Ethics & Morality · GS - IV

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?

EXAM YEAR	PAPER	SUBJECT
2016	GS - IV	Ethics & Morality

MARKS	WORD LIMIT
25	~300 words

Answer Hint

Economic development; corporate social responsibility; stakeholder interests; environmental justice; local participation; employment generation; social impact assessment; distributive justice; sustainable development; conflict resolution

Model Answer

Introduction

The proposed plant presents a conflict between industrial development and the social, economic and environmental interests of Vikaspuri's residents. Ethical decision-making must balance legitimate corporate objectives with community welfare.

(a) Issues Involved

1. Economic Development: The plant may generate employment, investment and regional infrastructure, supporting the government's development objectives.

2. Community Concerns: Migration, rising living costs, pressure on housing and public services, and disruption of local culture may adversely affect residents.

3. Corporate Responsibility: CSR initiatives cannot substitute for preventing harm, consulting affected people or complying with environmental and labour requirements.

4. Justice and Participation: Residents' concerns were not adequately addressed through government channels, raising questions of procedural fairness and public participation.

5. Environmental Sustainability: The plant's energy efficiency is beneficial, but its pollution, water use, waste and ecological impacts require independent assessment.

(b) Suggested Measures

- **Participatory assessment:** Conduct independent environmental and social impact assessments, followed by public hearings and transparent disclosure.

- **Community consultation:** Establish a representative committee involving residents, local authorities, workers and company officials.
- **Local development:** Prioritise fair local employment, skill training and infrastructure, including healthcare, education, housing and transport.
- **Environmental safeguards:** Use clean technology, effective waste treatment and continuous monitoring, with independent compliance audits.
- **Manage migration:** Coordinate planned housing and public services to prevent pressure on existing facilities.
- **Grievance redressal:** Create an accessible complaint mechanism with time-bound responses and independent review.
- **Accountable CSR:** Develop community-approved projects with measurable outcomes and regular public reporting.

Conclusion

The company should not abandon development, nor should the community bear its costs without meaningful participation. A transparent, environmentally responsible and inclusive approach can reconcile investment with social justice.

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