crisis had created a hurdle of both company and employee. Many companies have chosen to help employees and also donated to PM CARES. This COVID-19 pandemic has created a special bond between employers and employees.*

**Keywords:** CSR, Contribution, Companies, Employees, Pandemic, Society

### **Introduction**

Corporate Social Responsibility (CSR) is known in ancient time as charity or social duty and it is not a new term; they are used by the kings to help their people by building educational institutions, hospitals and religious places. Now a days, it is voluntary service rendered by the company to stakeholders, employees, customers, suppliers and also to the environment. The responsibility of the company is to donate a part of their revenue for the social investment, philanthropy programmes and public policy. CSR is an essential element of the business, which shows effective leadership. In 1997, Briton John Elkington introduced the term three bottom line (TBL) they are Profit, People and the Planet and are also known as three pillars of the company. According to Michel Hopkins “Corporate social responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. 'Ethically or in a responsible manner refers to treating key stakeholders in a manner deemed acceptable according to international norms’”<sup>1</sup>

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### **Corporate Social Responsibility and Companies Act 2013**

It is statutory obligation of companies to take initiatives towards social, economic and environmental responsibilities; in every occasion they are reported to the stakeholders. Section 135 of the Act and the Companies (CSR Policy) Rules, 2014 was framed to govern CSR in India.

Definition of CSR: as per rule 2 (c) corporate social responsibility means and includes but is not limited to: (i) projects or programmes relating to activities specified in schedule VII or activities undertaken by board of directors in accomplishment of the CSR committee of the board as per declared CSR policy of the company subject to condition that such policy will cover the subjects enumerated in schedule VII<sup>2</sup>.

Applicability: according to section 135 (1) every company having net worth of five hundred crore rupees or more or turnover of one thousand crore rupees or more or net profit of five crore rupees or more during the financial year shall constitute a CSR committee with three or more directors, of which one director shall be independent director.

Section 134 (3) The CSR Committee shall,

(i) Recommend and formulate to board, a CSR policy which shall indicate the activities to be undertaken by the company as specified in schedule VII.

(ii) The committee shall recommend the amount of expenditure to be incurred on the activities referred to in clause (i).

(iii) Monitoring the CSR policy of the company from time to time.

The Board of every company referred to in sub-section (1) shall,

(i) After taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the company and the reports and policies are disclosed in company's website and report in prescribed manner and

(ii) Ensure that the activities that are included in CSR Policy of the company are undertaken by the company.

(iii) The Board must ensure every company spends at least 2% in every financial year of the average net profits made during the three immediately preceding financial years in pursuance of its CSR Policy and preference given to local areas and areas around where it operates, for spending the amount earmarked for CSR activities: if the Board fails to spend the specified amount, the Board shall, in the report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount<sup>3</sup>.

### **Functions of CSR**

- ❖ To formulate and recommend the Corporate Social Responsibility policy
- ❖ To establish a transparent mechanism to monitor the CSR projects
- ❖ To advocate the amount of expenditure to be incurred in the activities
- ❖ To oversee companies performance from time to time

### **CSR Committee**

The CSR committee is appointed by Board of directors to promote a culture that signifies the high standards of CSR. The CSR committee shall constitute four directors. To review and discuss the CSR activities the committee will meet at least twice a year.

### **Functions of Board towards CSR**

- Analysing the operating information of the company to understand the current situation.
- Approving CSR policies, strategies and budgets.
- To ensure that company spends 2% of their average net profits regarding the CSR policy.
- To make sure the company discloses the CSR activities and expenditure in company's report and in website.

- Considering the ethical, environmental and social impact of CSR's activities
- Monitoring compliances of the company with CSR's sustainability policies and practices.
- By ensuring that company operates in appropriate corporate governance structure.
- To ensure CSR acts legally and responsibly towards the company's policies<sup>5</sup>.

**List of CSR activities as per schedule VII:**

Activities which maybe included by companies in their Corporate Social Responsibility policies

- Promoting education
- Eradicating the poverty and the hunger
- Promoting gender equality
- Empowering women and improving maternal health
- Reducing child mortality
- Ensuring environmental sustainability
- Increasing the employment opportunity by teaching vocational skills.
- Tackling human immunodeficiency virus, acquired immune deficiency syndrome and malaria and other diseases.
- Social projects
- Contributing to Prime Minister's fund and any other funds organised by state and central government for the welfare of the people and for the socio- economic development
- Such other matters as may be prescribed<sup>6</sup>

**CSR at times of Pandemic:**

The arrival of COVID-19 already crushed the survival of many sectors and India is no exemption. Everything has been abruptly stopped. Local businesses, financial institutions, shopping malls, manufacturing units, construction business etc., has been

debilitated to its core by the impact of this pandemic. For every corporation, there are four important groups; they are consumers, suppliers, investors and human resources. Human resources play a vital role for all business organisations. Due to the pandemic, the company should choose the employee first and should take careful measures in ensuring their safety. This pandemic has entrusted corporations with wide opportunity in exhibiting their true loyalty to employees and the society. Various companies had offered contributions to battle against COVID by donating to relief funds for both central and the state, relief materials such as PPE kits, masks, ventilators and hand sanitizers. And there are some companies providing essentials like food and medicines<sup>7</sup>.

Considering the situation, Ministry of Corporate Affairs (MCA) has clarified that spending of CSR funds for COVID-19 is entitled as CSR activity under item nos (i) and (xii) of schedule VII which are related to promotion of health including preventive health care, sanitation and disaster management<sup>8</sup>

In the present circumstances, some companies are implementing awareness for social distancing as part of CSR activities. MC Donald's has sent the message to the society by divided the 'm' into two parts 'n' 'n' in the logo as symbol of social distancing. Likewise the four rings in the Audi logo has been separated and with the tagline “keep your distance” for better understanding the significance of social distancing. Volkswagen has separated their logo by creating a space between V and W. The Bengal Beverage Company shared a message “staying apart is the best way to stay united”. Many international brands have changed their slogans to create awareness, for instance Nike, their new slogan is “if you ever dreamed of playing for millions around the world, now is your chance to play inside, play for the world”. The slogan for pizza hut is “pizza home”<sup>9</sup>. Indian brand Amul motivated people with their illustrations and advertisement to wash hands and maintain social distance.

Apart from changing the slogans and tagline, many companies had contributed to relief

funds. For example, Infosys provided Rs. 50 Crore to PM CARES fund and contributed additional of Rs.500 crore to be availed in providing masks, ventilators, PPE kits, testing kits and food to be provided for poor persons. They are also joined with Narayana Hospitals to provide 100 beds. SBI employees donated Rs.100 crore to PM CARES funds and also announced that they will provide additional of 0.25% of net profit of financial year 2019-20 to fight against COVID-19. ITC Ltd has provided Rs.150 crore of financial assistance to the district and rural health cares for poor people. TCS created iON digital classroom for online learning and provided ventilators, health kits and masks. Hindustan Unilever Ltd provided Rs.100 crore, and also donates soap, hand sanitizers, hand washes, further they donated health kits to hospitals and to needy persons. Reliance also contributed 100 bed for COVID-19 hospitals, 50 lakh meals, masks, free fuel for emergency vehicles, PPE suits and also donated Rs.500 crore to PM CARES fund<sup>10</sup>. And there are lot more companies that have contributed to the society.

## **Conclusion**

Obviously, the funds for CSR are planned to help general public but the employees comes first. At present many companies have taken preventive measures for most of their employees to work from home and 50% of workers are allowed to work with safety equipment such as masks, hand sanitizers, and regular checking of temperature. To be precise the companies are facing the hurdles now, but they survive by learning the things to do in times of crisis and in due course the business blooms in four to five years. This pandemic has created a bond between companies and the society.

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