

An Analysis: On the Role of Corporate Social Responsibility (CSR) about Covid-19 Pandemic

Preeti Gautam

Assistant Professor (Krishna Institute of Law)

Neelam Rani

Assistant Professor (Krishna Institute of Law)

Abstract

All have witnessed that covid-19 had created very tough situation for the whole world. Amongst every country, our country was also affected significantly. This critical situation was prevailed in every field whether it was economic, social and mental front. It was not easy for the government to provide sudden and unexpected medical care to the affected person at this crucial hour. We found that the corporate sector performed its role very honestly. They came forward as a volunteer through corporate social responsibility. Through this article we have tried to present the outlook of certain leading companies toward their CSR during pandemic time and their contribution for advancement of CSR as per the demand of pathetic situation which occurred as the consequence of pandemic.

INTRODUCTION

The corona virus has had many bad effects, including making people very sick and causing them to die. The pandemic had a deep impact on people's lives, the economy and society as a whole. Some of the bad effects of the corona virus were severe fever, lack of oxygen while breathing and death of people. Covid-19 was a highly contagious virus that caused server

respiratory symptoms, organ damage and even death of especially the elders and those with underlying health conditions. It also effected in following way:

- The pandemic has caused widespread business closure and economic instability. Many people have lost their livelihoods, and entire industries have been negatively affected.
- The pandemic had a profound impact on people's mental health, including rising levels of stress, anxiety and depression. This led to social isolation, job loss and financial instability.
- Pandemic disrupted education system across the world, forcing schools and universities to close learning. This has created significant challenges for students and educators, particularly those from under privileged backgrounds.

Corporate Social Responsibility (CSR) means that companies take responsibility to contribute for the development of society and the environment beyond just making profits. It involves a company considering the interests of its employees, customers, communities and the environment and taking action to improve their well-being. Companies that engage in CSR may donate to charitable causes, adopt fair labor practices, promote diversity and other community exceeds efforts. Many companies now view CSR as an essential aspect of their business success. CSR is based on the concept that if the company uses valuable resources of the society in the form of raw material, human capital, market and suppliers etc. for its operations, then it becomes moral duty of the corporate word to make some effort for the welfare of society.¹

HISTORICAL BACKGROUND OF CORPORATE SOCIAL RESPONSIBILITY²

The credit for propounding this topic goes to American Economist Howard Bowen, when he mentioned this concept in one of his articles "social responsibilities of the businessman". Due to this reason, he is called the father of Corporate Social Responsibility. From the historical background of this subject, it is known that every industry should donate some part of its profit for social welfare. One aspect of this topic is that along with one's own benefit, the welfare of the society should also be considered. A special point of this topic is that it is implemented legally. It is necessary for the industries of good standing to understand that they have big responsibilities towards the progress of the society.

The improvement of the people who are living in society is not only the responsibility of the government, but of all the people of the society. Industries that are economically healthy should

fulfill their responsibility towards them. The welfare of any country depends on all the people living in the country. The rise of CSR in India has been a long time ago in India. CSR has been made mandatory under the Companies Act (Section 135) 2013 with effect from 1 April, 2013. According to the provision of the Company Act 2013, the profitable industry will have to spend at least 2 percent of the total average profit of its 3 years in any financial year. In the seventh schedule of the Company Act 2013, details of all such provisions have been given which come under the purview of CSR. CSR applies to all those companies having in the immediate previous financial year:

- Net profit 5 crore or more
- Net worth 500 crore
- Turnover 1000 crore

STRUCTURE OF SOCIAL RESPONSIBILITY³

The CSR (Corporate Social Responsibility) pyramid is a framework that outlines the different levels of responsibility that a company has toward society and the environment. The pyramid is usually structured in four levels which addresses different aspects of the social responsibility of the company.

- 1. Economic Responsibility** – The base of the pyramid, which is representation of the company's responsibility to be profitable and generate economic value for shareholders and stakeholders. Company has the duty to earn dividend for owners
- 2. Legal Responsibility** – This is second level of the pyramid. This refers to the obligations of the company towards all applicable laws and regulations. Companies must ensure that their operations are legal, ethical and socially responsible. Companies have to abide with all the regulations of Law.
- 3. Ethical Responsibility⁴** – The third level of the pyramid is ethical responsibility. Companies have an ethical responsibility to promote fair and transparent practices within their operations and supply chains ensuring fair, safe working conditions and eliminating exploitative practices. Company should believe in sustainable development and must follow code of ethics besides just earning for monetary reasons.
- 4. Philanthropic Responsibility** – This level refers to a company's obligation to give back to society through charitable donations, volunteerism and other forms of corporate philanthropy. By fulfilling these responsibilities, companies can create long term value

for all stakeholders, including shareholders, customers, employees and the community and contribute to a more sustainable and equitable society. Corporate citizen must fulfill their duties to return back to all stakeholders of society and should make efforts to improve the standard and quality of living of people.

CSR COMMITTEE

The details of the committee related to CSR are clearly found in Section 135 of the Company Act 2013. The work of this committee is clearly divided. Every company must necessarily form a CSR committee, which from time to time directs the board of directors regarding CSR. There can be 3 to 4 members in its composition, in which there will be at least one independent director. The head of the directors will be selected by either the board or the members. Along with this, it is also necessary that the meeting of this committee should be held at least twice in a financial year. The role of this committee is that all the provisions mentioned in the seventh schedule of the Company Act 2013 should be exercised according to the rules. It is also necessary for the corporate world to pay special attention to these rules. The work of this committee is to prepare an action plan for twelve months and also to implement it in the financial year. All the major points related to its working include:

- All upcoming events of CSR,
- Designing of all programs for welfare activities,
- Proper use of resources,
- No misuse of money,
- Systematic control over all programs,
- Maintaining proper standards,
- Timely help provided to every needy.

CORPORATE SOCIAL RESPONSIBILITY BY CORPORATE DURING COVID-19

Many corporations have made significant financial contributions to support Covid-19 relief efforts. Some have donated funds to healthcare organizations, while others have contributed to government relief funds. Companies have donated essential items such as personal protective equipment i.e., face shield, mask, gloves, head cover, shoe cover, ventilators and other medical supplies to help healthcare workers and those affected by virus. Several corporations have

implemented measures to support their employees during the pandemic. They offered paid sick leave, work from home arrangements and provided medical resources.

Companies also supported their local committees by providing assistance to small business, schools and other non-profit organizations. Some corporations took steps to reduce pollution and other harmful effect on environmental during the pandemic, such as reducing energy consumption and waste⁴

During the second phase of Covid-19, it has caused loss of maximum life in almost every country. We cannot expect the government to face medical emergencies alone. It was a great task before government to fulfill health emergency in form of wide need of vaccination, arrangements of hospital and prepare doctors and Para medical staff to attend the patient. At this alarming situation corporate world in India woke up. Various leading companies have taken a step to make provision for oxygen cylinders, distribution of medicines and for construction of temporary covid-19 hospitals. Some expenses have been categorized as related to covid-19 which will be considered as CSR fund utilization. It included the following:

- Donation to PM CARES FUND
- Payment made to State Disaster Management Authority to combat this disease
- Creation of health facilities for taking care of subsequent bad effects of this pandemic
- Setup of new oxygen generation and storage plants
- To distribute medical equipment i.e. oxygen concentrators, cylinders, ventilators and other medical equipment for facing corona virus
- To setup covid-19 care facility to prevent spreading of diseases
- To take care lack of food, misery and starvation
- To promote healthcare and sanitation situation
- To make availability of safe drinking water for everyone
- To provide relief with the help of disaster management reconstruction activities.⁵

Contribution of corporate world can be revealed by following example:

Tata Motors delivered the help in many ways like to provide food, masks and sanitizers. They also spread awareness. They also supported approximately 1.5 Lac people including the needy persons who were deprived of their means of earning and therefore, they were not able to earn enough money to make both ends meet. Tata Motors supported the needy persons by providing

food and oxygen cylinders to people in time of subsequent wave of this pandemic in India in 2021.

ICICI Group contributed Rs. 100 crores to support the nation against the covid-19. Out of this they donated 80 crores to the PM Cares Fund and Rs. 20 crores to State Governments and local authorities in their efforts against the pandemic. ICICI provided more than 2.13 Lac surgical masks, more than 40,000 N 95 masks, 20,000 liters of sanitizers, 16,000 gloves and 5300 personal protective equipment (PPE) suits to various state departments and hospitals. ICICI bank assisted the Central Government, State Government and Municipal Corporations in their effort in collecting donation in digital form.

Reliance Industries Limited owned by Mukesh Ambani had taken a big resolution in the fight against covid-19. RIL has resolved to fulfill its duty 24 hours and 7 days. Reliance Industries established a unit of 100 beds for the covid-19 patients. The industry provided 1 Lac masks daily and announced to give free fuel to vehicles carrying covid-19 patients. It also provided free meals in the different cities for person who could not earn their livelihood because of this pandemic.

In such a situation, many corporate companies had already come forward to help the country in this desperate time of crisis. To deal with any critical situation, it is necessary that the corporate world extend its cooperation. But the need here is that the government should change the rules related to CSR because it is very important to have simple rules so that companies are motivated to take a step for the welfare of people⁶

CONCLUSION

Social responsibility is a vital cause for anyone who is part of society. Company runs the business effectively & smoothly because of the co-operation of different stakeholders. We can't undermine their combined effort. So, it is moral as well as legal duty of all companies to pay attention to the interest of above-mentioned parties. Companies are expected to heed on sustainable development, economic progress & social development. In the period of unexpected pandemic, everyone was at loss to understand how to face crises resulting from this disease. It was the need of time that all companies ought to reduce the negative impact of it. It is binding to return whatever is possible in any physical, economic form. Many companies started CSR activities towards encountering this crisis. Some companies started manufacturing oxygen, medical equipment machinery, etc. A number of companies had donated to the Prime Minister

Care Fund and the state relief fund. These types of activities have been treated as evidence that companies have a great sense of their responsibilities to society. It is not assumed as a charity or donation but it shows that the leading companies are prompt to leave no stone unturned when it comes to social welfare activities on their part.

REFERENCE

1. [:https://www.researchgate.net/publication/346654412](https://www.researchgate.net/publication/346654412)
2. **Paranjape, N.V., Company law, central law agency, page 649**
3. **Karim, A, Corporate Social Responsibility, SBPD Publishing House,2022.**
4. **Kadokia S. Rajesh, Corporate Social Responsibility Law & Practice, Taxmann, January2022.**
5. [file:///C:/Users/preet/Downloads/CORPORATESOCIALRESPONSIBILITYAtmaNirbhar Bharat.pdf](file:///C:/Users/preet/Downloads/CORPORATESOCIALRESPONSIBILITYAtmaNirbharBharat.pdf)
6. https://www.researchgate.net/publication/335025280_Ethics_in_Corporate_Social_Responsibility