

MANAGEMENT PROGRAMME

Term-End Examination

December, 2018

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**MS-495 : ETHICS AND CORPORATE
GOVERNANCE IN BANKS**

Time : 3 hours

Maximum Marks : 100

- Note :**
- (i) *There are two Sections, A and B.*
 - (ii) *Attempt any three questions from Section - A.*
 - (iii) *All questions carry equal marks.*
 - (iv) *Section - B is compulsory and carries 40 marks.*

SECTION - A

1. Explain how ethical dilemmas arise. Analyse the different aspects of ethical dilemmas and how to cope with them from banks' perspective.
2. Explain the importance of disclosure and transparency in banks. Discuss the disclosure and transparency requirements applicable to listed bank.
3. Discuss the key challenges facing sustainable development and examine the corporate response to sustainable development.
4. "Corporate Social Responsibility (CSR) in financial sector like any other corporate sector is drawing more attention." In this context discuss in detail CSR in financial sector.

5. Write short notes on any four of the following :
- (a) CSR and Business strategy in Banks
 - (b) Values and Culture
 - (c) Regulatory and Institutional Interference
 - (d) Social Audit
 - (e) Employees' Rights

SECTION - B

6. Read the following case and answer the question at the end.

Case

Bharat Petroleum and Social Responsibility

Do we reach out to the people ? Are our efforts visible in the far flung villages in backward areas of the country ? Bharat Petroleum (BP) believes that the answer to these questions is yes. Bharat Petroleum energises the lives of Indians in one way or the other. The corporation has invested heavily in staff, customers, stakeholders and society and this is "because they care".

The essence of Corporate Social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of work force, their families as well as society at large.

Any business needs a stable social environment that provides a predictable climate for investment and trade. At the same time society also has expectations from the business. In this manner, businesses and society are interdependent and businesses must take full account of the societal expectations. Increasing regulatory pressures could be one of the reasons

for undertaking CSR activities. However in this day and age, CSR is increasingly being viewed not only as making good business sense, but also as contributing to long-term prosperity of the companies and ultimately their survival.

The challenge for successful company in Indian and global economy is to build and maintain efficient, effective and fair relationship with its global and local stakeholders. An increased brand value, greater access to finance, stronger risk management and corporate governance, healthier and safer work place, motivated people, customer loyalty and enhanced confidence and trust are the benefits of excellent CSR.

As corporates grow in strength in a rapidly globalising environment, their contribution to the development of the society becomes increasingly pertinent. The emergence of CSR has been critical for millions of people left below the poverty line.

Bharat Petroleum receives complete support and direction from board of directors for its CSR activities, with director (HR) at the helm of affairs. D.M. Reddy, executive director, states that "Corporate Social Responsibility is one of the prime focus areas of a corporation. The whole approach towards contributing to society is very scientific and well thought out. In all such endeavors, the benefits should trickle down to as many people as possible. A corporation should look forward to long term relation with the community whose life it touches. Through community development initiatives, corporations

can strive to evolve community holistically in all spheres, viz health, education, infrastructure, income generation, vocational guidance. Having contributed towards a society after assessing the needs, a corporate can ensure a proper feedback system to realise the impact of its contribution. Based on studies, it can review its approach and implement new strategies."

Social Service Activities Undertaken by BP

Infrastructure Development - like provision of tube wells, bore wells, dug wells for drinking water and irrigation, construction of multi-purpose community centre to accommodate school (non-formal education), balwadi (primary education), health centre, community centre, construction of sanitation block to promote hygiene, provision of alternate sources of energy, solar energy-based street lights and lighting for village and community centre.

Education Support - provision of uniforms, notebooks, stationery, teaching material, educational aids, sweater and food supplements, educational scholarships to children from the economically backward classes for pursuing their studies, till complete their education, aptitude testing and vocational guidance for higher secondary children through experienced psychologists.

Health Care - regular health checkup for villagers by doctors, provision of free medicines for minor ailments, guidance on family welfare and general health care, free medical dispensaries, cataract surgery and intra-ocular lens treatment.

Skill Enhancement - adult education, modern farming practices, distribution of fruits' saplings, veterinary camps, cattle camps, distribution of smokeless *chulhas*, training on income generation vocations, helping women promote awareness on social issues, organising regular lectures for women on family life and education.

Question :

- Why should an organisation like Bharat Petroleum involve in undertaking social activities ? 20
7. "An effective whistle blowing system is in the interest of all stakeholders and thus should be a key part of any corporate responsibility policy." What is 'whistleblowing' and what are the problems associated with it ? Give examples. 20
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