POLICY OF DISINVESTMENT AND CORPORATE SOCIAL RESPONSIBILITY

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Disinvestment involves the withdrawal of equity and bond capital invested by the government in the Public Sector Undertakings (PSUs). Disinvestment is generally expected to accomplish a greater inflow of private capital and enable more effective monitoring of management discipline by the private players, amplify in the operational efficiency and increase the market value of the PSUs. On the other hand, Corporate Social Responsibility (CSR) is a bent or inclination on the part of the organizations or business community to uplift the standard of living and wellbeing of the people, the state and the environment. One may argue that it is one step taken by a company to neutralize, minimize or extinguish the harmful effects caused by its processes and product-usage.

This paper is a modest endeavor to understand the effects of disinvestment on Corporate Social Responsibility. How well the CSR is guaranteed to the employees, who eventually became the employees of the private company, will be one of our focal point. We will also hash out whether the private companies should be made adhered to CSR and the public trust doctrine.

To understand it clearly, reference has been made to various books, journals, magazines, scholarly writings on the subject and materials in this regard. Apart from this we will discuss the cases of BALCO Employees Union (Regd.) v. Union of India & Ors. and Centre for Public Interest Litigation v. Union of India (UOI) and Ors. etc. in details.

The rationale of the concept of CSR is that industry can no longer be regarded as private arrangement for enriching shareholders. Hence, the disinvested company can't simply shun the responsibility it has towards to the workers, management, consumer, the locality, government and the trade union officials.

KEYWORDS: Disinvestment, Corporate Social Responsibility, Public Sector Undertakings, private company

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