

**GUJARAT TECHNOLOGICAL UNIVERSITY**  
**MBA - SEMESTER– IV EXAMINATION – WINTER 2019**

**Subject Code: 2840003****Date: 28-11-2019****Subject Name: Business Ethics and Corporate Governance****Time: 02.30 PM to 5.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

- Q.1 (a) Choose the correct option. 06**
1. The first voluntary code of corporate governance in India was
    - a) Narayan Murthy Committee CG Code.
    - b) CII Desirable Corporate Governance Code.
    - c) Birla Committee CG Code.
    - d) Naresh Chandra Committee CG Code.
  2. Utilitarianism means
    - a) Decisions which results into greater good for self.
    - b) Decisions which results into greater good for many.
    - c) Decisions which benefits to others even though not beneficial for self.
    - d) None of the above.
  3. Cynthia Cooper was the whistle blower in
    - a) Enron
    - b) NASA
    - c) World Com
    - d) None of the above
  4. Ethical Theory which focuses on end result
    - a) Deontology
    - b) Teleology
    - c) Meta Ethics
    - d) None of the above
  5. Narayan Murthy Committee was initiated by
    - a) SEBI
    - b) Ministry of Corporate Affairs
    - c) IRDA
    - d) RBI
  6. GVC rating is given by
    - a) ICRA
    - b) CARE
    - c) FITCH
    - d) CRISIL
- Q.1 (b) Short / Definition Questions 04**
- 1) Corporate Governance. 2) Teleology.
  - 3) Values. 4) Altruism.
- Q.1 (c) Explain in short the nature of ethics. 04**

- Q.2** (a) Explain in brief various theories of ethics. **07**  
 (b) What are the major ethical issues that business faces today? Discuss them with examples. **07**

**OR**

- (b) Ethical dilemma is faced by every individual and businesses. Explain what ethical dilemma is and how one should resolve it by taking a hypothetical example of ethical dilemma. **07**

- Q.3** (a) Explain briefly Sarbanes Oxley Act of 2002. **07**  
 (b) What is whistle blowing? Explain points to be considered by a whistle blower. **07**

**OR**

- Q.3** (a) Explain essence of Narayan Murthy Committee code for corporate governance. **07**  
 (b) What is creative accounting? Discuss techniques adopted by companies for creating accounting. **07**

- Q.4** (a) Explain Indian Model of Corporate Governance. **07**  
 (b) Explain in brief how ICRA rates a company for corporate governance. **07**

**OR**

- Q.4** (a) Explain roles and responsibilities of Board of Directors. **07**  
 (b) Explain in short historical evolution of corporate governance in India. **07**

- Q.5** On March 10, 2014, a team-led by V K Pandey, Food Safety & Drugs Administration (FSDA) officer, had collected a few Maggi Noodles samples from one retailer in Barabanki. He had sent the samples to test whether Nestle India was complying with its stated claim that Maggi doesn't contain Monosodium Glutamate (MSG) a possible carcinogen.

In one test in Gorakhpur, it was proved that MSG was used more than the prescribed level. The FSDA, Barabanki, had sent a notice to Nestle India asking its officers to appear before a designated officer under section 46(4) of the FSDA Act. However, the company had challenged the authority of the designated officer to start prosecution against them.

Facing resistance, Pandey had sent another notice to Nestle India. The company then had paid a requisite fee of Rs. 1,000 for getting Maggi samples tested in the Kolkata laboratory. Kolkata laboratory is considered as one of the best laboratories in the country. Test in Kolkata laboratory not only confirmed the presence of MSG in Maggi but also detected dangerously high lead content in the Maggi samples.

Maggi instant noodles came under the scanner for three main reasons. The first was the aforementioned violation of the regulations for adding lead and MSG into the product. As against the maximum limit of 2.50 parts per million (ppm), the amount of lead detected in the Maggi samples was perilously high at 17.2 ppm. The second offence was mentioning 'No added MSG' on the packaging, which is an act of mislabeling. Also, it launched 'Maggi Oats Masala Noodles' without meeting the appropriate norms of standardization. On June 5, 2015, a nationwide ban was imposed on Maggi by FSSAI (Food Safety and Standards Authority of India).

To begin with, in June 2015 itself, Nestle announced a recall of all its instant noodles from the markets. It began to be executed within two days. At the

same time, the other step was confidence building measures. They set up a mechanism for maintaining customer relationships, be it through a customer services helpline or posting FAQs regarding recent developments on its website, not to mention its presence on social media platforms like Facebook and Twitter, where representatives answered all sorts of questions asked by irate customers

- a) Who was the whistle blower in case of Maggi Noodles case? What care did he take before whistle blowing? **07**
- b) What kind of ethical lapse was found in Maggi production and towards whom? How did Nestle make up to this loss of reputation? **07**

**OR**

**Q.5**

Recently a peon was appointed in your office (DM office). He is illiterate and mentally not sound. Ever since his appointment he has been more of a 'burden' than any help in the office. He doesn't know any work. Staff in your office feels that their work is disturbed by his behavior. The peon is always found to be talking either alone or with anyone he encounters. He is not obeying your staff's orders in the office.

He was appointed on sympathy grounds after his father's untimely death. His mother is ill and always bedridden. His income is the only source for his family now. He got the job after lobbying by a group representing his caste. He was appointed by your predecessor after he was pressurized by local MP. Some moves to remove him by your predecessor were met with public protests by a group representing his caste.

You are very strict and disciplined in your office. You are being respected in your district for your integrity and honesty. You come to know about the peon few days after you assume power. You have observed his behavior and found him to be unfit to continue in his job. The peon has no other relatives except his mother.

- a) Identify your moral and professional responsibilities in this case study. **07**
- b) Explain how you will deal with the peon. **07**

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