

**BACHELOR OF COMMERCE [HONS]
SIXTH SEMESTER
CORPORATE GOVERNANCE
BCM – 603 C7**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

(Objective)

Marks: 20

Choose the correct answer from the following:

1 × 20 = 20

1. The goal of corporate governance and business ethics education is to:
 - a. Teach students their professional accountability and to uphold their personal Integrity to society
 - b. Change the way in which ethics is taught to students
 - c. Create more ethics standards by which corporate professionals must operate
 - d. Increase the workload for accounting students
2. The corporate governance structure of a company reflects the individual companies':
 - a. Cultural and economic system
 - b. Legal and business system
 - c. Social and regulatory system
 - d. All of the above
3. Under the, both internal and external corporate governance mechanisms are intended to induce managerial actions that maximize profit and shareholder value
 - a. Shareholder theory
 - b. Agency theory
 - c. Stakeholder theory
 - d. Corporate governance theory
4. The framework for establishing good corporate governance and accountability was originally set up by the:
 - a. Nestlé Committee
 - b. Thornton Committee
 - c. Rowntree Committee
 - d. Cadbury Committee
5. Who among the following has the right to vote in the Annual General Meeting?
 - a. Debenture Holders
 - b. Preference Shareholders
 - c. Equity Shareholders
 - d. All of the Above
6. Who are organizational stakeholders?
 - a. Government
 - b. Employees
 - c. Customers
 - d. All of the above
7. Internal stakeholder of a company includes:
 - a. Customers
 - b. Investors
 - c. Employees
 - d. Suppliers
8. What is the maximum tenure of Independent Director?
 - a. 5 Years
 - b. 6 Years
 - c. 4 Years
 - d. 3 Years

9. Which intervention resulted from the Enron scandal?
- The Hampel Committee
 - The Sarbannes Oxley Act
 - The Greenbury Committee
 - The Cadbury Committee
10. Fraudulent trading may be:
- A civil offence committed by any employee
 - A criminal offence committed only by directors of a limited company
 - A civil and a criminal offence committed only by directors of a limited company
 - A civil and a criminal offence committed by any employee
11. Every private company shall have a minimum of.....Directors
- 3
 - 4
 - 2
 - 1
12. Which among the below was not the main reason for the failure of Kingfisher Airlines?
- High Operating Cost
 - Acquisition of Air Deccan
 - High competition
 - None of the above
13. The headquarter of SEBI is located in.....
- Delhi
 - Kolkata
 - Mumbai
 - Bangalore
14. The Kumar Mangalam Birla Committee was formed in the year:
- 1990
 - 1988
 - 1999
 - 1997
15. Which of the following are the functions of SEBI?
- Prohibiting fraudulent and unfair trade practices relating to securities markets
 - Promoting investors' education and training of intermediaries of securities markets
 - Prohibiting insider trading in securities
 - All of the above
16. The OECD argues that corporate governance problems arise because:
- Ownership and control is separated
 - Managers always act in their own self interest
 - Profit maximization is the main objective of organizations
 - Stakeholders have differing levels of power
17. What is meant by the phrase CSR?
- Corporate Social Responsibility
 - Company Social Responsibility
 - Corporate Society Responsibility
 - Company Society Responsibility
18. Which of the following is a basic definition of ethics?
- Moral guidelines for behaviour
 - Rules for acknowledging the spirit of the law
 - Rules or principles that define right and wrong conduct
 - Principles for legal and moral development
19. What is the criterion for mandatory CSR in India?
- Net worth of 500 crores or more
 - Turnover of 1000 crores or more
 - Net profit of 5 crores or more
 - All of the above

20. Which one among the following is not included in Carroll's pyramid of CSR?
- a. Legal Responsibilities
 - b. Philanthropic Responsibilities
 - c. Economical Responsibilities
 - d. Financial Responsibilities

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Define Corporate Governance. Discuss the principles of good corporate Governance. 3+7=10
2. Write a note on: 6+4=10
 - a) Theories of Corporate Governance
 - b) Whistle Blowing
3. Discuss the composition and structure of Board of Directors. Explain the duties and responsibilities of Board of Directors. 4+6=10
4. Define Shareholders and Stakeholders. Discuss its differences. What are the rights and responsibilities of Shareholders in Corporate Governance? 2+4+4=10
5. Write a note on: 5+5=10
 - a) Narayana Murthy Committee
 - b) SEBI
6. Define Business Ethics with suitable examples. Explain the principles of Business Ethics. 3+7=10
7. Discuss the concept of Corporate Social Responsibility in global and Indian context. Explain the benefits and drivers of Corporate Social Responsibility. 2+2+3+3=10

8. Satyam Computers Limited (Satyam) was a leading global business and information technology (IT) services company, delivering consulting, systems integration and outsourcing solutions. It began its journey with 20 employees in 1987 and grew to become the fourth-largest software company in India with a market capitalization of Rs.15,262 Crores. Over a period of two decades, the company built a highly skilled employee base of 53,000 and was on attractive IT outsourcing destination for a number of multinational companies across the world. It was given the Golden Peacock Global Award twice for its excellence in corporate governance in 2002 and 2008 by the world council for corporate governance. The golden peacock global award was one among the several honours received by Satyam for corporate governance. It rated the company with best corporate governance practices by investor relations global rankings (IRGR) in 2006 and 2007 in the investigation, RamalingaRaju (Raju) founder and chairman of Satyam confessed fudging the accounts books of the company to the tune of Rs.7,800 core. After the government changed the management, Satyam was taken over by Tech Mahindra (TechM) and was renamed Mahindra Satyam (Msat). It addressed the customers and employees' issues very effectively; yet, even after a year of the takeover, Msat continues to face a hoard of legal and financial hurdles in stabilizing the business. Lack of re-instated financial statements has been posing tough situations for Msat to bag contracts. The Satyam saga poses a question whether the government should bailout such companies when they reach a dead end due to financial bankruptcy or moral bankruptcy resulting in financial bankruptcy endangering the very economic and corporate image.

4+6=10

Questions:

- a) What are the ethical violations of corporate governance in the case?
- b) How can these kinds of ethical violations be prevented? Suggest a code to mitigate such practices.

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