CHAPTER – IV

ROLE OF COMPANIES IN TSUNAMI RELIEF AND REHABILITATION
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4.1 INTRODUCTION

Corporates are fundamentally entities that are responsible for generating a product and/or service to gain profit to satisfy shareholders. As Milton Friedman believes, “There is no place for social responsibility as a business function. Its principal purpose is to maximize returns to its shareholders, while obeying the laws of the countries within which it works.” He argued that only people can have responsibilities\(^1\). Amid the major challenges that impose limitations to the growth and potential profits of an organization, as Friedman stated, companies must strive to earn profits. That is its first and foremost responsibility as the investors must be given an attractive return. But at the same time, they must also fulfill their social responsibility as their existence relies heavily on the society. Depending upon the financial capability and intensity of risks being faced due to Government restriction, tariffs, competition, economic losses etc., the companies may decide in which dimension they can be responsible to the society. In the words of Dr.S.K.,Burman, founder of Dabur India Ltd., “What is that life worth which cannot bring comfort to others?” That too in a country like India, where population has been growing whereas social security measures are lagging behind, without the support of corporate sector, the basic needs of the public cannot be met effectively. So, the Companies must assure the Government in sharing the burden in social, cultural, health, education and economic programmes in order to make India reach that phase of economic development where government is solely responsible.

\(^{1}\) The New York Times Magazine, September 13, 1970
As business has an economic obligation to society, it has the foremost responsibility to produce goods and services as demanded by the society and sell them at a reasonable profit in order to run the company profitably. Next, as an ethical responsibility, the companies should strive to produce those goods and services to the best possible quality in order to make sense for the money being spent by the customers. There are other ethical responsibilities which are regarded as ‘fair and just’ by the major stakeholders such as customers, employees, shareholders, the management, the community etc, which include not harming the society by activities such as polluting the environment, discriminating against workers, producing dangerous products and misleading advertisements.2

The legal responsibility comes then by which business is expected to be economically viable, while obeying the laws of the land. If the business operates within the boundary of “laws and regulations”, that itself will lead to fulfilment of ethical responsibilities. When all these three responsibilities become an inseparable part of business, the ‘voluntary’ responsibility of a company becomes discretionary in nature. It is because, as said by Milton Friedman, “there is only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say engages in open and free competition, without deception or fraud. Social responsibility other than this is fundamentally a subversive doctrine”3. So the companies decide what to do for the society through business giving or philanthropy. Activities like donating money or articles, for a charitable cause, initiating “adopt a school” programme, forming village

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2 V.Balachandran and V.Chandrasekaran, Corporate Governance and Social Responsibility, PHI Learning Private Ltd., New Delhi, 2009, p.12

internet kiosks, conducting an in house programme for drug abuse, providing relief and rehabilitation measures during disasters etc are falling under the purview of voluntary responsibility of companies. The society also expects businessmen to contribute these services for the well being of the community. After the tsunami that had struck India most badly, companies were expected to serve the affected communities by immediate relief measures and long standing livelihood oriented rehabilitation measures. During the same time, other countries like Maldives, Srilanka and Indonesia were affected. The services rendered by the companies at that time in all these places were of a significant support to the initiatives of the Governments. This kind of philanthropic services could be possible only by the discretion of the companies.

4.2 SERVICES OF COMPANIES IN TSUNAMI RELIEF AND REHABILITATION

Companies in recent years have been quick in responding to crises which is evident from the relief and rehabilitation measures provided by them immediately after tsunami. Though all the companies did not involve in the mission due to some complexities and the companies involved in the mission also could not serve in all the dimensions, as the proverb “Small drops of water make a mighty ocean” implies, their support brought significant impact in the areas where tsunami occurred. Following are some of the companies which took part in the mission.

4.2.1 TATA GROUP

The Tata Group helped the tsunami victims to rebuild their homes and also their lives. Under the Tata Relief Committee(TRC), which works to provide relief at disaster affected areas, a special vehicle was set within 24 hours of occurrence of tsunami, the Tata group started rendering essential service, from identifying the most affected areas to
distribution of standardized family kits containing 20 items such as utensils, personal wear, mattresses, bed sheets and blankets etc. The project was called ‘Tata Tsunami Relief and Rehabilitation Project – Tamil Nadu’.

Its initiative took care of the immediate as well as long term needs of the tsunami victims. To ensure them aid with dignity, students of Tata Institute of Social Sciences (TISS) were sent to speak to victims in every village along the 600 Km coastline and identify their needs. Thereafter, the opinions of the affected communities and users of the amenities to be provided were incorporated into every relief and rehabilitation operation as a mandatory component of the package.

TRC reached out to victims in the Kancheepuram, Cuddalore, Nagapattinam, Tirunelveli and Kanyakumari districts to get on with the relief, reconstruction and rehabilitation. Tata Motors organized transportation of relief materials. The Taj group did catering arrangements at the base camp. Tata Consultancy Services conducted community training programmes during rehabilitation phase. Tata projects set up desalination plants and Tata BP Solar India laid out solar powered street lighting. The 2.35 lakh employees of Tata group donated a day’s salary to add up with the contribution of their management.

Nagapattinam and Cuddalore districts were identified for initiating relief activities. A base camp was set up at Tiruvarur which is about 25 Kms. West of Nagapattinam to start the relief work at Nagapattinam and Cuddalore. Relief materials for about 10,000 families were mobilized and distributed to the victims through a 55 member team pooled from different Tata Group of companies based at Chennai. In Nagapattinam, Tata colony was constructed at a cost of Rs.22 Crores, including essential infrastructure such as sewerage treatment plant, two community amenities centres, desalinization plant,
solar powered street lights and two village knowledge centres. The colony with 828 houses was built on a plot of 14.758 acres provided by the Government of Tamilnadu.

**TABLE 4.1**

**DISTRICT-WISE DETAILS OF THE RELIEF AND REHABILITATION EFFORTS BY TRC**

<table>
<thead>
<tr>
<th>District</th>
<th>Work done</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nagapattinam</td>
<td>• Houses constructed: 828</td>
</tr>
<tr>
<td></td>
<td>• Sewerage treatment plant</td>
</tr>
<tr>
<td></td>
<td>• Community amenities centres: 2</td>
</tr>
<tr>
<td></td>
<td>• VKCs: 3</td>
</tr>
<tr>
<td></td>
<td>• Desalination plant</td>
</tr>
<tr>
<td></td>
<td>• Solar-powered street lighting</td>
</tr>
<tr>
<td>Kanyakumari</td>
<td>• Houses constructed: 188</td>
</tr>
<tr>
<td></td>
<td>• Livelihood assistance: 9 FRP <em>vallams</em> and 14 fibre catamarans</td>
</tr>
<tr>
<td></td>
<td>• VKCs: 3</td>
</tr>
<tr>
<td>Tirunelveli</td>
<td>• Houses constructed: 88</td>
</tr>
<tr>
<td>Cuddalore</td>
<td>• Community amenities centres: 2</td>
</tr>
<tr>
<td></td>
<td>• VKCs: 2</td>
</tr>
<tr>
<td>Kancheepuram</td>
<td>• Houses constructed: 77</td>
</tr>
<tr>
<td></td>
<td>• Livelihood assistance: 36 FRP boats with engines and nets; seaweed</td>
</tr>
<tr>
<td></td>
<td>culture project</td>
</tr>
<tr>
<td></td>
<td>• Community amenities centre: 1</td>
</tr>
</tbody>
</table>
In Cuddalore two community amenities centres and two village knowledge centres were formed. Also in Kanyakumari, Tirunelveli and Kancheepuram 188, 88 and 77 houses were constructed respectively. As livelihood assistance, FRP boats with engines and nets were provided and sea weed culture project was undertaken. The district wise details of the relief and rehabilitation efforts of Tata group are given below for better understanding of its services

4.2.2 COCA COLA

Coca-Cola India President and CEO Sanjiv Gupta handed over a cheque of Rs.50 lakh to Ms. Sonia Gandhi, Chairperson of Rajiv Gandhi Foundation and also presented a cheque of Rs.2 Crores to the Prime Minister Dr. Manmohan Singh for the Prime Minister’s Relief Fund, Apart from this, the company contributed Rs.1 Crore to the Indian Red Cross Society, Rs.50 lakh to Tamil Nadu Chief Minister’s Relief Fund and Rs.30 lakh to the Andhra Pradesh Chief Minister’s Relief Fund. Totally for the relief and rehabilitation measures in Tsunami hit areas across the country, the company earmarked over Rs.5 Crores. The company supported rehabilitation measures through NGOs such as the Indian Red Cross, Rajiv Gandhi Foundation, Save the Children Foundation and its partner NGO, Charity Aid Foundation and CARE. Along with Red Cross, it provided drinking water, vehicles for ferrying the injured, clothing and volunteers to help the affected victims. The local business units and system employees of the company acted swiftly to support essential aid efforts and on-the-ground needs.

4.2.3 HINDUSTAN UNILEVER LIMITED

The Hindustan Unilever Limited, India’s largest FMCG Company contributed a total sum of Rs.8 Crores for immediate relief and rehabilitation of the People in order to make them resume their livelihood in the tsunami hit areas of Pondicherry, Tamilnadu
and Kerala. Of this, Rs.5 Crores was utilized for distribution of the Company’s nutritional and personal hygiene products for immediate relief to the victims. Another Rs.3 Crores was raised partly by contributions from company employees and the balance contribution was from the company. They donated a day’s salary which was matched equally by the Company’s contribution and used exclusively for the rehabilitation of the affected victims. Along with the NGOs working with the community, especially fishermen, the company provided means of livelihood. In relief operations, the employees of Hindustan Lever Limited factories and offices in Pondicherry, Tamilnadu and Kerala took part very actively.

The relief operations include distribution of bread and biscuits to over 2,000 families in Pondicherry, 12,000 cooked meals for families in Chennai, Nagapattinam, Cuddalore and Andamans. Over 12,000 dry relief packs, comprising of company’s dry rations and personal hygiene products were distributed.

4.2.4 TANFAC

Tanfac, Aditya Birla Group Company, situated in SIPCOT Industrial Complex reacted immediately after the Tsunami hit. In order to have an easy access to the public and to pursue the relief and rehabilitation work in a well planned manner, the company joined hands with some NGOs viz., Habitat for Humanity India, Rotary Club of Bombay and Mehta Charities. The relief measures were planned by the company in terms of providing basic necessities. Relief kits with basic necessary items, food packets, fire resistant shelters and ambulances were the relief measures provided by the company to the victims. Then the company concentrated on rehabilitation measures. It provided new boats to the fishermen to start fishing again and constructed houses in village of Thazhanguda, Cuddalore, which are tsunami and earthquake proof. The housing colony
was stated as “Model Village” by Mr. Bill Clinton, former US President when he visited the township in 2006. The infrastructure support made the complex more attractive. Apart from housing and infrastructure, the company aided the affected fishermen by providing fishing nets, gears, boats and trawlers.

4.2.5 TAGROS CHEMICALS (INDIA) LIMITED

Tagros Chemicals (India) Limited was incorporated in the year 1993, placed in SIPCOT Industrial Complex, Cuddalore, and has been manufacturing pesticides. As a part of its CSR activities, the Company has been donating for rural development, education and community welfare during every year. This practice aided the company in having a good rapport with the local community. After the tsunami waves struck the coastal belt of Cuddalore, the company could serve the same people in a well planned manner. The company was approached by the Government for ambulance service and food. Apart from these services, the company on its own plan, provided food, supplied medicines and funded to the poor who were affected by the tsunami. The employees of the company joined hands in the relief and rehabilitation measures by giving their one day salary as contributions. Adequate number of fishing nets and gears were provided to those fishermen who had only boats but lost the other things. For education of the children, uniforms and books were donated.

4.2.6 CLARIANT CHEMICALS (INDIA) LIMITED

Clariant, a pioneer in the production of naphthalns, colour bases, dye intermediates and pigments, was incorporated in 1982 and situated in SIPCOT Industrial complex, Cuddalore. The company has been socially responsible to nearby villages by conducting health camps, enabling drinking water supply (around 3000 litres daily), donating money for school compound construction etc. As the company has already been serving like
these for the villages’ viz., Rasapettai and Soothikuppam, in Cuddalore, after the tsunami hit, the same villages were rendered services by the company. Based on the District Collector’s general notice about the relief operations required to be done for the victims, the company initiated its services. For the first seven days after the tsunami, food services were made to the victims. Added to that, fire resistant shelters with relief kits with blankets were provided to them. Ambulances were sent on company’s expenses to save the ailing victims. As a part of rehabilitation measures, the company aided in housing and provided employment to some of the fishermen who were in desperate need of a job. Also for children, to pursue their education, uniforms and books were provided. With humanitarian approach and situational assessment, the company could provide reasonable services matching with the needs of the affected tsunami victims.

4.2.7 SHASUN CHEMICALS AND DRUGS LIMITED

Shasun Chemicals and drugs Ltd has units both in Cuddalore and Pondicherry and has been manufacturing drugs for more than three decades. On the day of tsunami and a week after, the company lent a helping hand to the victims in the nearby coastal villages, directly without any mediator like Government or NGOs. A team of employees surveyed the situation and the requisites of the affected tsunami victims, based on which the relief and rehabilitation measures were planned. But food packets were supplied immediately. Relief kits with adequate necessary materials and first aid kits were distributed after two days of the occurrence of tsunami. For the fishermen who had boats but lost nets and gears, the same were provided. And boats were provided to those victims who had lost the same. The timely services of the company during such an unprecedented disastrous situation made the victims fulfilled with some of their major basic needs.
4.2.8 SAMSUNG

Samsung is a world leader in electronics, finance and trade and services. It is headquartered in Korea. With its humanitarian aid and expedite relief work, Samsung attempted to bring back normalcy in lines of the affected people. Employees at Samsung’s local subsidiaries in the affected region collected money and material goods to support the five most devastated countries – Thailand, Indonesia, India, Sri Lanka and Malaysia. It set up a relief camp at Pondicherry for distributing food, clothes, utensils and medicines. For the people in distress, the company lent helping hand by distributing the relief materials at a faster pace. The company sponsored trucks for carrying relief material to Nagapattinam and Cuddalore which enabled the victims receive the relief materials, provided by various sources immediately.

4.2.9 BHARTI TELE VENTURES

The Company started the relief operations within two days of the occurrence of Tsunami. By rolling out Airtel mobile and VSAT network in Andaman and Nicobar the company beuffed up the communication network in the affected area. Along the coastal belt of Tamilnadu the company set up communication centres near hospitals, Police stations, temporary shelters and some public places. Rs.1 Crore was donated by the Company to the Prime Minister’s Relief Fund.

4.2.10 HENKEL INDIA LIMITED

The Henkel plant in Karaikal is located in a green belt. Following the recent tsunami disaster, Henkel immediately mobilized financial and in-kind donations of 1 million euro towards relief and rehabilitation. Henkel India provided material like food packets, gas masks and household utensils to victims of the tsunami disaster. It provided
temporary shelter to hundred families. Henkel supplied vocational aids in the form of sewing machines and fishing nets to rehabilitate the victims of affected families. It organized medical camps in which employees took an active role. Henkel adopted two tsunami affected schools in Nagapattinam for complete rehabilitation. It has provided fish drying sheds for the benefit of the fishermen community at Thanjavur.

4.2.11 HCL INFOSYSTEMS LIMITED

HCL, situated in Sedarapet, Puducherry is a manufacturer of computer systems since 1976. The company donated Rs.6 Crores as tsunami relief to the Government of India. With its regular CSR activities, the company has been serving nearby villages in Pondicherry in education and community welfare. But during tsunami relief, the company provided funds as it could not involve itself directly in the relief activities and rehabilitation measures due to practical reasons.

4.2.12 CONFEDERATION OF INDIAN INDUSTRY(CII)

The Confederation of Indian Industry, Southern Region initiated a series of measures to help those affected. Trucks with relief materials left to relief camps in Nagapattinam, Kanyakumari and Cuddalore immediately. CII set up a camp office in Nagapattinam to help distribute relief measures. It arranged for supplying drugs to relief camps and also set up a fund named Confederation of Indian Industry – Tsunami Relief Fund – which carried an 80G tax exemption.

4.2.13 SUNDARAM CLAYTON LIMITED

Sundaram-Clayton Limited and its subsidiaries – TVS Motor Company and TVS Electronics – distributed more than 30, 000 food packets in different coastal areas of Chennai immediately after the tsunami struck. The company’s medical officers visited the
sites and provided assistance. New blankets and sheets along with stores and a set of utensils were also given to more than 2,200 families.

4.2.14 THE MURUGAPPA GROUP

The Murugappa group contributed Rs.2.5 Crores for relief and rehabilitation. The group’s employees also contributed a day’s wages to the relief programme. It also provided clothes and food and other necessities to the affected people.

4.2.15 HATSUN AGRO PRODUCT LIMITED

Hatsun Agro Product Limited, which sells milk under the Arokya brand, contributed 10 paise from every litre of Arokya milk bought by customers during January 2005. The company provided food, bottled water, biscuits and bread to the affected people.

4.2.16 HUDCO

HUDCO floated a special loan scheme for rehabilitation efforts in the States affected by the devastating tsunami waves, setting aside a fund of Rs.2, 000 Crores for lending at a rate of 6.5 per cent. HUDCO also contributed Rs.1 Crore to the Prime Minister’s Relief Fund and earmarked an additional Rs.1 Crore for construction of relief shelters with disaster-resistant technologies.

4.2.17 RPG ENTERPRISES’ FOOD WORLD CHAIN

The erstwhile RPG Enterprises’ FoodWorld chain of supermarkets organized 200 tonnes of food grains, rice and pulses to provide to the victims of the disaster. Their employees contributed a day’s salary in order to donate with a matching contribution
from the company. Also all FoodWorld stores were used as collection centres for clothes, utensils, and other articles people contributed.

4.2.18 BANKS IN TSUNAMI RELIEF

The Reserve Bank issued an advisory to banks on being proactive in providing relief to the tsunami affected. It advised banks that their branch managers should, on the basis of their experience and in consultation with other agencies operating in the areas, identify the victims who are in need of assistance provide them necessary relief and that they need not wait for any list of victims to be formally made available by an authority before providing relief to the affected persons. It also suggested to take the help of good Non Governmental Organisations working in the areas to identify the borrowers as also increase the limit of consumption loans to be provided to the affected persons upto Rs.5000/- without any collateral. The limit of consumption was allowed to enhance to Rs.10, 000/- at the discretion of the Branch Manager, depending upon the repaying capacity of the borrower.

Further, Banks were advised to allow opening of Savings Bank accounts by the victims with an nominal balance of Rs.10/- in order to receive relief cheques in their accounts. In the case of loss of pass books or cheque books fresh ones were to be immediately issued. The RBI also advised the Banks to provide educational loans to the affected persons to enable them to purchase books, clothes, etc for children studying in educational institutions. As regards financing of defaulting fishermen and other types of borrowers, banks were asked to formulate a scheme on the lines of the scheme for financing “Farmers in arrears” as announced by the union Finance Minister on June 18, 2004.
After consulting with Prime Minister’s Office and Indian Banks Association, 12 nodal bank branches were nominated in New Delhi to receive funds centrally and remit them to the Prime Minister’s National Relief Fund. All the commercial banks which received donations sent them with details of the donor, his address, cheque/draft no. and the amount of contribution to their respective nodal branch which in turn remitted the funds to any of the 12 designated branches which were maintaining the PMNRF account. Those banks which had no branch in New Delhi collected the donations and remitted through a single demand draft or electronic funds transfer mode. All the services of the banks were offered to the victims free of charge and more so, the employees of the banks donated a day’s salary to PMNRF toward tsunami relief fund.

4.3 CONCLUSION

The post tsunami recovery needs and reconstruction activities of India were began to be handled by the Government of India in a planned approach. For the Government’s projects in reviving livelihood and promoting recovery in the tsunami affected areas of Tamilnadu and Pondicherry, a framework named Environment and Social Management Framework (ESMF) was prepared in association with the World Bank. The project consists of five components and supports:

(i) Repair and reconstruction of rural and urban housing
(ii) Restoration of livelihoods, including limited support to the severely affected fisheries sector, restoration of damaged agricultural and horticultural lands, and repair/reconstruction of damaged infrastructure in animal husbandry sector.
(iii) Repairs, reconstruction and upgrading of public buildings and public works
(iv) Technical assistance and training
(v) Project management.
Though the cost of different components were planned to be met out by the International Development Association (IDA) and the Government of India as required in the situation, the contribution received from other sources like Companies and Non Governmental sectors were also taken into account. This implies that the role of companies had occupied a pivotal position though it may not be too significant in terms of services or monetary contribution due to its commercial nature with profit as a prime objective. The practical difficulties in performing the relief and rehabilitation services made most of the companies give donations to Prime Minister’s National Relief Fund which enabled the Government of India in using the fund for the recovery and reconstruction activities connected to tsunami victims.