

Q. Has the statutory Corporate social responsibility in India truly benefitted the society? Comment

INTRODUCTION:

"Corporate social responsibility (CSR)" is a way through which companies having high networth has to spent 2% of their profit on welfare of people. But data from various sources say that 17% of the total CSR amount has been unspent.

This makes the point clear that CSR amounts have been not utilized completely.

Reasons for Unspent CSR Amount:

The corporate sector in general does not know what activities contribute to welfare. So that the CSR money is unutilized.

Also the compulsion of CSR on corporate companies and penalising them for not using CSR makes it even more difficult. The introduction of Companies (Amendment) bill, 2019 makes unspent CSR transferred to one of the funds of consolidated Fund of India and penalises the company.

Ways to Improve CSR Spending:

The amount of money spent on welfare activities like health education etc. just add up to the amount spent by government on these.

So, practically it does not make much difference. It is like a flea following elephant.

Also, imposing punishments and making CSR compulsory can be removed in order to encourage companies do philanthropic works.

The CSR Amount can be spent in a better way and government has to prescribe the list of Activities that actually contribute to welfare.

Taxes on corporate companies can be reduced to encourage them to carry out CSR activity in a better way.

Also by allowing the company to make big profits and sharing its profits as dividend to all its employees will definitely contribute to the betterment of society.

CONCLUSION:

Till today, the statutory corporate responsibility has not yet been utilized to the full potential. So, it is with us to take necessary steps to encourage corporate sector and utilize the unspent money on various activities that will contribute to the growth of the nation and our people.