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Corporate Social Responsibility and PM-CARES Fund for Covid 19

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Abstract

Corporate social responsibility is a term which has very attraction and focused on fulfillment. Today there are many tools to use for fulfilling corporate social responsibilities but in current pandemic situation donation to national funds and supporting to government is vital because government giving their best effort to utilize resources to fight against Covid-19. Through this thinking government was created a fund that is **The Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES Fund)** on 27th march 2020 and announced an eligible for corporate social responsibility activity in section 135 of companies act 2013. In this article try to evaluate in this situation the CSR and PM-CARES fund is more helpful to civil society.

Key Words : CSR, PM-CARES fund, Covid-19

Introduction

Corporate Social Responsibility (CSR) is a term, which has been attracted the attention of social science and health care with sanitization very recently. The word CSR has a long tradition since the late 1800s in corporate world. In India, Tata has been implementing CSR activities since 1912. In similar fashions, vocational and technical training have been laid on to develop the under-developed sections of the society by various business houses across the country. William C. Frederick (2006:20) defines “social responsibilities means Businessmen should oversee the operation of an economic system that fulfils the expectations of the public.” In India first object of business unit is profit maximization and second object is focusing on sustainability through rapid global information sharing and increased media attention, pressure from non-governmental organizations since 1970. CSR is richest tradition while much has been done in recent years to raise awareness on social uplift & Philanthropy.

But the problem is that many companies that claim to be social responsible however the standard of fulfillment not achieved, because CSR is becoming more common among corporations. Accountability and transparency are key parameters to evaluate business in a responsible manner

Today we are facing a very unique & unpredictable situation due to Novel Corona virus – Covid-19 outbreak in India as well as whole world. In current position multiplicity nature of Covid-19 the government's efforts & resources are not enough to fight against in pandemic. With government business and corporate also are responding to Covid-19 together for whole civil society as a part of corporate social responsibilities. Companies are giving financial assistance to government through various national funds. A national fund was

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created in march-20 i.e. PM-CARES fund to support India's fight against Covid-19. Corporate India has already committed INR 5806 crores towards India's fight against Covid-19 up to 3rd May-20.

This article is presented for corporate that the PM-CARES fund is a best tool for corporate social responsibility activities in India and also eligible for sec. 135 of Companies Act 2013.

Objectives of Study

- To develop conceptual understanding of CSR
- To understand policies governing CSR
- To understand about PM-CARES Fund
- To understand a tool of CSR

Research Methodology

The research paper is an attempt of exploratory research, based on the secondary data source from audit report, journals, magazines, articles, newspapers and media reports.

Corporate Social Responsibility (CSR) – A conception

In Asian country CSR could be a comprehensive set of policies, practices and programmes that area unit integrated into business operations, provide chains and decision-making processes throughout the organization. It addresses numerous considerations of society like legal, ethical, industrial related to business practices and brings equilibrium between expectation of society and profit motive of business homes. The most goal of effective CSR is to realize industrial success in ways that, that honours moral values, and respect natural setting. Therefore, it consists of business ethics, company citizenship, company responsibility, and property and company responsibility. As per the United Nations and therefore the European Commission, CSR results in 'triple bottom line'— profits, protection of the setting and fight for social justice (Mathur and Midha, 2012). World Business Council for sustained development states that CSR is "the continued commitment by business to behave ethically and contribute to economic development whereas rising the standard of lifetime of the manpower and their families in addition as of the local people and society at large" (Garg, 2014). Indeed, it's a type of company self-regulation integrated into a business model. It functions as associate inherent automatic mechanism whereby business monitors ensures its active compliance with the spirit of law (Garg, 2014).

Rationale for CSR Activities

Each organization has 2 aspects — initial, its profit orientation, and therefore the second, its association with social indicators. The business motive will be infinite only its share into welfare seconds it. The comprehensive growth of community has the potential to extend the shopper base for a selected organization. The mushrooming growth of associate

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organization is extremely abundant dependent upon the satisfaction of the community with its shopper base. A society has varied dimensions of adversity starting from economic to socio-cultural upheavals. The sharp encroachment of associate external actor over the community might result in its devastation. Therefore, the active involvement of existing business homes might safeguard the interest of society from each internal economic aggression and external encroachments. The scope of participation of native folks within the welfare programmes initiated by personal entities might result in harmony between profit motives and welfare. The broad principle for CSR relies on a standard philosophy that states that associate organization's social responsibility arises from the very fact that commercialism derives many advantages from society, which needs the enterprise to produce returns to society in addition. A business cannot be palmy in an exceedingly society, that fails. In nowadays, customers area unit unlikely to be swayed by mere product satisfaction however expect socially- accountable behavior of the personal entities conjointly. In their read, the moral commonplace of the corporate in congruity with mass welfare keeps a vital position within the means of its growth. Therefore, CSR plays a vital role in justifying its business motives except for tributary towards welfare. the size associated nature of the advantages of CSR for an organization will vary betting on the character of the enterprise, and area unit tough to quantify, tho' there's an oversized body of literature exhorting business to adopt measures on the far side money ones (Garg, 2013).

Growth of CSR in Asian country

CSR in Asian country has been quite previous. In earlier period, it accustomed be known as as charity within the name of "Daan". throughout the Gupta amount (320 to 550 CE), the philanthropic gift was at its peak wherever the emperor accustomed gift a serious chunk of treasury for the welfare of the people. Philosophers like Kautilya from Asian country and pre-Christian era philosophers within the West preached and promoted moral principles whereas doing business. Even throughout the Mughal amount, the conception of philanthropic gift received its promotion below the reign of Akbar. This state of affairs continued throughout country amount conjointly. within the pre-industrialisation amount, that lasted till 1850, moneyed merchants shared a locality of their wealth with the broader society by means of putting in place temples for a non secular cause (Garg, 2014). However, the start of the nineteenth century remodeled this idea of philanthropic gift and inspired the industrialists to empower communities through completely different capacity-building programmes. The economic families of the nineteenth century had a powerful inclination toward charity and different social issues.

Constitutional Status of CSR in India

The Companies Act 2013 is An Act of the Parliament of Republic of India on Indian company law that regulates incorporation of a corporation, responsibilities of a corporation, directors, and dissolution of a corporation. This act is split into twenty nine chapters containing 470 sections as against 658 Sections within the corporations Act, 1956 and has VII schedules. However, presently there square measure solely 438 sections remain during this Act. The Act has replaced the businesses Act, 1956 (in a partial manner) when receiving

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the assent of the President of Republic of India on twenty nine August 2013. The section one of the businesses Act 2013 came into force on thirtieth August 2013. a replacement term of "one-person company" is enclosed during this act which will be a non-public company and with solely ninety eight sections of the Act notified. a complete of another one83 sections came into force from 1 Gregorian calendar month 2014. during this section one hundred thirty five is introduced and created obligatory.

Mandatory CSR contributions

New section 135 of the Companies Act 2013 introduces mandatory Corporate social responsibility (CSR) contributions for large companies, making it the only mandatory CSR law in India. According to the bill, all firms with net worth above Rs. 500 crore or Rs. 1000 crore turnover or net profit over Rs. 5 crore are required to spend at least 2% of their annual profits of the preceding three years. The law requires that all businesses affected establish a CSR committee to oversee the spending. Prior to this law's passage, CSR laws applied to public sector companies only but now onwards all unit are required to follow the section.

List of allowable Activities

The company shall make sure that the activities enclosed by company in its CSR Policy fall at intervals the ambit of the activities enclosed square measure schedule VII of Company Act 2013. Some activities square measure per Schedule VII because the activities which can be enclosed by corporations in their company Social Responsibility Policies.

These activities square measure connected to

Sr.No	CSR Activities
1	Abolishing poverty, malnourishment and hunger, improvising health care which includes preventive health care and sanitation and making available safe drinking water.
2	Improvement in education which includes special education and employment strengthening vocation skills among children, women, elderly and the differently abled and livelihood enhancement projects.
3	Improving gender equality, setting up homes and hostels for women and orphans.
4	Introducing the measures for reducing inequalities faced by socially and economically backward groups.
5	Safeguarding environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining a quality of soil, air and water which also includes a contribution for rejuvenation of river Ganga.
6	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.

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7	Areas for the advantage of skilled armed forces, war widows and their dependents.
8	Training to stimulate rural sports, nationally recognized sports, Paralympics sports and Olympic sports.
9	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development providing relief and welfare of the Scheduled Castes, the Scheduled and backward classes, minorities and women.
10	Contributions or funds provided to technology incubators which are approved by the Central Government.
11	Rural development projects.
12	Disaster management, including relief, rehabilitation and reconstruction activities.
13	Slum area development where 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

Table:1 CSR Activities Source: The Companies Act 2013 Schedule VII , cleartax



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Ministry of Company Affairs vide general circular No.10/2020 dated twenty third March, 2020 has processed that payment CSR funds for COVID-19 connected activities shall qualify as CSR expenditure. it's any processed that funds could also be spent for varied activities associated with COVID-19 beneath things nos. (i) and (xii) of Schedule VII about promotion of health care together with preventive health care and sanitation, and disaster management. Further, as per general circular No. 21/2014 dated 18.06.2014, things in Schedule VII square measure broad based mostly and should be taken munificently for this purpose.

PM-CARES Fund

The Prime Minister's national help and Relief in Emergency things Fund (PM-CARES Fund) was created on twenty seven March 2020, at once following the COVID-19 pandemic in Bharat. The funds are used for combating and containment and relief efforts against the corona virus occurrence and similar pandemic like things within the future. though the documentation for the constitution of the fund has not been created public, the govt of {india|India|Republic of Bharat|Bharat|Asian country|Asian nation} has explicit that the Prime Minister of India, Mr. Narendra Modi, is that the chairman of the fund, which trustees embrace the Minister of Defense, Mr. Rajnath Singh, Minister of Home Affairs, Mr. Amit Shah, and Minister of Finance, Mrs. Nirmala Sitharaman, within the Government of Bharat.

The PM-CARES Fund has long-faced criticism for the shortage of transparency and answerableness in respect to its institution, functioning, and accounts. the whole quantity of funds given and therefore the names of donors haven't been in public disclosed, and therefore the fund is in private audited. the govt. of Bharat has at first claimed that the fund could be a non-public fund, and denied that the PM-CARES Fund could be a public fund for the needs of transparency laws like the proper to data Act 2005, despite the fact that the Fund uses government infrastructure and therefore the national emblem of the govt. of Bharat. In Dec 2020, the govt. of Bharat reversed its stance and admitted that the PM-CARES Fund was a public fund.

Objectives of PM-CARES Fund

- To undertake and support relief or help of any quite public health, calamity, distress, up gradation of tending emergency or pharmaceutical facilities, different necessary infrastructure, funding relevant analysis or the other variety of support.
- To render money help, offer grants of payments of cash or take such different steps as could also be deemed necessary by the Board of Trustees to the affected population.
- To undertake the other activity that isn't inconsistent with the on top of Objects.

Constitution of the Trust

- Prime Minister is that the ex-officio Chairman of the PM-CARES Fund and Minister of Defence, Minister of Home Affairs and Minister of Finance, Government of Bharat ar ex-officio Trustees of the Fund.

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- The chairwoman of the Board of Trustees (Prime Minister) shall have the ability to nominate 3 trustees to the Board of Trustees World Health Organization shall be eminent persons within the field of analysis, health, science, social service, law, public administration and financial aid.
- a person appointed a Trustee shall act in a very unpaid capability.

Importance of Fund

- The fund consists entirely of voluntary contributions from individuals/organizations and doesn't get any fund support. The fund are utilized in meeting the objectives as explicit on top of.
- Donations to PM-CARES Fund would qualify for 80G edges for 100 percent exemption below the tax Act, 1961. Donations to PM-CARES Fund also will qualify to be counted as company Social Responsibility (CSR) expenditure below the businesses Act, 2013
- PM-CARES Fund has additionally got exemption below the FCRA and a separate account for receiving foreign donations has been opened. this allows PM-CARES Fund to simply accept donations and contributions from people and organizations based mostly in foreign countries.

Establishment Of PM-CARES Fund

The documentation regarding the institution of the PM-CARES Fund wasn't created in public accessible till Dec 2020, though the Fund was established in March of that year. officers have represented the Fund as a "public charitable trust" and explicit that the deed establishing the trust was registered on twenty seven March 2020.

A complete list of trustees of the Fund isn't in public accessible, though organisation have explicit that the Fund is chaired by the Prime Minister of Bharat, Mr. Narendra Modi, and has to boot ex-officio members as well as the Defence minister, the house minister and therefore the minister of finance.

Legal standing

The position of the PM-CARES Fund is unclear, because the Government of Bharat has taken contradictory stances, indicating occasionally that the Fund could be a public body controlled by the govt, and at different times, that it's a non-public trust. Documentation disclosed by the govt of Bharat in Dec 2020, when a sustained campaign for transparency concerning the Fund, reveals that the official document constituting the Fund describes it as a non-public trust, stating "The trust is neither meant to be or is in reality owned , controlled or considerably supported by any government or any instrumentality of the govt." This stance was contradicted by the govt of Bharat a couple of weeks later, that admitted in {an exceedingly|in a very} formal response to an RTI petition that the Fund was "owned by, controlled by and established by the govt of India".

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Retrospective amendments for company social responsibility exemptions

The PM-CARES Fund was at first proclaimed as a public body, on its institution, and therefore the day when it had been established, the Ministry of company Affairs proclaimed that donations to the fund would be eligible as company social responsibility (CSR) contributions, permitting firms to say tax exemptions on donations to the Fund. The Ministry of company Affairs proclaimed in March 2020 that donations would be counted as a part of the statutory company Social Responsibility (CSR) obligation of the businesses, with extra CSR being offset in resulting years. because the firms Act 2013 solely allowed CSR exemptions for funds established by the govt for socio-economic development and relief work, the Ministry of company Affairs issued a circular in March 2020.

‘Chief Minister’s Relief Fund’ or ‘State Relief Fund for COVID-19’ isn't enclosed in Schedule VII of the businesses Act, 2013 and so any contribution to such funds shall not qualify as admissible CSR expenditure.

Indian Companies donated in PM-CARES Fund for Covid 19

Examples of major contributors in PM-CARES fund:

Name Of Org.	Rs. in crores	Name Of Org.	Rs. in crores
TATA Group	1500	Vedanta	100
Azim Premji and Wipro Group	1125	HERO	100
Reliance Industries	500	Nippon steel	100
Birla Group	400	ITC Limited	100
ONGC	300	Bharti Enterprise	100
Larsen and Toubro	150	D Mart	100
Infosys	100	JSW	100
Adani Group	100	Torrent Group	100

Table : 2 Donation Of Organisations Source : various news agencies

Above table shows only glimpse of major Indian companies and groups and their contribution to PM-CARES fund for fighting to Covid 19 and also eligible for CSR activity. However this list is so wide some small contributors like Coal India donated Rs. 221 crores, SBI foundation commits Rs. 30 crores, Coca-Cola has committed Rs. 100+ crores, ICICI Group commits Rs. 100 Crores, NSE Contributes Rs. 26 Crores, Power Finance Corporation contributes Rs. 200 crores, Ports, PSUs of Shipping Ministry contributes Rs. 52 crores, Piramal Group commits Rs. 25 crores, Dalmia Bhart Group commits Rs. 25 crores, Mankind Pharma pledge to contribute Rs. 51 crores and no. of Public companies and private companies are contributing their amounts in PM-CARES fund for their CSR activities.

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Conclusion

PM-CARES fund proved to be an important tool in the arena of pandemic situation. All Corporate are contributing in this fund and fulfilling obligation of section 135 of Companies Act 2013. In the pandemic situation major companies contributing huge fund in PM-CARES fund and supporting to fight Covid-19 and this financial assistance is eligible in corporate social responsibility activities. The statutory provision has made CSR obligatory for all the industries and regulated its expansion so that the ultimate objective may be fulfilled.

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