



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A STUDY ON IMPACT OF COVID-19 ON CSR ACTIVITIES

Mr. Prasad Naik, Mr. Yash Babrekar,
Visiting Faculty, Student

Bachelor of Management Studies Department, Sydenham College of Commerce and Economics, Mumbai, India

Abstract: The outburst of COVID-19 as a pandemic has affected the different economies of the world. There has been a downfall with most of the business activities coming to a halt due to the lockdowns imposed in various manner. There is a need of support for the different demographics of the country especially the lower-class people and especially those people who are depending on their livelihood working on a day to day basis. There are various relief fund initiatives which are introduced by the Central and State Government. The corporates around the world have come forward and contributed in their own way despite getting affected by this downfall. The term Corporate Social Responsibility (CSR) is been used by some of them whereas some have done with an open heart as a humanity or gratitude towards their own nation. This paper focus on the various CSR activities done by the corporates in the country with the different plans to overcome this crisis.

Index Terms - Pandemic, COVID-19, Corporates, Relief Fund, Corporate Social Responsibility (CSR)

1. INTRODUCTION:

Corporate Social Responsibility (CSR) is a concept where the companies decide voluntarily to contribute a better society and whereby companies integrate the social and other useful concerns in their own business activities for the betterment of its stakeholders and society in its own voluntary way. There are different areas which are focused by the companies like education, healthcare, environmental concerns, women empowerment, sanitation etc. The Indian companies also are involved in various CSR activities as per the conditions which are laid as per Section 135 of Companies Act, 2013 where it states that every company having a net worth of Rs. 500 crores or more, or turnover of rupees one thousand crores or more, or a net profit of rupees five crore or more during any financial year can have a CSR committee who formulates and recommend to the Board, a CSR Policy which includes activities to be undertaken by the company and also recommend the amount of expenditure to be incurred on the activities. Each company can spend at least 2 percent of the average net profits made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. However, India's corporate tax stands at 34.61% which is one of the highest in the world, compared to a global average of 24.09% according to KPMG, an audit and consulting company. Making CSR expense a compulsion could be counted as an additional 2% to the current tax rate. With this rule, companies spending more than what was required and those spending less than that have toned it to the 2% mark.

CSR spends by NSE-listed companies					
	in ₹ crore				
	2018-19	2017-18	2016-17	2015-16	2014-15
No. of companies in this analysis*	340	1076	992	911	849
Required CSR spend	5,891.65	10,364.91	9,668.51	9,088.06	8,201.51
Shortfall in spend	488.77	1,740.90	1,565.06	1,883.41	2,444.63
* Companies for which numbers are available					
CSR spends for 32 Nifty 50 companies					
	2018-19	2017-18	2016-17	2015-16	2014-15
Required CSR spend	3,782.51	3,499.57	3,276.67	2,968.82	2,529.55
Shortfall in spend	279.34	323.86	318.56	495.04	561.14
Data available for only 32 Nifty companies			Source: nseinfobase.com		

Along with this, the current pandemic has brought a wave of donations made by the companies to the government to fight off the COVID-19. In response, Hon. PM of India Shri Narendra Modi announced the opening of PM Cares fund. The amount donated in this fund would be counted as CSR and would attain tax benefits. However, the donations made to the State CM Relief Funds would not attain the tax benefits. In these times, there are various aspects of CSR which came into play and we would discuss and tackle the questions revolving around CSR donations. This paper explores both the sides of the benevolent act of the companies, including the grey area between.

2. OBJECTIVES

1. To understand the concept of CSR.
2. To study the impact of CSR and its trend in India.
3. To study the impact of COVID-19 on CSR and its governing policies.
4. To analyze the CSR initiatives by different MSMEs and big corporations in the wake of the pandemic.
5. To infer suggestive measures to make the situation better for businesses.

3. RESEARCH FINDINGS

The companies in India as per the Companies Act to spend at least 2% of their net profit on CSR. In the year 2018-19, Thirty-two of the Nifty 50 companies for which data is available have reported a shortfall of ₹279 crore, against the mandated CSR spend of ₹3,782 crore for the year. The companies in the Nifty basket that have reported shortfalls include big names — TCS, Kotak Mahindra Bank, YES Bank, ICICI Bank and HCL Technologies, according to Prime Database. Among the 1,000-odd NSE listed companies, data is available for 340 companies, which have seen a shortfall in CSR spends of nearly ₹489 crore for 2018-19. The required CSR spend from these companies for the year was ₹5,891.65 crore. The percentage of shortfall against the mandated CSR spend has been falling over the years.

In 2014-15, the shortfall in CSR spends was about 30 per cent of the mandated amount. In 2017-18, this declined to about 17 per cent. For 2018-19, data is available for only 340 companies, where the proportion of shortfall is about 8 per cent. For Nifty 50 companies, too, the trend in CSR spend has been positive, with the percentage of gap between actual and mandated CSR spend narrowing from about 25 per cent in 2014-15 to about 7 per cent in 2018-19.

During the COVID -19 crisis a total amount of Rs. 9677.9 Crores is been collected out of at least Rs 5,369.6 crore of corporate social responsibility (CSR) funds have been donated by private companies, industry bodies and social organizations. The amount of Rs. 3100 crores as on 13th May will be used funds for ventilators, migrant workers and vaccine development.

Some of the examples of Corporate Social Responsibility (CSR) in the previous financial year 2018-19 and the work done by them during the COVID-19 crisis.

Tata Sons and Tata Trusts

The Tata Trusts i.e. Sir Ratan Tata Trust and Allied Trusts had CSR of Rs. 10,944 million in the financial year 2018-19. Sir Dorabji Tata Trust and Allied Trusts had contributed Rs. 4,107 million in the same year. The major areas of focus were healthcare, rural upliftment, education, water, energy, arts, and culture.

Tata Sons and Tata Trusts combined contributed Rs 1,500 crore as a relief for COVID-19 crisis. Tata Trusts' contribution of Rs 500 crore will be used to manufacture personal protective equipment, respiratory systems, testing kits, setting up modular treatment facilities and training of health workers.

Life Insurance Corporation of India (LIC)

The amount spent during FY 2018-19 was Rs. 18.78 crores out of the Rs. 57.49 crores sanctioned for the year 2018-19. The amount was spent for promoting health care, employment enhancing vocational skills, education, entrepreneurship development, women empowerment, conservation of natural resources and contribution to Prime Minister's National Relief Fund.

The amount spent during COVID-19 crisis is Rs. 105 crores towards the PM CARES fund. In this Rs 5 crore was donated from the LIC's Golden Jubilee Fund.

Reliance Industries Limited (RIL)

The amount spent on CSR is Rs. 904 crores. The CSR engagement was on rural transformation, environmental sustainability, disaster response, health, education, and sports for development.

Reliance Industries contributed Rs 500 crore towards PM CARES and another Rs 5 crore each towards Maharashtra CM and Gujarat CM's funds. Mukesh Ambani-led RIL has also set up a 100-bed center at Seven Hills Hospital in Mumbai for coronavirus patients. Reliance Foundation is also providing free meals to people in partnership with NGOs.

State Bank of India (SBI)

The focus areas of CSR activities are healthcare, supporting education, sanitation, environment protection, skill development and livelihood creation. The amount spent in 2018-19 is Rs. 5 crores towards Chief Minister Distress Relief fund, Kerala for Kerala floods. Apart from that Bank has also donated the amount of Rs. 1.24 crore under CSR mainly towards Healthcare and Sanitation.

SBI employees contributed two days' salary amounting to Rs 100 crore. SBI has also committed 0.25 per cent of its annual profit to help fight Covid-19.

Wipro Group

The amount spent on CSR is Rs. 1853 crores. The key areas of their spending were community healthcare, education especially for underprivileged, ecology and environment.

Wipro Group and Azim Premji Foundation that committed Rs 1,125 crore said that the donations "will help enable the dedicated medical and service fraternity in the front-line of the battle against the pandemic". Out of this commitment Wipro pledged Rs 100 crore, Wipro Enterprises Rs 25 crore and Azim Premji Foundation pledged Rs 1,000 crore.

Larsen and Turbo (L&T)

The amount spent on CSR in 2018-19 was Rs.122 crores. The focus areas under CSR continue to be health, education, skill building, water and sanitation.

Larsen & Toubro has set aside Rs 650 crore to help in the fight against coronavirus. L&T has pledged Rs 150 crore to PM's fund along with Rs 500 crore per month to support about 160,000 contract workers by continuing to pay their wages and providing them with food and basic amenities.

Kotak Mahindra

The amount spent on CSR focus on Education, Preventive Healthcare and Sanitation, Relief and Rehabilitation, Clean India and to support livelihood of the people. The amount spent is Rs. 3655 lakhs.

Uday Kotak and Kotak Mahindra Bank contributed Rs 50 crore towards PM CARES and Rs 10 crore towards Maharashtra CM fund.

Some other Contributions during the COVID-19 crisis were

- Financial services conglomerate HDFC Group committed Rs 150 crore to the PM CARES fund. The amount will go towards the government's relief and rehabilitation measures.
- JSW Group that deals in steel, cement, energy, and more, auto company Bajaj Group, IT giant Infosys, online payments company PhonePe, pharmaceuticals and power company Torrent Group, bicycle manufacturer Hero Cycles and Adani Foundation have all pledged Rs 100 crore each.
- Board of Control for Cricket in India (BCCI) has also contributed Rs 51 crore.

- Paytm pledged Rs 500 crore. Paytm's contribution will go towards the PM CARES fund.
- Oil joint ventures under the Ministry of Petroleum pledged Rs 1,092.29 crore.
- Record label and film production company T Series pledged Rs 12 crore, out of which Rs 11 crore is towards PM CARES and Rs 1 crore is towards Maharashtra CM's fund.
- PSU SJVN pledged Rs 8.32 crore.
- Motilal Oswal has pledged Rs 5 crore
- Pen-maker Cello Group pledged Rs 3.5 crore.
- DCB Bank has committed Rs 1 crore.
- Canon India launched an initiative which benefits around 12,000 daily wage workers and people BPL. It provides essentials and other needs to its SOS villages in India.
- Steel Authority of India (SAIL) committed Rs 30 crore.

4. CONCLUSION

The Indian Companies over the years have contributed in various activities as a part of Corporate Social Responsibility (CSR). These businesses want to stay relevant to its stakeholders and help them improve their own revenue and efficiency with doing these various CSR activities. The business who normally in the impression of contributing to CSR providing a very minute amount have come out with a whole heart and helped the nations through the various initiatives taken by them during COVID-19. Even though MCA through an official memorandum has specified that any contribution made to (PM CARES Fund) shall qualify as Corporate Social Responsibility expenditure under the Companies Act, 2013, there are many contribution which are done by companies on a local level without considering it as a part of CSR activity. The main motive of providing aid during this pandemic is to overcome the issues faced by the people in need in form of food and shelter. The various initiatives like ventilators, PPE kit for healthcare employees, free meals, providing daily necessities to the needy people at a subsidized rate, making the migrants travel back to their home etc. are all been done with the amount donated by these companies which has helped the country move ahead in spite of such global crisis. Such more initiatives in future will make the social development of the country on track and can help to overcome these crises faced all over the world.

REFERENCES

1. Karnani. A 2016¹. This article discusses the grey area surrounding CSR activities. It also discusses how figures of tax rate in India and its implication. It tells how the amount of money spent might not necessarily mean the betterment of the masses as there is no way to measure the effectiveness.
2. Nirmal. R 2019². This article compares the CSR spend of different companies and provides data regarding the same. It also gives an overview of the spend by Nifty 50 companies.
3. Wani. S 2016³. This article discusses the functioning of CSR in India and gives information about the traditional committee used in the companies to take care of CSR spend.
4. Madhukalya. A & Kapoor M. 2020⁴. This article discusses the various donations given to the fight against COVID-19 by the top companies and celebrities.
5. Reuters 2020⁵. This article discusses the criticisms raised over the PM Cares fund. It also includes the statements of a few authorities which raised suspicions.

¹ Karnani Aneel (2016), "Why the CSR law isn't a success", liveMint

² Nirmal Rajlakshmi (2019), "India Inc's expenditure on CSR activities still isn't enough", Business Line Research Bureau, The Hindu Business Line

³ Wani Saurabh (2016), "How CSR works in India", YourStory

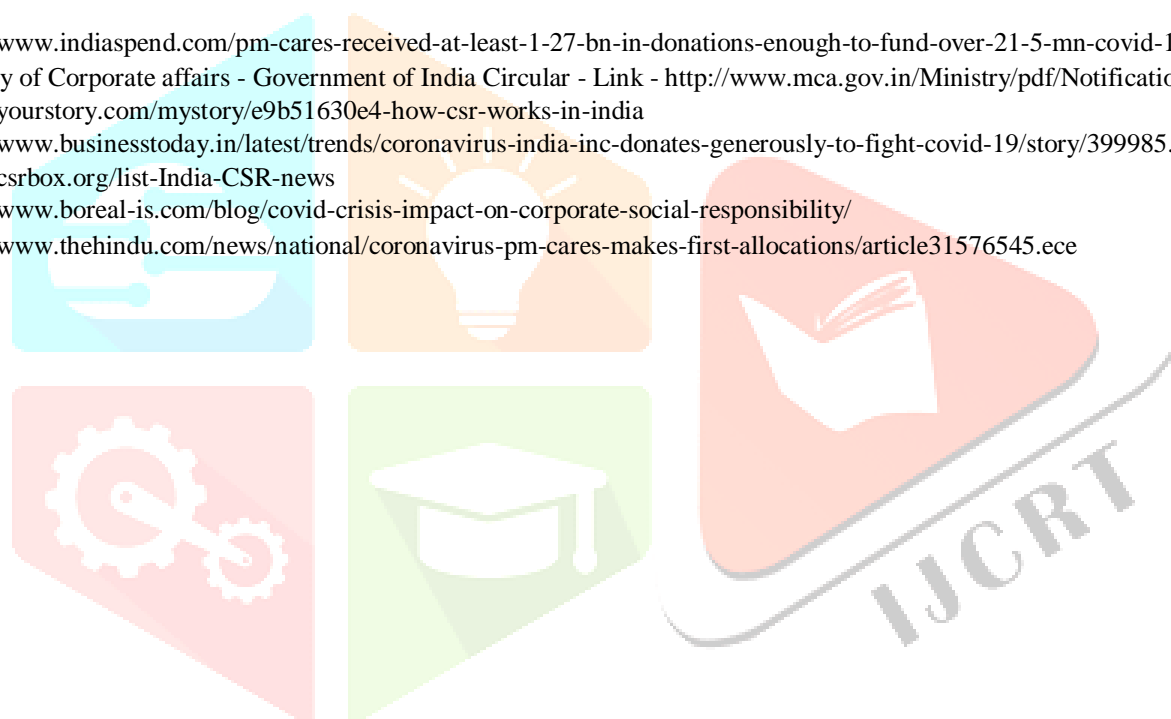
⁴ Madhukalya Anwasha & Kapoor Mudit (2020), "From Ambani to SRK: Who has donated how much to fight coronavirus?", Business today

⁵ Reuters, "Donations pour in but India's 'PM CARES' coronavirus fund faces criticism", CNA Asia

6. HrNxt Newsdesk 2020⁶. This article discusses the innovative CSR initiatives of Cannon India and describes how the company provides for its adopted villages in North India.
7. Kala. R 2020⁷. This article cites the various requests of delaying the financial year and other suggestive measures given by the companies to the Ministry of Corporate Affairs.
Annual Reports of FY 2018-19
 - Reliance Industries Limited (RIL)
 - Life Insurance Corporation of India (LIC)
 - Wipro Group
 - Larsen and Turbo (L&T)
 - State Bank of India (SBI)
 - Kotak Mahindra
 - Tata Sons and Tata Trusts (Sir Ratan Tata Trust and Allied Trusts, Sir Dorabji Tata Trust and Allied Trusts)

WEBLINKS

1. <https://www.indiaspend.com/pm-cares-received-at-least-1-27-bn-in-donations-enough-to-fund-over-21-5-mn-covid-19-tests/>
2. Ministry of Corporate Affairs - Government of India Circular - Link - http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdf
3. <https://yourstory.com/mystory/e9b51630e4-how-csr-works-in-india>
4. <https://www.businesstoday.in/latest/trends/coronavirus-india-inc-donates-generously-to-fight-covid-19/story/399985.html>
5. <https://csrbox.org/list-India-CSR-news>
6. <https://www.boreal-is.com/blog/covid-crisis-impact-on-corporate-social-responsibility/>
7. <https://www.thehindu.com/news/national/coronavirus-pm-cares-makes-first-allocations/article31576545.ece>



⁶ HrNxt Newsdesk, "Canon India extends CSR support to its adopted villages amid coronavirus"

⁷ Kala Rajan Rishi, "Companies urge govt to extend current financial year to June; relaxation in CSR spends", Financial Express