

PGDM (IBM); Batch: 2015-17
Responsible Business (INS-603)
Trimester –VI, End term Examination: February 2017

Time allowed: 2 Hrs 30 Mins
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

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

- Q 1. "Businesses are integrated with society and environment". Explain the implication of this statement referring to the concept given by John Elkington.
- Q 2. CSR is not Philanthropy? Please explain.
- Q 3. Explain the meaning of sustainability and the role business plays in sustainable development.
- Q 4. The Companies Act 2013 has recommended minimum CSR Expenditure for certain category of eligible companies. What is the quantum of mandated CSR expenditure and list the activities specified in Schedule VII of the Act?
- Q 5. Differentiate between Shareholder and Stakeholder? Write a short note on Stakeholder Theory? Who propounded this theory?

Section B

Marks: 2 x 10 = 20

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

- Q 1. What is United Nations Global Compact (UNGC)? Why it was created? Explain in brief the principles of UNGC.
- Q 2. What efforts have been made by SEBI to improve corporate responsibility in India? Explain the principles used as indicators to assess performance on corporate responsibility.
- Q 3. What is Circular Economy? How is it different from Linear Economy? Explain with example the principles of Circular Economy.

Turn Over

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

Kshetriya Gramin Financial Services (KGFS) was created when management at IFMR Rural Finance decided to fundamentally rethink ways to create a high-quality financial service offering that could significantly affect the wealth of poor and largely unbanked households. The team concluded that a suite of wealth management products and services, tailored to the unique situation of a given household, could fill an important need in a financially viable manner, but only if the company could meet sufficient volumes. Recognizing the challenges that brick and mortar banks had experienced in establishing profitable branches in rural areas, the team examined ways that a branch-based model might generate the volumes it would need to be successful.

This line of thinking eventually led to the KGFS model. Each KGFS head office oversees branches designed to serve as many households and enterprises as possible within a tightly defined geographic area that contains a rural population base of approximately 3.5 million people. Branches employ wealth managers who understand individual households' goals, economic conditions, and risk attitudes and can thus provide advice that helps customers make suitable choices about financial service options. Each wealth manager is responsible for answering a single question for each client: "How can I, as a financial services provider, steadily increase the wealth of my customer's household over a period of time using financial services and financial advice as my only tools?"¹⁶⁰

IFMR launched the first KGFS in 2008, and individual branches have already shown signs of profitability. Today, the company has three KGFS head offices that oversee a total of 110 branches. The leadership team expects the first KGFS (in Pudhuaaru) to achieve overall profitability within a year. Each KGFS is expected to grow to 250 branches within five years, achieving positive profit before tax in the third year.

In addition to rigorously examining the venture's economic viability, IFMR Rural Finance also assesses the social value created. To ensure that staff members focus on their clients' interests, the company aligns incentives for wealth managers with increases in the community's wealth rather than volume-driven targets. The company is developing a village-level metric that uses a baseline to track change. "You could consider this a financial well-being index," explained one executive. "We're going to track, at a community and an individual level, what is happening to people's financial well-being." IFMR Finance defines financial well-being as "the state in which a household can optimally choose patterns of consumption over time and in uncertain states of the world". Further, the index for measuring the financial well-being considers the ability of households to safeguard their assets and spread and manage their liabilities; manage cash flows; invest in a variety of assets, including financial and non-financial; and have accessibility to capital.

IFMR Rural Finance believes that India will need approximately 300 fully-scaled KGFSs to adequately serve rural populations. While the company continues to launch KGFSs directly, it also intends to offer a franchising/licensing option to further catalyze growth. It also continues to

expand its suite of services and is investigating a partnership with the GoI to sell Rashtriya Swasthya Bima Yojna health insurance policies to poor customers.

On the basis of above case study, answer the following questions. Each question carry equal marks. (3 x 5 =15)

- Q 1. Based on facts narrated above, explain the concept of "Shared Value" and who propounded this concept.
- Q 2. How would you develop a financial well-being index? What will be the indicators of measuring the financial well-being?
- Q 3. How and in which manner KGFS may partner with government to expand its service and scale its business?

Program: PGDM (Retail Management)

Batch: 2015-17

Trimester: 6th