CSR A Saviour In COVID-19 Pandemic- Case Study Of Indian Companies

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Abstract:
At the present time, every other part of the world is suffering from the impact of Corona virus. COVID19 pandemic has changed the life story of government as well as private business houses. This situation is getting out of control due to increase in the number of cases all over the world. In these circumstances, many companies have turned up with completely new role, thus making the resources available to the to the society in general or to the government which could further help to fight against COVID 19. As such this behaviour has got the extra attention due to the announcement made by Ministry of Corporate Affairs regarding the socially responsible practices. It includes that the corporates spending for various activities related to COVID-19 would be treated as CSR. Therefore, the companies are showing their responsible behaviour towards the societies by contributing food, masks, medical kits, donations, free meals etc. for the social welfare under CSR. The aim of this paper is to check the impact of COVID 19 on CSR practices by the companies till 31stAugust, 2020.

Keywords: - CSR, COVID 19, Pandemic, economic shock

Introduction
The COVID-19 pandemic, also called the coronavirus pandemic, is an ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)(Rothan &Byrareddy, 2020).It was first identified in December 2019 in Wuhan, China(WHO Names Deadly Viral Disease from China as “COVID-19” - The Hindu, n.d.). Corona Virus has impacted the lives of millions, or practically everyone on the face of the Earth.
Therefore, on 24th March, 2020, India went into a nationwide lockdown after the speech of the honorary Prime Minister Sh. Narendra Modi at 8 PM (Coronavirus: India Enters “total Lockdown” after Spike in Cases - BBC News, n.d.). It was for 21 days which limit the movement of entire population. The ongoing lockdown, in the wake of pervasive COVID-19, has affected the lives of many vulnerable and underprivileged sections of the society across the country (Gettleman & Schultz, 2020). The speeding spread of the pandemic has caused huge amounts of economic damage around the globe. It was phase1 which extends from 24 March, 2020 to 14 April, 2020. Then the second phase starts from 15 April 2020 till 3 May, 2020 i.e for 19 days (India to Remain Closed till 3 May, Economy to Open up Gradually in Lockdown 2.0, n.d.). Then the third phase started on 1 May, the Government of India extended the nationwide lockdown further by two weeks until 17 May (Indian Government Announces 2 More Weeks of Lockdown Starting May 4 - TimesKuwait, n.d.). The Government divided all the districts into three zones based on the spread of the virus—green, red and orange—with relaxations applied accordingly (Coronavirus: Lockdown Extended for 2 Weeks, Business Activities to Resume Based on Zones - India News, n.d.). Then 17 May, the lockdown was further extended till 31 May by the National Disaster Management Authority which was phase four (Lockdown in India Extended till May 31, States Can Now Decide Zones - The Week, n.d.) and moreover, in lockdown 4.0, the Ministry of Home Affairs (MHA) said new guidelines have permitted considerable relaxations in restrictions and that states will decide various zones, taking into consideration parameters shared by the Health Ministry. Then on 30 May new announcement for the lifting of restrictions were made by extending lockdown for containment zones only (Lockdown 4.0 Guidelines State-Wise: MHA Issued New Guidelines & Rules for Coronavirus Lockdown 4.0 in India, n.d.).

There comes, the unlocking process, the unlock 1.0 starts from June 1, 2020 till 30 June, 2020. In this services resumed in a phased manner starting from 8 June (Unlockdown 1.0: From June 8, Hotels, Restaurants, Malls, Places of Worship to Be Thrown Open to the Public, n.d.). Then second phase of unlock i.e unlock 2.0 started from 1 July, 2020 till 31 July, 2020 with more ease in restrictions (Unlock 2.0 Guidelines & Rules State-Wise: MHA Issued New Guidelines for Coronavirus Unlock 2.0 in India, Read Here, n.d.) Then the third phase of unlock starts from 1st August, 2020 till 31 August, 2020 i.e unlock 3.0 (Unlock 3.0: Centre Removes Night Curfew, Gyms Reopen; No School, Metro in August - The Economic Times, n.d.) Then, unlock 4.0 which has started from September 1, 2020 and it ended on 30 September, 2020. While allowing the phased reopening outside the containment zones, the Central government has stipulated that the States cannot impose local lockdown beyond the containment areas without prior consultation with the Ministry of Home Affairs (MHA). The Central government has also directed that there shall be no restriction on inter-State and intra-State movement of persons and goods, including those for cross land border trade under the treaties with the neighbouring countries (State Gears up for Unlock 4.0 - The Hindu, n.d.).
Overall, the COVID-19 pandemic has spread all over the world, infecting millions of lives, and the economy as well. As many countries like India has imposed many restrictions on the business movements as well as people are restricting their savings to essentials needs only. This has already brought an economic shock all over the world. June 2020 Global Economic Prospects forecast envisions a 5.2 percent contraction in global GDP in 2020 and advanced economies are projected to shrink 7 percent (The Global Economic Outlook During the COVID-19 Pandemic: A Changed World, n.d.). As per the FICCI survey in March, due to COVID-19, 53% of businesses in India have shown a certain amount of impact of shutdowns on operations and the pandemic has significantly impacted the cash flow at organizations with almost 80 percent reporting a decrease in cash flow (Coronavirus Impact: Indian Industry Seeks Relief Measures to Aid Economy, n.d.) (Vyas, 2020). Moreover, growth of third quarter (October-December) slowed down to 4.7% and the impact of the Covid-19 outbreak is likely to pull it down further in the fourth quarter (Impact of COVID-19 on the Indian Economy & Workforce, People Matters, Mar 26, 2020, n.d.).

Unemployment rate touches 26% due to COVID-19 (Lockdown 2.0: Unemployment Rate Touches 26% amid Covid-19 Outbreak | Business Standard Column, n.d.). Moreover, the condition has been worsen for the daily wagers and the labour class employees and the labour participation rate has fallen to 35.4 percent during lockdown 2.0. As such unlocking process is improving this situation but still in August, the urban and rural unemployment rose to 9.83 percent and 7.65 percent respectively and the overall unemployment has increased to 8.35 percent from 7.43 percent in July according to monthly unemployment data by the Centre for Monitoring Indian Economy (CMIE) released on Tuesday, September 1 (Unemployment Rate Rises to 8.35% in August amid Slow Economic Recovery: CMIE, n.d.). In this situation, each and every industry is suffering financial burdens but still few of the companies are coming forward to take the responsibility by contributing towards the people hit by pandemic. According to Ashwajit Singh, Managing Director, IPE Global, "When God blesses you financially, don’t raise your standard of living. Raise your standard of Giving" and this race the CSR is acting as a propeller for private sector in order to fight COVID-19 (Covid-19: Is This the CSR Propeller for Private Sector? Ashwajit Singh, MD, IPE Global Explains | Zee Business, n.d.) CSR which means corporate social Responsibility. It is also acting as a saviour in case of upliftment of society and sustainability of the planet. Indian is the first country in which Indian government through the ministry of corporate affairs on April 1, 2014, notified Section 135 together with the companies’ rule, 2014 of the Companies Act, 2013, which make CSR mandatory for some categories of companies comply with CSR provisions (Gatti et al., 2019). Pursuant to provisions of Section 135 of the Act, 2013 read with Rule 3 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (‘CSR Rules’) every company including its holding or subsidiary, and a foreign company, having its branch office or project office in which has net worth of rupees five hundred crores or more, or turnover of rupees one thousand crores or more or a net profit of rupees five crores or more during any financial year, have to comply with the provisions of Section 135 of the Act, 2013 and the CSR Rules (Corporate Social Responsibility (CSR) - Section 135, n.d.). Due to this, many companies have to pay...
compulsory under CSR towards the many social causes or to save the planet. Whereas, in current circumstances, where each and every company is suffering from financial crunch the also many of the companies are voluntarily coming forward to save the human lives by donations or other services. These donations got an edge due to the announcements made by but the Ministry of Corporate Affairs that corporate spending for various activities related to COVID-19 would be treated as CSR and moreover the ministry of corporate affairs (MCA) on Sunday (29-march, 2020) said donations to the Prime Minister’s emergency fund set up to fight the Covid-19 pandemic will qualify as corporate social responsibility (CSR) spending that companies are mandated to make (About PM CARES Fund for Emergency or Distress Situations, n.d.) (Gireesh Chandra Prasad, 2020). So, many companies have started contributing much towards this fight and so, CSR became a saviour in the fight against Covid-19. During 2019-20 (from 27th to 31st March, 2020), an amount of Rs. 3076.62 Crore has been collected under PM CARES Fund (Covid Covers 80% of CSR Budget for India Inc: Crisil, n.d.). So, the companies are turning responsible and has already initiated towards the saving of the planet.

Moreover, firm’s genuine and authentic CSR will build stronger rapport among its customers and the general public, as they have built up strong expectation from leading brands, particularly their favourable brands, during the current crisis with regard to their efforts in combating the virus. Consumers would feel proud of their brands helping their employees, donating money and equipment during the crisis. So, the current paper covered the companies which have put efforts to meet and contribute towards pandemic. The main objective of this paper is to cover the impact of COVID-19 on the CSR and to identify the CSR practices in pandemic period by various Indian companies.

Research Methodology:

The data has been collected from various websites, newspapers, companies’ official websites as well as published data. Secondary data has been collected and descriptive analysis have been done for the present research. It covered the maximum contribution by the companies and companies having maximum presence in pandemic. Moreover, it covered and compared the last year contribution as well as the future plans of the companies on the basis of availability of data.

Detail:

CSR is a process in which individuals identify stakeholder demands regarding their organisations and confer their level of responsibility towards the welfare of society, environment, and economy. Whereas, pandemic has already broken the backbone of many business houses, still many came forward to share this responsibility. As per the report by CRISIL, COVID-19 covers 80% of CSR budget for Indian Companies, in which Crisil drew up the list of 100 organisation of the basis of revenue and CSR spent in 2019. Spending of the firms has been done in the form of contribution to the PM CARES fund, distribution of food, masks, personal protective equipment and relief to the needy. Reports shows that the PM CARES get Rs 6500 crores donation in a week which is three times more than what PMNRF got in 2 years (PM CARES Gets Rs 6,500 crores donations in a week...
Crore Donation in a Week, 3 Times More than What PMNRF Got in 2 Yrs, n.d.). Moreover, as per the report by CRISIL regarding the CSR spending by the top 130 companies has shown an increase of 14% on CSR spent on-year to Rs 11,392 crore, which was a touch over 2% of their average net profit. In this, both public and private companies had put there step forward in order to contribute towards pandemic. From private sector, 56 companies spent 5122 crores and from public sector 24 companies spent 2229 crores, whereas private foreign sector has spent 186 crores through 4 companies (Doing Good in Bad Times, n.d.-a).

Reliance Foundation has donated Rs 535 crores to various relief funds, including the PM CARES fund. Reliance has set up India’s first 100-bed exclusive COVID-19 Hospital in Mumbai in just two weeks. Reliance Industries through Reliance Foundation have launched Mission Anna Seva -to feed needy Indians. Through Mission Anna Seva, it provides over 3 crore meals to marginalised communities and frontline workers across the nation (Reliance Industries Limited, n.d.). Overall, Reliance industries spends Rs. 1022 crores on corporate social responsibility programmes during the financial year 2019-20, where as the CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Reliance company during the year is Rs 875 crore. Last year i.e 2018-19, CSR amount spent by the Reliance was 904 crores and this year, the company came forward to spent more due to pandemic (Corporate Social Responsibility (CSR): Reliance Industries Spends Rs. 1022 Cr on Social Development – India CSR, n.d.).

Another company, Maruti Suzukispend over Rs. 168.2 Crore on Corporate Social Responsibility (CSR) projects in FY 2019-20, utilising the full budget for the purpose. The prescribed CSR expenditure for financial year 2019-20 is Rs. 1,666 million. In 2019-20, the Company spent Rs. 1,682 million on CSR which is over two percent of the average net profit for last three financial years. Last year i.e 2018-19, company spent 154.2 cr on CSR activities (Maruti Suzuki Reports over Rs. 168 Cr. Investment in Corporate Social Responsibility (CSR) in FY 2020 – India CSR, n.d.). Moreover, the annual report of the company has shown that the company is developing a 100-bed hospital in Sitapur, Gujarat. The first phase of the project with 50 beds is expected to be operational by April 2021. As per the annual report 2020, the Company recognises the need to improve community health and lays special emphasis on health projects.

NMDC Limited declared that they will contribute INR 150 cr. to the PMCare’s Fund to help in the fight against COVID -19. This was announced via a tweet by Shri N. Baijendra Kumar, IAS, CMD, NMDC (CSR: NMDC Ltd. Contributes Rs 150 Cr. to PM Care’s Fund – India CSR, n.d.). Infosys Foundation, committed Rs. 100 crores to support efforts towards fighting COVID-19 in India. The Foundation contributed half of this commitment (Rs. 50 crores) to the PM CARES Fund. Moreover, it is announced that the funds will be utilized to provide ventilators, testing kits, and Personal Protective Equipment (PPE) like masks, and other protective gear for frontline healthcare workers, and towards ensuring better access to food and nutrition for the underprivileged section of the society (Infosys Foundation Commits Rs 100 Cr towards COVID-
Relief Efforts, n.d.) (India Inc Offers Monetary Aid, Other Packages - The Economic Times, n.d.)

Ratan Tata chairman of Tata Group and Tata trust announced 1500 crores to fight COVID-19 Pandemic. Moreover, the annual CSR report released by the company for FY 2019-20 has shown the contribution of the company towards key thrust areas of Health (Aarogya), Education (Vidyadhanam), Employability (Kaushalya) and Environment (Vasundhara) and the Rural Development(Tata Motors Releases Its Annual CSR Report FY 2019-20, n.d.). Larsen & Toubro, has committed to donate Rs. 150 Crore to the PM-CARES Fund(Larsen & Toubro Sets out Covid-19 Support Plan, n.d.). Mankind Pharma, joins the fight by donating Rs 51 crore to CM Relief fund to manage this pandemic. Mankind will be donating ventilators, Personal protective equipment (PPE) and Medicines to the states reporting maximum number of positive cases(Mankind Pharma Pledge to Contribute Rs 51 Crore for Covid-19 Relief Fund - Business News, n.d.).

During pandemic, banking sector has also turned up to for the support. Uday Kotak, Managing Director of Kotak Mahindra Bank pledged Rs 25 crore to PM-CARES fund to fight the battle against the novel coronavirus. The bank will also donate a sum of Rs 25 crore to the emergency fund(Uday Kotak to Donate Rs 50 Cr to Fight Covid-19, n.d.). State Bank of India has announced to commit 0.25% of its annual profit to fight COVID-19 outbreak situation in India. The fund used to fight COVID-19 pandemic will be spent from CSR funds(State Bank of India: SBI Commits 0.25% of Annual Profit to Fight COVID-19, BFSI News, ET BFSI, n.d.)

HDFC Bank has spent Rs 535.31 crore on various CSR initiatives during FY 2019-20, in accordance with Companies Act, 2013, the company’s annual report revealed. The Bank contributed Rs. 70 crore towards Prime Minister’s CARES Fund to support the government’s fight against the COVID-19 pandemic(HDFC Bank Spends Rs. 535 Cr on Community Development in FY 2019-20 - Csr Egypt | Csr Egypt, n.d.) Axis Bank has taken an initiative to set aside Rs 100 crore to support customers, employees, vendors and government agencies in the fight against coronavirus(PM-CARES Fund - Donate to Help India Fight Covid-19 - Axis Bank, n.d.)

In this race, pharmaceutical industry also came forward to take the responsibility of pandemic. Sun Pharmaceutical commits Rs 25 crore worth of Hydroxychloroquine (HCQS), Azithromycin, other related drugs and hand sanitisers to support India’s fight against COVID-19(Sun Pharma Commits ₹25 Cr Worth of Drugs, Sanitisers to Fight COVID-19, n.d.). Lal PathLabs Limited, a leading diagnostic and related healthcare service provider announced a donation of Rs. 1 crore to PM’s Citizen Assistance and Relief in Emergency Situation (PM CARES) to help the government in its fight against coronavirus(Dr Lal PathLabs Contributes Rs. 1 Crore to PM CARES FUND — Medgate Today, n.d.).

Jindal South West Group has committed over ₹100 crore to PM-CARES Fund and in support of all on-going relief efforts of the Central and State governments towards fighting the Covid-19
In this fight, oil and natural gas companies has also extended their hands to help the nation in fighting with this pandemic. Oil and Natural Gas Corp (ONGC), Indian Oil Corp (IOC) and other public sector oil companies have contributed 1031 crores to the Prime Minister CARES Fund to help in the fight against COVID-19 pandemic and additionally, Rs 61 cr has been contributed by colleagues of PSUs from their salaries for the PMCARES fund. ONGC is the top contributor with Rs 300 crore, followed by IOC chipping in Rs 225 crore. Privatisation-bound Bharat Petroleum Corp Ltd (BPCL) provided Rs 175 crore, while Hindustan Petroleum Corp Ltd (HPCL) chipped in Rs 120 crore. Petronet LNG Ltd gave Rs 100 crore, gas utility GAIL Rs 50 crore and Oil India Ltd another Rs 38 crore. ONGC Chairman and Managing Director Shashi Shanker said the company gave Rs 300 crore from its corporate social responsibility (CSR) funds and the company employees contributed two days' salary, totalling Rs 16 crore, to the fund. Moreover, Petronet LNG Ltd along with contribution of Rs 100 crore to the PM CARES fund has also contributed Rs 1.53 crore to various health institutions for procuring personal protective equipment for healthcare workers at Bharuch in Gujarat and Kochi in Kerala. Oil India Ltd contributed Rs 38 crore to the PM CARES fund and their employees contributed 2 days' salary amounting to Rs 3.8 crore. Numaligarh Refineries Ltd has contributed Rs 25 crore, OIDB Rs 17 crore, MRPL Rs 2 crore, CPCL Rs 2 crore and Engineers India Ltd Rs 1 crore. ONGC, IOC, Other Oil Companies to Contribute Over Rs 1,031 Crore to PM COVID-19 Fund, n.d.) (Credit Suisse Pledges Rs 4.5 Cr for COVID-19 Relief Efforts, n.d.)
Jindal Steel & Power Ltd (JSPL) has contributed Rs. 25 Crore to the PM-CARES Fund to support the Government’s mission to curb COVID-19 pandemic in India. Pursuing the Mission Zero Hunger, JSPL Foundation, the CSR arm of JSPL, is providing food and other essential supplies to the local communities in the vicinity of its manufacturing locations and JSPL is also providing medical support through its hospitals and OSH centres (CSR: JSPL Contributes Rs. 25 Cr. to PM-CARES Fund, n.d.). Indus Towers has contributed Rs 35 Crores to the PM-Cares Fund, partnering in supporting the fight against COVID-19. Credit Suisse has pledged Rs. 45 crores to support government and community efforts to address urgent healthcare needs arising from the Covid-19 outbreak in Maharashtra. Power Grid of India donates 200 crores in PM care fund.

Some of the companies came forward by donating in kind or by providing various services to the needy during pandemic. Hero MotoCorp, has developed 60 first-responder mobile ambulances that will be distributed to authorities for use in the rural and remote regions and also donated 2000 motorcycles to various authorities for use in relief efforts (Coronavirus: Hero Donates 60 First-Responder Mobile Ambulances, n.d.). Maruti Suzuki distributed over 5,400 cooked food packets in the nearby communities. More than , 120,000 food packets, 10,000 dry ration kits, 4500 litres of fresh water have been distributed during the lockdown (Maruti Suzuki Cares: Strengthens Community Outreach Program, n.d.). SHARP will supply 44 units in total of their latest air purifiers to Safdarjung Hospital (20 units) Delhi and Civil Surgeon Hospitals in Gurgaon (20 units) and Panchkula (4 units) (SHARP Supply Air Purifiers to Hospitals, n.d.)

As per the report by CRISIL, out of 130 top Indian companies, 113 i.e 87% have supported the pandemic though cash or kind. Of these 113, as many as 84 contributed Rs 7,537 crore that can be classified as CSR spend. Of this, 57% was contributed to the PM CARES Fund and the balance spent on other relief funds, food/ ration donation, masks, sanitisers and PPE kits – where a monetary value was attached. The remaining 29 either contributed to other funds (Rs 373 crore), and/or facilitated voluntary employee donations (Rs 84 crore) that cannot be classified as CSR spend, or donated solely in kind (food and masks), for which assigning a monetary value was difficult (Doing Good in Bad Times, n.d.-a). So, Indian companies have become saviour during COVID-19 with the help of CSR.

In fiscal 2019, of the 4,817 companies listed on the Bombay Stock Exchange and the National Stock Exchange, 1,976 met the criteria for mandatory CSR spending under Section 135(5) of the Act. Of the total 1,276 companies, 1,065 had figured in the list of spenders in the previous fiscal as well. As many as 679, or 63.76%, of these increased their CSR spend on-year (Doing Good in Bad Times, n.d.-b). Data has shown that maximum Indian companies has already increased the CSR expenditures due to the need of the era and keeping in mind the pandemic the major amount of CSR has been spent on healthcare and sanitization.
Conclusion: -It is concluded that CSR by Indian companies have proven to be a saviour during Pandemic. Many companies have contributed to PM Cares fund, health and safety measures, food, sanitization, medical facilities, clean water etc. Neither of the sector has denied contribution even under economic crises. Rather, the CSR spending’s of the companies has increased from last five years. Moreover, the CSR spend has given a solid push to meet the social needs during pandemic. As, 113 public sector companies spent Rs 3,224 crore, 1,104 private companies spent Rs 7,709 crore, and 59 private (foreign) companies spent Rs 459 crore(Doing Good in Bad Times, n.d.-c).

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