

PGDM (RM); Batch: 2017-19
Responsible Business Module
RM - 308
Trimester –III, End term Examination: March 2018

Time allowed: 2 Hrs 30 Minutes

Max Marks: 50

Roll No:

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

Please write short notes /comments on :

1. "The only responsibility of business to maximize profit for its shareholders".
2. Sustainable Development Goals (SDGs).
3. ISO 14000.
4. Definition of Corporate Social Responsibility. Who is called father of Corporate Social Responsibility?
5. The Stakeholder theory. Who propounded it?

Section B

Marks: 2 x 10 = 20

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

- Q1. Explain the concept of "Pyramid of Corporate Social Responsibility". Who propounded this concept?
- Q 2 . Describe the thematic areas as mentioned in the Companies Act 2013 in which only expenditures made by the companies would be taken into account for compliance of the Act.
- Q 3 .State, in brief, all the principles of UN Global Compact. Are Indian companies also members of UN Global Compact?

Turn Over

Section C

Marks: 15

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

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There is a Public Limited Company A whose turnover during FY 2016 -17 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

Q 2. 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?

Q 3. 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?

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