



CONCEPTUAL FRAMEWORK OF CSR AND PROVISIONS UNDER COMPANIES ACT, 2013 WITH SPECIAL REFERENCE TO COVID-19

Lovely Biswas¹, Dr.Amit Kumar Chakrabarty^{2}*

¹Academic Counsellor, Department of Commerce, Bethuadahari College, Naida, WB.

²Assistant Professor, Department of Commerce, Nabadwip Vidyasagar College, Nabadwip, WB. (Corresponding Author)

ABSTRACT:

This study analyses the impact of COVID-19 on CSR practice of business enterprises with the theoretical aspects of Corporate Social Responsibility, the provisions and amendments mentioned in Companies (CSR) Rules, 2014 and Schedule-VII under section 135. Information has been collected from the relevant portion of the Companies' Act 2013, different books, journals, newspapers and websites to prepare the paper. The COVID-19 pandemic forces societies around the world to make the decisions in response to the drastic changes in the environment. CSR activities of businesses as a response to the COVID-19 pandemic are mainly focused on supporting stakeholders, employees, community, public institutions, healthcare professionals, etc. The impact of Covid-19 on CSR practice of business enterprises is the novelty of the present research work.

Keywords: CSR, Covid-19, Pandemic, Company Act 2013, Environment.

1. INTRODUCTION

We all know the World has changed due to this pandemic situation. And due to this situation the short term impact of Covid-19 is immediately and easily felt, due to the widespread of lockdown and social distancing measures were taken globally. However the pandemic will end, it is already set to have long-lasting effect on social, economic, political, and cultural impacts. In this paper, we discuss some preliminary ideas on how this pandemic can influence the field of CSR with the thrust on Companies Act, 2013 with Special reference to COVID-19. In terms of CSR, we will discuss its impact on CSR opportunities to support society. We will also focus on its potential implications on the business organizations often claim that the main reason why they are involved in CSR is to support the society to over-come some of its critical challenges. However, business organizations are driven into corporate social responsibility because it is an opportunity to minimize cost or improve revenue and less of an opportunity to support society. Therefore it is important to incur losses that is occasioned in this pandemic outbreak. Companies take resources in the form of raw materials, human resources etc from the society. By performing the task of Corporate Social Responsibility activities, the companies are giving something back to the society. It believes in the ideology of give and take policy. CSR is not a mere donation, it is the way of conducting business, by which corporate entities visibly contribute to the society. There seems to be an urgent need among enterprises across the globe to hold fast to Corporate Social Responsibility (CSR).

CSR can be defined as a sense of responsibility of a company towards its community and environment (both socially and ecologically) in which the company works. Companies can fulfil this responsibility by taking awareness of waste management and pollution reduction processes in their companies, and also by contributing educational, social, environmental programmes and by taking such initiatives in such kind of activities of similar nature. When it comes in COVID-19 situation with Corporate Social Responsibility, MCA clarifies if the company spend on COVID-19 management it would be treated as eligible as CSR activity. Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CRS Rules) which has come into effect from 1 April 2014 and certain amendment in May 2016.

2. OBJECTIVES OF THE STUDY

- To study the theoretical aspects of Corporate Social Responsibility.
- This article also aims to analyse the provisions and amendments mentioned in Companies (CSR) Rules, 2014 and Schedule VII under section 135.
- To study the impact of COVID 19 on CSR practice of business enterprises.

3.METHODOLOGY

A sophisticated methodology has been framed to carry on the research work smoothly. The research work is purely a theoretical one, based on the information collected from different sources like relevant portion of the companies' act 2013, reputed books, journals, newspapers, websites etc. In the present study, the author analyses the theoretical aspects of Corporate Social Responsibility (CSR) in the primary phase of the work, provision relating to CSR in Companies act 2013 has been discussed then and impact of Covid-19 on CSR practise of business enterprises has been evaluated at the end portion of the work. Finally a conclusion has been drawn on the basis of discussion and analysis. Recommendations have been made for policy suggestion purpose.

4.FINDINGS

To encourage Covid-19 spending by corporates, the Ministry of Corporate Affairs has come up with various initiatives in order to allow expenditure made by the companies to be termed as CSR expenditure. However, there are still some areas that are ambiguous in nature. Covid-19 related expenses that qualify as CSR spend under the Indian corporate law are as follows:

- Contribution to PM CARES FUND
- Contribution to State Disaster Management Authority to combat COVID 19
- Creation of health infrastructure for Covid care
- Establishment of medical oxygen generation and storage plants
- Manufacturing and supply of oxygen concentrators, ventilators, cylinders, and other medical equipment for countering Covid-19
- Setting up of a makeshift hospital or temporary Covid care facility
- Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation via also contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and for making available safe drinking water
- Disaster management, including relief, rehabilitation, and reconstruction activities

The Ministry of Corporate Affairs circular dated June 18, 2014 stated that items in Schedule VII are broad-based and may be interpreted liberally.

5.CONCLUSION

The COVID-19 pandemic poses an unprecedented challenge to the global environment. The effects of COVID-19 have provided an unprecedented stress test of corporate social responsibility. In every crisis there are risks and opportunities and this is what we have witnessed through our study thus far. Companies across all sectors have taken the opportunity to further embed themselves into the social fabric of the communities where they operate. In this context, CSR presents a pathway to protect consumer trust, investor confidence and workforce loyalty. If there is a simple lesson that we can relearn, it is that CSR practices can act as powerful when responding to a crisis. The COVID-19 pandemic forces societies around the world to make the decisions in response to the drastic changes in the environment. CSR activities of businesses as a response to the COVID-19 pandemic are mainly focused on supporting stakeholders, employees, community, public institutions, healthcare professionals, etc.

NOVELTY OF THE STUDY

Concept of Corporate Social responsibility is nothing new. Discussions relating to theoretical aspects of CSR and provision relating to CSR under companies' act 2013 have no such significant value in the present research work. But the impact of Covid-19 on CSR practice of business enterprises is the novelty of the present research work.

REFERENCES

1. Anderson, C.L. & Bieniaszewska, R. L. (2005). The role of corporate social responsibility in an oil company's expansion into new territories. *Corp Soc Responsib Environ Manag*, e12, 1–9.
2. Antwi, H. A., Zhou, L., Xu, X., & Mustafa, T. (2021). Beyond COVID-19 Pandemic: An Integrative Review of Global Health Crisis Influencing the Evolution and Practice of Corporate Social Responsibility. *Healthcare* 9, 453. 1-37. <https://doi.org/10.3390/healthcare9040453>.
3. Bird, R., Hall, A.D. & Momente, F. (2007). What corporate social responsibility activities are valued by the market? *J Bus Ethics*, 76, 189–206.
4. Carlsen, L. (2021). Responsible consumption and production in the European Union. A partial order analysis of Eurostat SDG 12 data. *Green Financ* 3, 28–45.
5. Chakraborty, U.K. (2015). Developments in the concept of corporate social responsibility (CSR). *J Res* 1, 23–45.
6. Navickas1, V., Kontautiene, R., Stravinskiene1, J. & Bilan, Y. (2021). Paradigm shift in the concept of corporate social responsibility: COVID-19 *Green Finance*, 3(2), 138–152. DOI: 10.3934/GF.2021008.