Roll No. ______________________

(Do not write anything on question paper except Roll No.)

[This paper consists of FOUR Pages]

Jagan Institute of Management Studies

End-Term Examination, December 2017 – January 2018

Trimester V – PGDM (RM) 2016-18

Ethics in Business

ET_RM_EB_2912

Time: 3 Hrs. *M. Marks: 70*

***INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q7 which are compulsory*.**

Q 1 Comment on any **FOUR** of the following with justification:

a) In business, ethics and morals are not at all relevant.

b) To succeed in career and life, flattery and sycophancy are very important.

c) Those who are dissatisfied with the company, normally turns into a whistle blower.

d) Board of Directors is solely responsible for the frauds that are committed in an organization.

e) We, as an individual are not at all responsible for the environmental degradation around us **16**

Q 2 Recently, Delhi government has suspended the license of Max Hospital at Shalimar Bagh, Delhi because of laxity by their doctors in treating the newly born twins. While some have supported it as a right action against the greedy management and doctors of the hospital, others have opposed this because many staff and employees would lose their jobs and livelihood.

Discuss the above from the perspective of Teleological and Deontological Theories. Also explain any three Ethical Theories **12**

Q 3 You are hired by a large FMCG multinational for selling its newly launched cosmetic brand. You are given a sales target and heavy cash incentives on achieving those targets. However, you realize later on that the cosmetic contains harmful ingredients such as lead and mercury that might cause harms to the skin of users.

What kind of Ethical dilemma you are facing now? Explain your likely action with proper explanation. Briefly give the illustration of Trolley example. **12**

Q 4 Write in brief on any **TWO** of the following;

a) Insider Trading and Conflict of Interest.

b) Corporate Governance and its various models.
c) Greenhouse Effect and Green Marketing
d) Corporate Social Responsibility (CSR) and various models of CSR **12**

Q 5 Any discussion on intellectual property (IP) in India has implications on its health sector due to numerous legal and regulatory battles between the Indian generic industry and branded drugs produced by multinational companies (MNCs). Developed countries, especially the US, have been pushing for a tighter patents regime in India in favour of their own MNCs. Experts believe that the policy shows that the government has not succumbed to demands from the US, but that it should have made the policy more radical to protect India's generic industry.

Infringement of Intellectual Property rights is one among the several issues that multinational companies face. Discuss the various ethical issues in which MNCs are involved while operating in the foreign markets **12**

Q 6 Delhi has a pollution emergency on its hands. Its air is more toxic than in most other parts of the world. The city has recorded levels of PM2.5 – particulate matter with a diameter of 2.5 microns or less, prolonged exposure to which causes respiratory diseases – that are 430 times the United States standard. This is the situation not just in Delhi but across North India. However, the city has received the lion's share of the attention, perhaps inevitably. It is, after all, the capital of the Indian Union. While it is not only the air, but river Yamuna, which was the lifeline to residents of Delhi till couple of decades back, has become extremely polluted and its water is not worth human consumption. Besides, the rising population of vehicles and other causes has increased the noise pollution of the city to the enormously high levels.

Discuss various types of pollutions that impact our environment, their causes and suggest what can be done to control environmental degradation **12**

Q 7 Read the following and answer the questions at the end.

First there was Ketan Parekh. Then there was 2G. And then there were Satyam, Tatra, Saradha, Sahara and countless others. Corruption has come to be viewed as an inevitable, if unfortunate, cost of getting things done in India, and corporate and political panjandrums resolutely adhere to this school of thought. This kind of large-scale fraud is aided by the strong political-corporate nexus that exists in India. Market regulators like the Securities and Exchange Board of India (SEBI) are ultimately powerless in exercising strict control over financial institutions due to severe political pressure. We look into the specific case of the Sahara India investor fraud case to reveal the nature of corporate scams in India, their ethical implications and possible solutions.

On February 26, 2014, shock waves were felt through the country as the Supreme Court of India sanctioned a non-bailable warrant for the arrest of Sahara India Pariwar Chairman Subrata Roy. This decision attracted attention for one major, unexpected reason. One would consider investor fraud worth more than US $3 billion as incredulous under any circumstance, but corporate scandals of this nature in India have lost their propensity to amaze. Indeed, what was most surprising about this case was real consequences for the perpetrator, a rarity for corporate crimes in India. Despite immense political pressure and the regulatory body's own restrained powers, the Securities and Exchange Board of India managed to secure a landmark victory after an arduous, five-year battle against Sahara.

Sahara Group

Since 2009, when the Sahara Group's activities first came under the radar of SEBI leading up to the arrest of Sahara India Pariwar founder Subrata Roy in 2014, both parties have been engaged in an aggressive regulatory conflict. SEBI alleged that Sahara India Real Estate Corp Ltd (SIRECL) and Sahara Housing Investment Corp Ltd (SHICL), which issued Optional Fully Convertible Debentures (OFCD), illegally collected investor money. Meanwhile, Sahara denied SEBI had any jurisdiction in the matter.

SEBI went on to order Sahara to issue a full refund to its investors, which was challenged by Sahara before the Securities Appellate Tribunal (SAT). When the SAT upheld SEBI's order, Sahara moved to the Supreme Court in August 2012, which ordered Sahara to refund investors' money by depositing it with SEBI. Sahara then declared that most of the US $3.9 billion had already been repaid to investors, save for a paltry US $840 million, which it handed over to SEBI. This was disputed by SEBI, which claimed that the details of the investors who were refunded had not been provided. When Sahara failed to deposit the remaining money with SEBI and Subrata Roy skipped his hearing, the Supreme Court of India issued an arrest warrant for the Sahara chief in February 2014.

ET_RM_EB_2912

Amid rumors of black money laundering and the misuse of political connections, Sahara vehemently denied all charges and continued to defy SEBI. The regulator persevered through what the Supreme Court referred to as the “ridiculous game of cat and mouse” and finally managed to pin down Sahara chief Subrata Roy in 2014. In this rare victory, SEBI not only brought Sahara to justice, but also made an excellent case for why the regulator, and others like it, require greater autonomy and penalizing powers.

Questions:

a) What are the unethical issues involved in the above case? Discuss

b) Who according to you should be held responsible for the financial fraud and irregularities in Sahara?

c) What can various stakeholders do to avoid such corporate scams? **18**

****