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Finance Ministry, SECP Oppose Costly CSR Bill Changes

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Responsibility (CSR) Bill, warning that the revisions could significantly increase business costs and disrupt the investment climate.

The CSR Bill, currently under review in Parliament, aims to make it mandatory for companies to allocate a specific portion of their profits toward social responsibility initiatives. While the intention is to ensure corporate contributions to social development, both the Ministry of Finance and the SECP believe that the current amendments may have unintended consequences for the country's economic environment.

In detailed feedback, the Ministry of Finance stressed that the bill, in its amended form, could place an unnecessary financial burden on companies, especially at a time when businesses are already facing economic pressures. The ministry noted that such mandates could discourage future investments, reduce business confidence, and ultimately hinder Pakistan's competitiveness in the regional and global markets.

Similarly, the SECP raised concerns about the broader implications of making CSR spending compulsory through legislation. The commission argued that while promoting corporate social responsibility is important, imposing legal obligations for such contributions could interfere with a company's operational freedom and long-term financial planning. The SECP also emphasized the importance of voluntary CSR efforts, which are often more meaningful and effective when driven by internal values rather than external compulsion.

Both institutions recommended a more balanced approach—one that encourages companies to engage in CSR activities without making it a rigid legal requirement. They suggested strengthening incentives and recognition systems for businesses that voluntarily commit to social causes, instead of enforcing strict statutory limits or penalties.

Industry experts and business leaders have echoed similar views, highlighting the need for flexible and practical policies that support social development without hampering growth. They argue that while the spirit of the CSR Bill is commendable, the current structure could lead to increased compliance costs and bureaucratic hurdles for companies, particularly small and medium-sized enterprises (SMEs).

The government is now expected to review the concerns raised and potentially revise the proposed bill to strike a more business-friendly balance. As the debate continues, stakeholders hope that future amendments will consider both economic realities and the shared goal of promoting inclusive development in Pakistan.

The outcome of this legislative discussion will likely set the tone for future corporate governance and responsibility in the country, making it a critical moment for policymakers, regulators, and the business community alike.