C 3418 **(Pages : 3)** **Name.......................................**

Reg. No..................................

FOURTH SEMESTER M.B.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, JULY 2021

(CUCSS)

M.B.A.

BUS 4C 22—CORPORATE GOVERNANCE

Time : Three Hours Maximum : 36 Weightage

Part A

Answer **all** *questions*
Each question carries 1 *weightage.*

1. What is moral turptitude ?
2. Enlist the duties of independent director.
3. Who is a dominant shareholder ?
4. What is CSR ?
5. Name any two reputed international non governmental organizations.
6. List down the characteristics of non profit corporate entity.

(6 × 1 = 6 weightage)

Part B

Answer any **four** *questions.*
Each question carries 3 *weightage.*

7. What are the basic principles of corporate governance ?
8. Distinguish between Governance and Management.
9. What are the desirable attributes of a director ?
10. Brief the recommendations of Narayana Moorthy Committee.
11. How does whistle blowing facilitate good governance ?
12. What are the duties of company secretary ?

(4 × 3 = 12 weightage)

Turn over

Part C

Answer any **three** *questions.*
Each question carries 4 *weightage.*

13. What are the drivers of corporate governance ?
14. Discuss the role of audit committee.
15. Present the common wealth principles based model.
16. What are the institutional supports needed for good governance ?
17. “Financial frauds are on a rise in India”. Justify with recent examples.

(3 × 4 = 12 weightage)

Part D

Compulsory *question.*
Carries 6 *weightage.*

18. There has been further corporate leadership news for India Inc, which may have greater long-term consequences. The Securities and Exchange Board of India (Sebi), on recommendations made by the Kotak Committee, had set a March 31, 2020, deadline for top corporations to separate the roles of chairman and managing director.

    The goal was to professionalise governance of Indian corporations by mandating that the roles of board leadership and company leadership be divided, as is the pattern. However, compliance has lagged terribly, and top business lobbied against the move. Of India’s top 500 companies, almost half of them have made no moves to split the roles. Facing such resistance, Sebi has blinked, and announced it will probably extend the deadline. Though Sebi made an assurance that the division of board and corporate leadership roles would be still happening, government edicts could delay it indefinitely.

    Here is where the spirit of legal policies must come to play, instead of reinstating an erstwhile chairman. A common thread unites these two stories, and it is troubling for long-term corporate governance advancement in India. The term ‘board chairman’ is universal of the boardroom model worldwide.

    But there is variation in practice. In most advanced economies, the board chair is a hands-off, independent position, occupied by someone who leads the board, assures its governance role, and serves as spokesman and intermediary for the rest of the directors in working with the chief executive. The rule ‘nose in, fingers out’ of company operations is considered crucial.

In younger, developing economies such as India — especially those with strong family business traditions — board chairmanship is a far different matter. Often the founder, promoter or a member of the founding family, this chair position is strongly involved in operations, strategy, the advancement (and ouster) of management, and looking out for family interests — even writing off wedding expenses as company expenses.

He (almost always a he) is lord of the castle, and no one is allowed to forget it. Given the strong, hands-on power of this role, it is no wonder that board chairmanship in India is so prized and hotly defended by the patriarchs. Founders and promoters will fight to the last to preserve their privileges.

Unfortunately, this all-powerful chairman role stifles the very elements needed for good corporate governance to advance in a modern economy. Minority shareholders are pushed to the margins. Independent judgment of what is good for the corporation and its stakeholders is neglected. Succession planning looks less like a business school model, and more like the Game of Thrones. And it is impossible to distinguish between what benefits the company, and what benefits the chairman/promoter.

(a) What are the implications on SEBI directive to split the roles on Corporate Governance in India ?

(b) Suggest some other measures to strengthen CG practices.

(6 weightage)