

PGDM (RM); Batch: 2018- 20
Responsible Business
RM - 207

Trimester –II, End term Examination: December 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. Concept of "Sphere of Influence "in context of CSR.
2. Sustainable Development Goals (SDGs).
3. Characteristics of Human Rights.
4. Definition of Corporate Social Responsibility. Who is called father of Corporate Social Responsibility?
5. Describe concept of "Triple Bottom Line" and its significance. 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 salient features of National Voluntary Guidelines on Social , Environmental and Economic Responsibilities of Business issued by Ministry of Corporate Affairs ,Gol in 2011.
- Q 2 Describe the thematic areas as mentioned in the Schedule VII of Companies Act 2013 in which only expenditures made by the companies would be taken into account for compliance of the Act. Which types of activities are not be considered as CSR expenditure?
- Q 3 .Define Sustainable Development. Is sustainable development a business case? Explain with a few examples

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 2016- -17 was INR 700 Cr, Net worth INR 400 Cr and net profit INR 7.5 Cr.as on 31.3.2018 against net profit of INR 5cr and INR 6 cr during FY 2014-15 and 2015-16 respectively. 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 FY 2012-13 in a rural hinterland and villages near the plant were scattered mostly having households varying between 300 – 500 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 at optimum capacity and capacity utilization was hardly 10 percent. As a result of this, the plant was not able to even break – even and incurring losses up to FY 2013-14.. The alternatives were either to close the plant and or to take radical measures for improving its performance.

During this period of crisis, a few officials of the government start approaching management that they can persuade the government for giving financial concessions or even for purchase of the company subject to certain gratification to them. The management refused to go for illegal gratification and incurred wrath of government functionaries and continued with improving performance of the company. Irritated by this attitude of the company , government officials on a filmy ground issued a closure notice to the company. Observing the sincere efforts of the company , villagers demonstrated and ultimately closure notice was withdrawn by the government.

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 centers 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 the company started earning profit from FY 2014-15 onwards. Investment in undertaking the above measures improved the supply chain resulting into optimum utilization of capacity. As farmers were supplying milk regularly as a result of increased productivity, they were also able to increase their income.

But it show happened that due to legacy of earlier years when the company was incurring losses , management of the company did spend only 1.7% of average profit for CSR activities during FY 2017-1 and did not report reasons of not spending 2% of profit in their Annual Report for FY 2017-18.

On the basis of above case study, answer the following questions. Each question carries 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. "Ethical consideration does pay in the long run", pl comment. In spite of thatf so many companies are not ethical. Pl comment and elaborate.
- 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?