

**DE JURE NEXUS LAW JOURNAL**

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**CORPORATE SOCIAL RESPONSIBILITY OBLIGATION &  
COMPLIANCE UNDER COVID 19****Introduction:**

The health, economic, and social consequences of the SARS-CoV-2 virus have highlighted the need for collaboration among all agents to face a scenario that we have not before seen. The objectives of this research paper are to analyse the involvement that large Spanish companies have shown during the toughest moments of the pandemic and to determine the objectives these companies have pursued with them. The results show that several companies have shown a great obligation with society, developing actions that alleviate the consequences of the COVID-19 like others have developed several tactics with different objectives. More concretely, three groups of responsibility have been identified as: (i) protecting only the interests of shareholders and investors; (ii) favouring the wellbeing of the society in general and vulnerable groups in particular; and (iii) combining the previous philanthropic actions with commercial interests.

The COVID-19 pandemic is one of the most impactful shocks worldwide whose direct and indirect effects have been felt in all industries. It is up to the companies to come up with an effective CSR program for their business which is beneficial to its employees, customers as well as others. A good CSR program will keep the stakeholders satisfied as well as the external brand image of the company is improved.

The COVID-19 pandemic originated on 31 December 2019, the date on which the World Health Organization (WHO) had officially acknowledged 27 cases of pneumonia of

unknown ethology, which was later identified as a new virus, SARS-CoV-2, which is also called COVID-19. Almost three months later, on 11 March 2020, the WHO declared the global pandemic, which at that time exceeded 32.5 million cases and more than 989,000 deaths. There have been problems in the logistics of medical equipment, which have made it difficult for health professionals to have the protective equipment that guarantees their safety, which in turn makes it difficult for them to treat patients with severe symptoms. To stop this pandemic, the governments of countries across the globe have implemented strategies to contain the advance of this virus based on the total or partial confinement of the population, as well as on non-essential social and economic activities. In turn, they have introduced aid packages and economic measures mainly aimed at the people most affected by this situation: their citizens and companies.

### **Corporate Social Responsibility in the Pandemic:**

It has been observed that many companies have actively engaged in numerous CSR activities, mainly those that can offer instantaneous help and aid for fighting the virus. In this sense, the changes that have occurred in society have had a deep effect on Corporate Social Responsibility to the extent that companies have promoted more honest and authentic policies that contribute to addressing the most urgent global challenges. Decisions that, according to the theory of the common good, focus on the human dimension and are intended to improve the living conditions of a society, promoting the sanitary resources and economic well-being of all the citizens. Companies under their CSR program are providing covid vaccinations free of cost for the employees and workers of the company as well as free of cost or at a minimum price for the family members of employees and workers.

According to Section 135 of Companies (CSR) Rules, 2014 and Schedule VII of Companies Act 2013: *“Every company with a net worth of Rs 500 crore or more or turnover of Rs 1,000 crore or more or net profit of Rs 5 crore or more during the immediate preceding financial year, must have a CSR committee and spend at least 2 per cent of average net profits earned during three immediate preceding financial years to CSR activities.”*

Companies are also trying to shift operational guidelines as per the framework of the new CSR Rules that the MCA notified in January, which has introduced significant changes to monitoring and evaluation of CSR activities, and utilisation of CSR expenditure. India's CSR expenditure for FY20 stands at Rs 17,885 crore, down from Rs 18,655 crore the previous year. CSR constitutes 28 percent of India's total philanthropic giving, but is expected to further decline by 5 percent this year, according to the India Philanthropy Report 2021 by Dasra and Bain & Company. Domestic corporations have seen a decline in profitability during the past year. Listed companies' profitability declined by 62 percent in the months immediately following India's initial Covid-19 lockdowns," the report says, adding that the challenge faced by the social sector will be compounded by the shift away from other traditional funding areas such as education, rural development and environment toward Covid-19 relief.

It is explained that the new Rules introduced by the government mete out serious punishment for non-compliance, which is a long way from the social responsibility regulation that was initially voluntary for companies. Not only do the new Rules prescribe greater obligations for the Board and the CSR Committees of companies to monitor and report on CSR activities through annual action plans, but also require certification of the CFO on fund disbursement and utilisation.

As we know, the Companies Act obligates certain companies to spend money on CSR activities. Now with the introduction of new provisions, there was ambiguity on whether the company needs to spend the amount in cash or kind. There is no restriction on spending in cash or kind, but the prime importance is given to the word 'spend'. The government clarified that any donation made by the company out of free company resources already held by them cannot be termed as a CSR expenditure. Actual spending is required for it to qualify as CSR expenditure.

#### **CSR activities of the Tata Group during Covid:**

Tata Trusts in the first wave of the pandemic in May 2020, committed ₹500 crore for waging the "war against virus." The funds were be used for personal protective equipment for the medical personnel on the frontlines, respiratory systems for treating

increasing cases, testing kits to increase per capita testing, setting up modular treatment facilities for infected patients, and knowledge management and training of health workers plus the general public. According to the Tata Trusts Chairman Ratan Tata, Urgent emergency resources were required to be deployed to cope with the needs of fighting the Covid-19 crisis. Tata trust which are joined by Tata Sons and Tata Group companies are committed along with local and global partners as well as the government to fight this crisis on a united public health collaboration platform which will strive to reach sections that are underprivileged and deprived.

Tata has also made beds available for COVID-care through its various firms. For instance, Indian Hotels converted hotels and hotel rooms to make 1,500 beds available for COVID-19 patients, while Tata Trusts have another 1,500 beds with the hospitals they work with. Tata Projects added another 400 odd critical beds through newly built or modified existing hospitals. The group has also taken a 'senior Tata leader' in each of the locations where the group has a large presence such as Delhi-NCR, East and North East region, Hyderabad, Chennai, Bangalore, and Gujarat to co-ordinate and provide all necessary support to the Tata ecosystem.

Tata Sons had pledged a total of Rs 1,500 crore to combat the outbreak of the pandemic in India last year. The group is also working to support the Elder Care programme by addressing the effects of the pandemic on the elderly. "The Trusts are actively engaged in providing continued support to the elderly by moving the engagement to digital and electronic spheres," stated Tata Trusts.

### **CSR activities of the Reliance Industries during Covid:**

Mukesh Ambani-helmed Reliance Industries has made a long list of contributions during the pandemic. From arranging ICU beds to supplying medical oxygen, RIL has been at the forefront. The company said that when the pandemic began it had zero production of medical-grade liquid oxygen, which has now been ramped up to 1,000 MT. The company said that this can meet the needs of nearly 1 lakh critically ill patients. Reliance produces over 11 per cent of India's total production of medical-grade liquid oxygen, which helps to meet the needs of nearly 1 in 10 patients. The company supplied over 15,000 MT of

oxygen free of cost in April. Reliance also organised the airlifting of 24 ISO containers into India from Saudi Arabia, Germany, Belgium, The Netherlands and Thailand adding 500 MT of new transportation capacity for liquid Oxygen.

The company made a contribution of 875 beds for COVID-19 patients through the Reliance Foundation. Sir HN Reliance Foundation manages a 650-bed COVID-19 care facility at National Sports Club of India in Worli, Mumbai where all patients are treated for free. The foundation along with BMC set up a COVID hospital with 225-bed facility at Seven Hills Hospital. Patients there too receive free treatment.

### **CSR activities of the Adani Group during the pandemic:**

Adani Group donated Rs.114 crore to central and state governments till April 14, 2020. The Gautam Adani-helmed corporation donated Rs. 100 crore to PM CARES fund, while it donated Rs 5 crore each to Gujarat CM Relief Fund and Kerala CM Relief Fund. It donated Rs 2 crore to Andhra Pradesh CM Relief Fund and Rs 1 crore each to Maharashtra CM Relief Fund and Jharkhand CM Relief Fund. Apart from that, Rs. 4 crore was donated by Adani employees, which was matched by Adani Foundation to amount to Rs. 8 crore. Adani Group along with an organisation called Iskcon Dwarka contributed Rs 50 lakh to feed around 1 lakh underprivileged people in Delhi. The company also provided 100 ventilators to the Ahmedabad Municipal Corporation, while it donated 10,000 Personal Protective Equipment (PPE) kits to the government of India.

### **Conclusion:**

Many corporates have already risen to the occasion and are helping the country in these desperate times of need. Thereby, the amendments in the rules are a welcome move. This will allow the companies to invest in healthcare and other related areas while complying with corporate social responsibility requirements. Government clarifications of all doubts on CSR spending will be a great initiative, and it can encourage many more corporates to join the movement.

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