

PGDM (RM); Batch: 2015-17  
Responsible Business Module [RM-309]  
Trimester –III, End term Examination: March 2016

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**

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

- Q.1 What do you mean by Sustainability and also indicate drivers which brought this concept into mainstream of strategy formulation and operations for the corporate.
- Q 2. Explain salient features of "Circular Economy"? State the difference between " Linear Economy" and "Circular Economy".
- Q 3. What are the benefits accruing to any company undertaking CSR activities? Do all CSR initiatives add to profitability of any company?
- Q 4. "The only responsibility of business to maximize profit for its shareholders." Do you agree with this statement? If no, state the reasons.
- Q 5. Is there any SEBI guidelines for companies in context of Responsive Business ? What are its salient features and compliance requirements ?

**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. What are the factors responsible for bringing CSR from periphery to centre of strategy formulation and trace its evolution. Do undertaking CSR activities give competitive advantage to the company?
- Q 3. State, in brief, all the principles of UN Global Compact. Are Indian companies also member 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.

There is a Public Limited Company A whose turnover during FY 2014 -15 was INR 900 Cr, Net worth INR 200 Cr and net profit during preceding three years is INR 15 Cr. The Company is in business of making shoes having focus on export market. Attracted by tax concessions given by the government, they decided to set up a unit of shoe manufacturing near a cosmopolitan and industrialised city. As a result of industrialization, wages of skilled and unskilled labour were high in that area. This was a matter of serious concern for the company as shoe making involves substantial amount of manual labour.

Top management of the Company saw an opportunity to improve the position and surmount the problem in the light of mandated provisions for incurring CSR expenditures under the Company Act 2013. They visualized that women in the hinterland of town and living in nearby villages have aspirations to increase their earnings but having no opportunity. They decided to create facilities for training them and also arranged transport facilities for bring them to training centres and also dropping them to their villages. Certain incentives were also provided them to join the training programmes. It was planned to impart training to rural women on a massive scale. In spite of best efforts, the company did not incur 2% of net profit for CSR activities including the massive training programme mentioned above. The concerned nodal officer committed an act of omission and this non-compliance and reasons for non compliance was not reported in their annual report.

As a result of above initiative it was visualized that in near future, these women will be absorbed in the plant and there services would be available at competitive rate and also their attrition rate would be much less. Moreover, this training activity would qualify as eligible activity to comply with mandatory requirement of Company Act 2013.

This created a value and gave competitive advantage to the company and also improved the living conditions of the community and improved the reputation of the company among nearby areas and community.

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

- Q1 On the basis of facts narrated above, explain whether any penal clause will be applicable to the responsible officer for not reporting and giving reasons for non-compliance in the annual report. Describe the nature and extent of punishment prescribed under the Company Act 2013 in case company is responsible for such omission,
- Q2. 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?