

PGDM (IB) Batch: 2015-17

Responsible Business: CSR and Sustainable Development

Trimester –II, End term Examination: December 2015

IB-208

Time allowed: 2 Hrs 30 minutes

Max Marks: 50

Instruction: Students are required to write Roll No on every page of the question paper. Writing anything except the Roll No will be treated as Unfair Means. All other instructions on the reverse of Admit Card should be followed meticulously.

Section A

Marks: 3 x 5 = 15

Students are required to answer 3 out of 5 questions. All questions carry equal marks.

- Q 1. Define Corporate Social Responsibility? Is it same as Corporate citizenship?
- Q 2. Define Sustainability and also state most popular framework for its reporting.
- Q 3. What do you mean by "Strategic CSR activities" and "Generic CSR activities".
- Q 4. Explain the concept of "Triple Bottom Line" and who propounded it.
- Q 5 . What is significance of UN Global Compact? When this mechanism came into being? Are Indian companies also member of UN Global Compact?

Section B

Marks: 2 x 10 = 20

Students are required to answer 2 out of 3 questions. All questions carry equal marks

- Q1. Bring out difference between, Charity, CSR and Share Value.
- Q2. Please write different thematic areas in which expenditures incurred by any company will be treated as expenditures under mandatory provision of Company Act 2013.
- Q3. What is your opinion about efficacy of mandatory provisions for incurring CSR expenditures under Section 135 of the Companies Act 2013. Give detailed justification and logic in context of your opinion.

Turn Over

Section C**Marks: 15**

Please study the case study and answer the questions given at the end of case study.

There is a Public Limited Company A whose turnover during FY 2013 -14 was INR 500 Cr, Net worth INR 200 Cr and net profit INR 7.5 Cr. The Company is in business of producing milk products. A few years back under political pressure they decided to set up a plant in a very backward district of India. Plant was set up in a rural hinterland and villages near the plant were scattered mostly having less than 300 households. Most of the villagers were marginal farmers having a few milk giving animals. As a result of poor quality of breed of animals, yield of milk was very less.

Under the above conditions, the newly set up milk processing plant was finding very difficult to get good quality and adequate supply of milk for operating it a optimum capacity and capacity utilisation was hardly 10 percent. As a result of this, this plant was not able to even break – even and incurring losses. The alternatives were either to close the plant and or to take radical measures for improving its performance.

The major constraint to attaining optimum utilisation and generate surplus was to streamline and remove deficiency in the supply chain. Top management of the Company saw an opportunity to improve the position in the light of mandated provisions for incurring CSR expenditures under the new Company Act. They decided to undertake many CSR activities which are covered under provision of Company Act 2013 and also improve the supply chain.

The company decided to undertake the following activities:

- i) Create awareness among farmers for keeping good quality of animals and also attend to their health problems
- ii) Facilitating loan facilities to farmers for purchase of good quality of animals
- iii) Making available to the farmers services of veterinary doctors and medicines
- iv) Creating collection centres near cluster of villages
- v) Creating rural infrastructure for improving the supply chain
- vi) Arranging for educational facilities for children of farmers

Turn Over

As a result of above it was visualized that in near future milk supply to the plant will improve considerably and it has got potential of creating a win-win situation for the community as well as the company.

On the basis of above case study, answer the following questions. Each question carry equal marks. (3 x5 =15)

Q 1. On the basis of facts narrated above, explain the concept of "Shared Value" and who propounded this concept

Q1. Is this company covered under mandated provisions of CSR under the Company Act 2013? State the criteria stipulated under the Company Act 2013 which make CSR expenditures compulsory for any company..

Q3. Besides improving performance, what other tangible /intangible benefits accrue to a company undertaking CSR initiatives. Is it possible that all CSR activities being pursued by any company will add to profitability?