

D 105250

(Pages : 3)

Name.....

Reg. No.....

**FOURTH SEMESTER M.B.A. (2016 SCHEME) DEGREE EXAMINATION
JULY 2024**

(CUCSS)

M.B.A.

BUS4C22—CORPORATE GOVERNANCE

Time : Three Hours

Maximum : 36 Weightage

Part A*Answer all the questions.**Each question carries 1 weightage.*

1. What is cross holding of shares ?
2. Who is a non-executive director ?
3. What is the act of philanthropy ?
4. What is sustainable development ?
5. What is the meaning of environmental audit ?
6. What is limited competition ?

(6 × 1 = 6 weightage)

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

7. Write a note on Kings Committee.
8. Explain the Control model of corporate governance.
9. Briefly explain the importance of good corporate governance.
10. Elucidate the highlights of Satyam Case.

Turn over

11. Define corporate governance. What is the philosophy behind corporate governance ?
12. Whistle blowing has become need of the Hour'. Comment.

(4 × 3 = 12 weightage)

Part C

Answer any three questions.

Each question carries 4 weightage.

13. Discuss some of the most prominent issues of corporate governance. Discuss the relevance of these issues with particular reference to Indian corporate sector.
14. Comment on Boring Bank case.
15. What are the functions of nominating committee ? Explain.
16. Write a note on bankers observing corporate governance.
17. Explain the recommendations of Kumara Mangalam committee on corporate governance.

(3 × 4 = 12 weightage)

Part D

Compulsory question carries 6 weightage.

18. CASE STUDY :

In the early morning hours of December 3, 1984, a poisonous grey cloud (forty tons of toxic gases) from Union Carbide India Limited (UCIL's), a subsidiary of the US based Union Carbide Corporation (UCC), pesticide plant at Bhopal spread throughout the city. Water carrying catalytic material had entered Methyl Isocyanate (MIC) storage tank No. 610. What followed was a nightmare. The killer gas spread throughout the city, sending residents running through the dark streets. No alarm ever sounded a warning and no evacuation plan was prepared. When victims arrived at hospitals breathless and blind, doctors did not know how to treat them, as UCIL has not provided emergency information. It was only when the sun rose the next morning that the magnitude of the devastation was clear. Dead bodies of humans and animals blocked the streets, leaves turned black and the smell of burning chill peppers lingered in the air. Estimates suggested that as many as 10,000 may have died immediately and 30,000 to 50,000 were ill to ever return to their jobs.

The catastrophe raised some serious ethical issues. The pesticide factory was Built in the midst of densely populated settlements. UCIL chose to store and produce MIC, one of the deadliest chemicals in an area where nearly 1,20,000 people lived. The MIC plant was not designed to handle a runaway reaction. When the uncontrolled reaction started, MIC was flowing through the scrubber (meant to neutralize MIC emissions) a more than 200 times its designed capacity. MIC in the tank was filled to 87 % of its capacity while the maximum permissible was 50 %. MIC was not stored at zero degree centigrade as prescribed due to UCC's global economy drive. Vital gauges and indicators in the MIC tank were defective. Other safety measures were not made available.

As part of UCC's drive to cut costs, the work force in the Bhopal factory was brought down by half from 1980 to 1984. This had serious consequences on safety and maintenance. The size of the work crew for the MIC plant was cut in half from twelve to six workers. The maintenance supervisor position had been eliminated and there was no maintenance supervisor. The period of safety training to workers in the MIC plant was brought down from 6 months to 15 days.

In addition to causing the Bhopal disaster. UCC was also guilty of prolonging the misery and suffering of the survivors. By withholding medical information on the chemicals, it deprived victims of proper medical care. By denying interim relief as directed by two "Indian courts, it caused a lot hardship to the survivors. In February 1989, the Supreme Court of India ruled that UCC should pay US \$ 470 million as compensation in full and final settlement. UCC said it would accept the ruling provide Govt, of India(GOI) did not pursue any further legal proceedings against the company and its officials. GOI accepted the offer without consulting with the victims.

Questions :

- 1 What are the reasons for the fateful gas leak in UCIL plant ?
- 2 Which are ethical issues in the case ? How UCIL was responsible for the tragedy ?
- 3 If you were head of UCIL plant at Bhopal in 80's what actions you would propose for short and long range actions ?

(1 × 6 = 6 weightage)