

The Idea of Making of Corporate Social Responsibility Compulsory in India

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Abstract : India is the first country in the world, where spending on Corporate Social Responsibility (CSR) has been made mandatory. Predominantly Indian enterprises have been philanthropic for hundreds of years, where giving back to the society is the religious duty of the rich. Therefore Indian businesses have been voluntarily spending on CSR activities, while several businesses kept spending on non business activities a significant number of entrepreneurs abstained from social spending, leading Government of India to take the legislative route by mandating 2% spend of net profit on CSR activities failing which companies will be dealt legally. While the legislation on surface appears progressive and pro social, yet the consequences of making a rather voluntary action a legally binding act is yet to be seen. This paper examines the possible social impact of the legislation and potential response of the corporate to a legislation of this kind.

Keywords : corporate social responsibility (CSR), companies act 2013, corporate citizenship, social spending

Conference Title : ICCSSR 2015 : International Conference on Corporate Strategy and Social Responsibility

Conference Location : Zurich, Switzerland

Conference Dates : July 29-30, 2015