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RESEARCH ARTICLE

CSR IN INDIAN INDUSTRY COVID-19 IMPACT & WAY FORWARD

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ABSTRACT

The companies Act, 1956 is replaced the companies act, 2013 and corporate social responsibilities have been mandatory for a particular class of companies. CSR is describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. It also has been revealed that the many companies promote and implement CSR initiatives through human resources department, foundation or collaboration with NGO's. Companies now are setting up specific departments and teams to develop policies, strategies, and goals. Our analysis reveal how CSR activities connected to multiple stakeholders, including government, business, and society. Several companies have now passionately taken up to the cause of CSR in India. In this paper CSR activities are analyzed followed by challenges, development programs and factors affecting CSR activities in covid-19 pandemic situation and way forward.

INTRODUCTION

On April 2014 India became the first country to legally mandate corporate social responsibility. As per the new rules in section 135 of Indian companies act, every company having net worth of 500 crores, or having a turnover of 1000 crores or more, or net profit of 5 crore or more during any financial year must constitute a CSR committee. The Committee shall formulate policy including the activities specified in Schedule VII of the 2013 Act. The Board shall disclose the content of policy in its report and place on website, if any of the company. This section further provides that the Board shall ensure and spend at least 2% of their average net profits made for the immediate past three years on CSR activities. Companies in India have quite been proactive in taking up CSR initiatives and integrating them in their business. The world business council on sustainable development defines CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families, local community and society at large to improve their quality of life. Two popular definitions'' are those given by M^cWilliams and Siegel (2007,p 117) who see CSR as actions that appear to further same social good ,beyond the interest of the firm and that which is required by law. Barnett (2007, p 801) who defines it as a discretionary allocation of corporate resources' toward improving social welfare that serves as a means of enhancing relationships with key stakeholders.

CSR presents the ethical guidelines an organization should practice for its internal as well as external employees; it means that the responsibility of an organization for the environment and the society in which it operates. CSR is an entry point for understanding several firm-related and social issues and responding to them through firm's business strategy. CSR is a company's commitment to manage the social, environment and economic effects of its operations responsibly and in line with public expectations. The concept and ambit of corporate social responsibility has exponentially increased in the recent past particularly during outbreak of the novel covid-19 virus infection which was declared as a pandemic by world health organization (WHO) on 11.03.2020. Number of people affected due to the viruses and its resulting impact on CSR has transformed the outlook of businesses towards the society all over the world.

CSR advantages and Disadvantages: CSR is a self-regulating business model that allows a company to be socially accountable not only to it, but also to its stockholders and the public. Primarily CSR is a strategy for large corporations that have grown to the point where they can give back to society and the environment. CSR activities can also strengthen the bond between the employees, stake holders and the organization, and make them feel more connected with the world around them.

Advantages

) Enhances Organization's reputation

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-) Bring Motivation among employees
-) Improves profitability
-) Builds customer loyalty , brand Value.
-) Helps Advertising your brand

Disadvantages

-) Conflict in the profit-making objective
-) Subject to greater scrutiny.
-) Increased in the cost of production

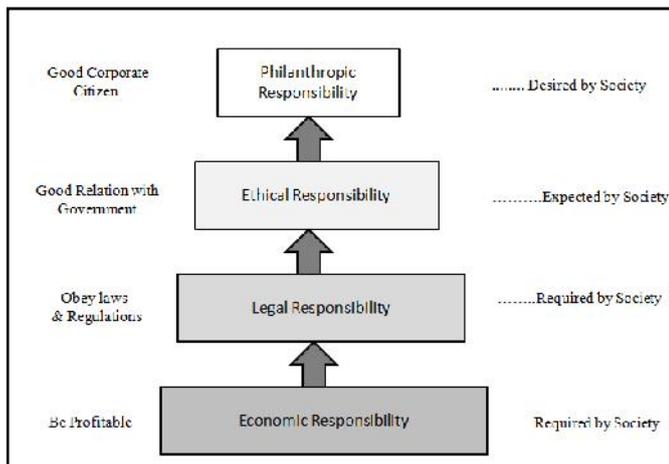


Fig. 1. Carroll's Pyramid Structure of CSR

CSR Scope & Activities: The companies Act,2013 has introduced several provisions which would change the way Indian corporate do business and one such provision is spending on CSR activities. The 2013 Act provides that the company shall give preference to the local area and areas around it where it operates, Schedule VII of the 2013 Act lists out a few things that could be taken as a guiding force.

1. Promotion of education
2. Eradicating extreme hunger and poverty
3. Ensuring environment sustainability
4. Promoting gender equality and empowering women
- 5.Reducing child mortality and improving maternal health
- 6.Employability skills/Employment enhancing vocational skills
7. Supporting charitable organizations.

The Ministry of Corporate Affairs has issued the rules the way CSR Committee shall formulate and monitor the CSR Policy, manner of undertaking CSR activities, role of the Board of directors therein and format of disclosure of such activities in the Board's report. These rules were effective from 1st April 2014.

Also, the following important new activities have been included in Schedule VII:

- (a) Promoting preventive health care and sanitation and making available safe drinking water
- (b) Setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups
- (c) Ensuring ecological balance, protection of flora and fauna, animal-welfare, agro-forestry, conservation of

natural resources and maintaining quality of soil, air, and water

- (d) Livelihood enhancement projects
- (e) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art setting up public libraries, promotion and development of traditional arts and handicrafts
- (f) Measures for the benefit of armed forces veterans, war widows and their dependents
- (g) Training to promote rural sports, nationally recognised sports, Paralympic- sports and Olympic sports
- (h) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- (i) Rural development projects.

CSR activities across Sectors: CSR programs in India can be classified broadly under five sectors as below

Health: The CSR mandate in India has shown significant involvement in the sector post-2013, making it the second most preferred sector for involvement, next to education. Many companies organize a series of health camps to create health awareness and education on health on various issues such as vaccination, blood donation, water purification pills, and condom distribution etc. In Lanjigarh [Orissa] Vedanta aluminum ltd. Covers 53 villages with 32,000 inhabitants, providing free medicine, treatment and referral service their mobile units. Tata Group health initiatives foundation [TSFIF] has established "lifeline express" wheeled hospital has helped more than 50,000 patients in Jharkhand, Orissa and Chhattisgarh. Tata Steel project Maternal & Newborn Survival Initiative (MANSI) has been successful in reducing NMR by 61% since inception across Jharkhand, and Orissa. Reliance Industries has established H N Reliance Foundation Hospital and Research Centre in Mumbai benefiting more than 10000 patients every year. ONGC has established The National Cancer Institute in Nagpur is a 455-bed quaternary care oncology center. The center provides comprehensive cancer treatment, patient care and research through sustainable charity.

Education: Reliance Industries has been providing quality education through Reliance foundation schools, there are 13 foundation schools educating over 14,500 children annually. The Dhirubhai Ambani Scholarship (DAS) is aimed at promoting academic and leadership excellence and are awarded to meritorious students, so far DAS programme has provided financial support to 12,285 meritorious students to pursue graduation in any stream and institution of their choice. Almost half of the DAS scholars are girls, while one-fifth are specially-abled students. Aditya Birla group provided education to 62,000 children living near the plants by running 26 formal schools. Sail maintains approximately 138 schools in outlying areas of sail plants/units in the country where more than 80,000 children receive education. Wipro Earthian is the company's flagship CSR programme where Education meets Sustainability. It is India's biggest sustainability education CSR initiative. The year 2020 marks the 10th anniversary for this successful event. Santoor Women's Scholarship has been fostering girl child education in Andhra Pradesh, Telangana, and Karnataka. NTPC Utkarsh scholarship is given out to 7,300 students every year from the secondary school to the

engineering and medical college level. Mobile science labs ignite a passion for science in government school students.

Livelihoods: The Grameen-LAB's is a program implemented by Dr.Reddy 'foundation collaboration with rural development department GOI is to provide livelihood to around 35,000 youths in the rural India between the ages of 18-25 years in 7 states in India. Outcomes of livelihood support programs by Bharat petroleum show that SHG members are in the stable income group with INR 2,000 p.m. and members of the banana plantations and poultry are working to earn income of INR 7000-8000 p.a.

Environment: Towards sustainable development and management of natural resource, many companies have been working on tree plantation, watershed management, and waste management, wind farms etc for example, SAIL has planted 13.5 million trees in and around the SAIL plants or mines till date. Watershed development Programmed by Ambuja cement ltd has covered 9,000 hectares in the last four years. sustainable water management continues to lead the priority list of coca-cola India inc. so far, the company water initiatives have improved the lives of more than 1,40,000 people and raise awareness on the essential importance of water conservation among the millions of people.

Infrastructure: Welfare Lupin Human welfare and research foundation initiated the scheme "Apna Gaon Apna Kam ". This scheme covered 38,000 villages in Rajasthan and almost all areas have the school buildings, potable water, ponds, connecting roads, community centers, and electricity. SAIL has participated in the construction and repair of 33 km of pucca roads per year, providing nearly two Lakh people in 435 villages to access to the modern infrastructure each year.

CSR activities by TOP 10 Indian Organizations: ONGC CSR projects focus on higher education, grants of scholarship and aid to construct schools, etc, with around 600 crores CSR activities budget for year 2019-2020 it has contributed across several sectors, like setting up of E-class in various Kendriya Vidyalaya schools. ONGC Multispecialty Hospitals, Skill Development for Women, Reviving the Ancient River Saraswati - Deep water wells were drilled to ensure drinking water and irrigation water for the 10 villages of Haryana State. HDFC Bank Ltd has taken successful CSR activities with 535 Cr budget for 2019-2020, with imprints in Rural development, Poverty Alleviation & Promoting health, and Sanitization. Taken projects initiatives such as ZIIEI (Zero Investment Innovation for Education Initiative), 'Teaching The Teacher' programme (3T) to achieve the goals in Education, Employability and Livelihoods Enhancement sectors and Under Parivartan, the Bank has provided on-farm training to upskill farmers as well as placement linked training.

Indian Oil Corporation Ltd (IOCL) Undertake CSR programme's under its Indian Oil foundation to promote education, improving living conditions and employability. Some of the ongoing initiatives are Skill Development Institute, Bhubaneswar (SDI-B), Promoting education and developing infrastructure of Kendriya Vidyalaya Schools. Strengthening 'Industry-Academia' partnership, Indian Oil collaborated with the Institute of Chemical Technology (ICT) Mumbai to set up the ICT-IOC Campus at Bhubaneswar to promote employability. LPG connections were released to

about 5.33 lakh families under Pradhan Mantri Ujjwala Yojana (PMUY). The Budget spent for 2019-2020 is 543 Cr.

Reliance industries has spent around 1000 Cr for CSR activities in 2019-2020. Reliance Industries Limited (RIL), through Reliance Foundation, has significantly contributed to and made measurable progress toward its vision. Project named "Project-Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of society.

Mahindra & Mahindra has spent around 226 Cr as CSR budget for 2019-2020 and have taken initiatives across education and other sectors through its KC Mahindra Education Trust (KCMET). Project Hariyali is to improve green cover and livelihood of farmers, also launched unique kind of ESOP'S-employee social option in order to involve employees into social activities.

Tata Consultancy Services: have spent around 600 Cr through TCS foundation, Lion's share of its budget was spent on Health Care, Sanitization, & Disaster Relief initiatives.

Infosys activity primarily includes Promoting Education and Healthcare, having 359 Cr as budget for 2019-2020, spending across Solar Infrastructure and devolving infrastructure for Bangalore Metro.

Wipro, its CSR wing, Wipro Cares is a not-for-profit trust that engages with underprivileged community in proximity across education, primary healthcare, and ecology. Takes initiatives to women empowerment and girl child education and has a budget of 180 Cr for 2019-2020.

ITC major focuses on raising agricultural productivity and helping the rural economy to be more socially inclusive, with a budget of 356 Cr for 2019-2020.

Maruti Suzuki taking the initiatives such that to preserving the environment, Traffic Safety Management Systems TSMS, Road Safety Awareness and Partnered with Zydus Hospitals in health initiatives and has spent around 160 Cr towards the CSR activities.

CSR Challenges to Corporates: Most of the research studies and reports till July 2019, indicated that India's total CSR spend reached INR 50000 crore in FY 18-19 while the data reported by the Ministry of Corporate Affairs indicate that the total prescribed CSR fund has crossed INR 100,000 Crore (INR 10,00,000 million) in FY 18-19. In an average 36% companies, falling under the ambit of the mandatory CSR, did not report any data on CSR. There are several challenges in front of these corporates to comply with the CSR mandate, let us review few challenges as below.

Effective CSR missions: Developing effective CSR programs and able to unify all departments to commit to single CSR mission statement is a big challenge for Corporate. What makes sense to one department might not make sense to other departments. Similarly bridging the gap between Corporate goals and employee enthusiasm is equally important. Strong CSR programs will have strong employee engagement resulting the success of the CSR mission.

Transparency: Though most of the corporates are willing to do CSR activities, lack of sufficient infrastructure & expertise in a specific sector, forces them to depend on some local

agencies or NGO's, such a collaborative work needs to be more transparent. There is an expression by the companies that there exists lack of transparency on the part of local implementing agencies as they do not make adequate efforts to disclose information on their programs progress, audit issues, impact assessment and utilization of funds.

Measurement of CSR success: Lack of metrics to prove CSR programs effectiveness to its stakeholders and public is often the biggest roadblock which deters the organisations to even start any CSR activities. Also, the measurement of CSR success will also need to be real-time rather than annual as disruptive changes occur more frequently.

The Impact of Covid-19 on Corporate Social Responsibility and way forward: Corona virus pandemic has transformed the business plans and models overnight for most of the organizations. Business Continuity Plans (BCP) have become the most important thing for organizations and to a greater extent the CSR activities have been reprioritized. In the COVID-19 pandemic, the Government of India has been inspiring companies to provide social support and reinforced that all expenditures incurred on activities related to COVID-19 would be added as permissible avenues for CSR expenditure. This has created a win-win situation for Organizations with CSR obligation by spending the funds to contribute the various relief programs and at the same time meeting the statutory requirement of Companies Act. PM Cares fund also seen a spike in donations, when Government announced that any amount donated by companies in support of the fight against COVID-19 will qualify as CSR. Despite of having huge sum of funds at stake, Corporates are struggling not just in finding a reliable implementing partner but also in figuring out a way to monitor and track the use of the donated funds and assessing their impact. It has been reported that some firms/retailers have tried to be profiteering from this crisis during the initial phases of the pandemic. Those organizations which have profiteered from the crisis have seen their brand image and reputation dented. With the decrease in business in several sectors during the pandemic might also shrunk the CSR budgets from these organisations which might even hamper the ongoing CSR activities moving forward. A more optimistic view is that covid-19 pandemic will accelerate post-pandemic CSR development in the long run. Our country has seen gravest migration of labour force to its villages, this has resulted in unemployment, poverty and parents struggling to afford internet connections for online education of their children. These issues offer a great opportunity for businesses to shift towards more genuine and authentic CSR activities and contribute to address urgent social and health challenges posed by Covid-19 pandemic situation. Although we have entered a phase where most of vaccines getting ready/completed their clinical trials by Jan 2021, the worry some aspect is the vaccination of entire population of India, the trained manpower and storage facilities required is bigger concern while we enter 2021. Corporate can join hands with Governments and tackle the mammoth task of vaccination in India.

Conclusion

According to the 2020 Deloitte's study among millennials, three-quarters of respondents believed the pandemic opened their eyes to fresh issues and made them more sympathetic to others' needs not just locally but around the world a positive

aspect. Thanks to the Pandemic which created a greater awareness of human values and a negative sentiment towards materialism. Covid-19 pandemic has certainly shown us a greater need to change in mindset among public towards such crisis, and a greater need to revisiting skills needed to survive and tackle such pandemics in future. Pandemic has surfaced issues we probably never considered as important till now. Organisations must play a pivotal role in bringing such change in people mindset and upskill them for a "new normal" through their CSR activities. Health awareness, familiarity with digitization, reskilling employees are few that must top the list of CSR activities during/post Pandemic situation. With COVID-19 vaccine getting approvals in several parts of world and India awaiting the vaccine to enter its territory, the biggest challenge that lies ahead is delivering and administering the vaccine to masses.

A welcoming thought from Kiran Mazumdar Shaw, Chairperson of Biocon asking government to allow corporates to utilize the CSR funds to vaccinate their employees is gathering steam and been appreciated by several other corporates. This move will certainly help government as it will lessen the burden on government. Apart from sharing the cost of vaccination through CSR funds, Corporates can actively participate and develop programs for effective and efficient delivery of the Vaccine. CSR funds can be used to innovate/build more sustainable vaccine storage infrastructure. Nevertheless, we need to strike a right balance on the CSR fund spending in 2021, the elevated spending by all corporates towards vaccination and related activities might create constraints of funds used for other CSR activities, which might not be the best for overall development of Country.

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