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Q9

Case study. ABC Ltd. is a large transnational company having diversified business activities with a huge shareholder base. The company is continuously expanding the generating employment. The company, in its expansion and diversification programme, decides to establish a new plant at Vikaspuri, an area which is underdeveloped. The new plant is designed to use energy efficient technology that will help the company to save production cost by 20%. The company's decision goes well with the Government policy of attracting investment to develop such underdeveloped regions. The government has also announced tax holiday for five years for the companies that invest in underdeveloped areas. However, the new plant may bring chaos for the inhabitants of Vikaspuri region, which is otherwise tranquil. The new plant may result in increased cost of living, aliens migrating to the region, disturbing the social and economic order. The company sensing the possible protest tried to educate the people of Vikaspuri region and public in general that how its Corporate Social Responsibility (CSR) policy would help overcome the likely difficulties of the residents of Vikaspuri region. In spite of this the protests begin and some of the residents decided to approach the judiciary as their plea before the Government did not yield any result. (a) Identify the issues involved in the case. (b) What can be suggested to satisfy the company's goal and to address the residents' concern?

UPSC Civil Services Mains 2016 · GS IV · 20 marks · Ethics Case Studies

Case Studies on above issues.

Facts & figures for this PYQ only.

Numbers move. Confirm the latest Budget, Economic Survey or census round. This sheet is for revision, not a substitute for the model answer.

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Corporate social responsibility, Companies Act, 2013, Section 135

A statutory CSR duty for qualifying companies; spending and a policy are expected, not only a lecture to protesters.

Environment impact assessment

The Union EIA notification process (as applicable to the category of plant) is the legal door for environmental consent, not a CSR pamphlet.

Tax holiday for backward areas

A fiscal tool to attract capital; ethically it should be tied to employment and harm-mitigation milestones.

Social impact assessment

A structured study of livelihood, culture, prices and infrastructure load; land-acquisition law uses SIA, and a large private plant should still do the equivalent.

Panchayati Raj consultation

Local elected bodies are the lawful voice of residents; bypassing them for a district-level ribbon cutting is a governance failure.

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