

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**June, 2014**

00451

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

*Time : 3 hours*

*Maximum Marks : 100*

*Note : There are two sections A and B. Answer any three questions from Section-A which carry 20 marks each. Section-B is compulsory and carries 40 marks.*

**SECTION - A**

1. (a) Discuss the responsibilities that organisations have towards its stakeholders to be considered ethical in nature. Give examples.  
(b) What do you understand by Corporate Governance ?
2. (a) What are the challenges for implementing good corporate governance ? Discuss.  
(b) How banks are different from other institutions in terms of corporate governance ?
3. Explain corporate citizenship. What are the different models of corporate citizenship ?
4. Discuss the role of international organisations to promote Corporate Social Responsibility in financial sectors.

5. Write short notes on **any four** of the following :
- (a) Values and culture
  - (b) Challenges facing sustainable development.
  - (c) Consumers' Rights
  - (d) Business Ethics and Strategy
  - (e) The Equator Principles

## SECTION - B

Read the following case and answer the questions given at the end.

### **Ethical Dilemma**

Unethical practices have become rampant throughout the world and are now considered to be a serious problem. Earlier the responsibility was collective; more reliance on norms laid down by religion, laws and codes of conduct.

Principles of Ethics lay down norms for good behaviour by distinguishing between virtues and vices. Values and ethics are interrelated closely. Without values, ethics have no base to stand on. But, distinction between principles and practices in ethics is vital. To be ethical in one's life when it is accepted that all ethical tenets are relative and all ethical practices are situational, one has to learn to take ethical decisions with full awareness. Ethical problems present themselves as conflicts, dilemmas and paradoxes. The need for all is to realise the principles which lay down 'right' and 'wrong' practice distinguishes between 'good' and 'bad'. Moreover it is not always the choice between the good and bad, but it can be

- between more good and less good
- between more bad and less bad.

The old approach was essentially regulatory in nature :

- Religious, legal and political, based on ideas of sin, crime and we are now more interested in positive ideas such as courage and corrupt in trust. Moral courage is the best type of courage. The man who possess it has to take more risk and act boldly with a high degree of confidence. Further our acceptability in our own organisations and in our own societies depends on trust others have in us.

The emphasis now is shifting towards individual responsibility :

- Ethical choices, good compromises, moral courage, right to information, transparency and accountability. They have'nt produced satisfactory results, mainly because the process of implementation is dominated more by avoidance than by compliance. Look at this story below :

Story by Bimalkar-Published in Katha Prize Stories.

Raghunath is running a small shop in a small town is content with earning his frugal living. He is religious in outlook and compassionate towards others. One afternoon, when it was raining, an old man, a poor vendor of herbs named Satyadas comes to his shop. He is running a high temperature. Raghunath provides him food and shelter. In the morning, the visitor is again provided hospitality. He then leaves for another destination leaving behind a pouch containing six gold coins and a ring studded with gems. Raghunath waits for him for several months to return and then on the

persuasion of his wife Jamuna, he sells the contents of the pouch one by one, sets up a bigger shop, and builds a comfortable house for himself to live in. He starts life with dignity in society. But one fine day, suddenly Satyadas makes his appearance. Raghunath is shocked. He is not as hospitable as before. On the contrary, he thinks as if a devil has turned up and wishes he leaves quickly. As Satyadas is about to leave, conscientious Raghunath asks: "Did you leave behind something here when you visited last time?" Satyadas says: "I don't know. God knows everything."

**Questions :**

1. In your opinion, Raghunath was with deep sense of guilt and Remorse ? If so, how and why ?
  2. Do you find the three imaginary characters are created for three conflicting aspects of a single mind ? Morality, Guilt and Greed. Discuss these three characters based on your thinking.
  3. Why could Raghunath not have the moral courage to practice transparency and tell Satyadas : "On your previous visit you left behind some gold coins and a ring. I waited a long time for you to return. Only then I sold them to invest in my business and in building a house. I want to repay you. Let us work out a repayment schedule. Comment.
  4. How are morals different from values in this situation ?
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