PART A QUESTIONS WITH ANSWERS AND PART B QUESTIONS

Unit – I

INTRODUCTION

Part – A

1. Define ethics.

Ethics is the branch of study dealing with what is the proper course of action for man. It answers the question, “What do I do?” It is the study of right and wrong in human endeavours. At a more fundamental level, it is the method by which we categorize our values and pursue them. Do we pursue our own happiness, or do we sacrifice ourselves to a greater cause?

2. Why is ethics important?

Ethics is a requirement for human life. It is our means of deciding a course of action. Without it, our actions would be random and aimless. There would be no way to work towards a goal because there would be no way to pick between a limitless numbers of goals. Even with an ethical standard, we may be unable to pursue our goals with the possibility of success. To the degree which a rational ethical standard is taken, we are able to correctly organize our goals and actions to accomplish our most important values. Any flaw in our ethics will reduce our ability to be successful in our endeavours.

3. What are the key elements of a proper Ethics?

A proper foundation of ethics requires a standard of value to which all goals and actions can be compared to. This standard is our own lives, and the happiness which makes them liveable. This is our ultimate standard of value, the goal in which an ethical man must always aim. It is arrived at by an examination of man’s nature, and recognizing his peculiar needs. A system of ethics must further consist of not only emergency situations, but the day to day choices we make constantly. It must include our relations to others, and recognize their importance not only to our physical survival, but to our well-being and happiness. It must recognize that our lives are an end in themselves, and that sacrifice is not only not necessary, but destructive.


According to Andrew Crane,"Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed."

According to Raymond C. Baumhart,"The ethics of business is the ethics of responsibility. The business man must promise that he will not harm knowingly."
5. **What business ethics can contribute in business?**

Practicing business ethics can contribute to the growth of your company in many ways including public relations, employee productivity, investment and even employee retention.

6. **State the features of business ethics.**

Code of conduct, Based on moral and social values, Gives protection to social groups, Provides basic framework, Voluntary, Requires education and guidance, Relative term

7. **Define Unethical behaviour.**

Unethical behaviour in the workplace can be defined as any action that does not conform to the standards of conduct established by the organization. Unethical behavior can occur in the relationships between employees, in the way an employee goes about his business or how he uses company resources. Unethical behavior can even break the law in some situations.

8. **Define work ethics.**

It includes not only how one feels about their job, career or vocation, but also how one does his/her job or responsibilities. This involves attitude, behaviour, respect, communication, and interaction; how one gets along with others. Work ethics demonstrate many things about whom and how a person is. It involves characteristics such as honesty and accountability. Essentially, work ethics break down to what one does or would do in a particular situation.

9. **State the advantages of work ethics.**

The advantage of work ethics are, Competitive edge—people prefer to work with those they can trust, Credibility—people believe you, Efficiency—trust makes decision making faster and more economical, Morale—people feel better about their work and themselves, Loyalty—internal and external and Personal satisfaction—Self-respect, affection of others

10. **Define code of conduct.**

Code of conduct is a set of rules outlining the responsibilities of, or proper practices for, an individual, party or organization. A common code of conduct is written for employees of a company, which protects the business and informs the employees of the company’s expectations. It is ideal for even the smallest of companies to form a document containing important information on expectations for employees.

11. **State the contents of code of conduct.**

The code of conduct includes detail on compliance with laws and regulations (such as harassment and discrimination on the workplace), conflicts of interest, confidentiality and security matters, fairness and equity, contact with the public and media, values of the business and guidelines on general behaviour.

12. **State the benefits of code of conduct.**

Creating an agreed way of behaving and operating for the entire company; Improved company performance when linked to the company’s business and strategic objectives; Good company culture – employees know what is expected of them in terms of behaviour; Good communication with employees having a framework to look up when faced with difficult
decisions; Having a set of values – having a sense of what the company values are and what the company stands for. It also can enable your company to stand out from similar companies and show what your company values and believes in.

It is the ability of an action to bring about benefit, advantage, pleasure, good or happiness and to prevent mischief, pain, evil, or unhappiness.

14. What is Hedonism?
Philosophy emphasizing that the good life is one devoted to pleasure, Only pleasure has intrinsic value that can lead to happiness and differ over definition of pleasure: is it of the body or pleasure of the mind

15. Define Organisational culture.
Organisational culture is the set of shared values, beliefs, goals, norms etc that prevails within an organisation.

The concept of socialism in business states that gains of a business must be shared by all and just by the owner of business. Profit is a sign of business skill and talent. Profit is also a result of group efforts. Employees, shareholders, consumers, Suppliers and others contribute to the success of the business. Therefore, success should be shared by all concerned.

17. State the two key branches of ethics.
The two branches of ethics are Descriptive ethics involves describing, characterizing and studying morality-“What is” and Normative ethics involves supplying and justifying moral systems-“What should be”

18. What are deontological theories?
Deontological theory is a normative theory, which asserts that one must follow “his or her obligations to another individual or society because upholding one's duty is what is considered ethically correct”.

19. What is an ethical theory?
A theory is a kind of explanation, and an ethical theory is an attempt to explain moral values, to provide a single and unifying statement about moral value, one that is true throughout all the differences and conflict in moral values.

20. Give examples of unethical behaviour in the workplace.
Some examples of unethical behaviours are Using office equipment for personal use; doing personal business on work time; Calling in as “sick” to take the day off; Divulging confidential information; Claiming credit for someone else’s work; Concealing own errors; Faking financial statements / accounting records, engaging in illegal activities / business and Bribery; Badmouthing about competition, fooling customers, escaping the law.

21. Why do people behave unethically in an organization?
No one will find out, Behaviour is not really illegal, it is in the best interest of the organization. The organization will protect them.

Part – B

1. Explain the need and importance of business ethics?
2. Comment on business ethics and profit.
3. Explain the nature and characteristics of ethics in business.
4. What are the factors affecting business ethics?
5. Explain the six prima facie principles that are part of ethics.
6. Explain the causes of unethical behavior in organizations.
7. What are the characteristics of an ethically effective management?
8. What are the factors that contribute to work ethics?
9. Explain the ethical theories in detail.
10. Explain how to formulate code of conduct for an organization.

Unit – 2 – ETHICS THEORY AND BEYOND

Part – A

1. Define dilemma.

According to the Merriam Webster Dictionary, dilemmas are situations or problems where a person has to make a difficult choice.

2. Define ethical dilemma.

According to the Merriam Webster Dictionary, an ethical dilemma is a problem where a person has to choose between a moral and an immoral act.

3. What is the difference between business ethics and ethical business?

Business ethics relates to how an organization conducts its business in order to make profit or achieve other goals. However, whether an organization is judged to be an ethical business, may involve a subjective assessment of any of the following: the products and services it offers, its founding priorities, goals and values, its reputation among its stakeholders, the way it treats customers and staff and so forth.

4. What are the limitations of code of ethics?

The limitation of code of ethics are Smaller Profits, Wasted Time, Performance and Unattainable Goals.

5. Give a brief account of the unethical practices in internet.

The unethical practices in internet includes means trying to utilize the personal information of an individual by mules. It includes, Advance pay, Official prize winner notification, Missing Heir/Beneficiary, Identity Theft/Account Information Fraud, Misrepresentation, Internet Income Opportunities Frauds.
6. Differentiate moral and ethics.

Morals define personal character, while ethics stress a social system in which those morals are applied. In other words, ethics point to standards or codes of behaviour expected by the group to which the individual belongs. This could be national ethics, social ethics, company ethics, professional ethics, or even family ethics. So while a person’s moral code is usually unchanging, the ethics he or she practices can be other-dependent.

7. When does a gift become bribe?

Any gift given with "an expectation of compensation" has crossed the line into bribery. Another view holds that a gift becomes a bribe only when the expected compensation is "specific."

8. How is code of ethics useful for professionals?

A code of conduct is intended to be a central guide and reference for users in support of day-to-day decision making. It is meant to clarify an organization's mission, values and principles, linking them with standards of professional conduct. As a reference, it can be used to locate relevant documents, services and other resources related to ethics within the organization.

9. What is ethical management?

Ethical management refers to corporate management that not only fulfills economic goals and legal responsibilities, but also meets the ethical expectations imposed by social norms in conducting business.

10. How do personal ethics differ from business ethics?

Personal ethics are the decision ones make that guides their behaviour. Business ethics are the set of guidelines that govern the conduct of a business, company, etc. The guidelines define the way the employees should act to perform professionally.

11. Do ethics have no place in today’s business?

This is an extreme argument-consider its opposite: there can be no business without ethics. There has to be a minimum level of trust to make business work -otherwise you need contracts for everything. Ethics simply means being honest, decent, not cutting corners, playing by the rules.

12. Who is a virtuous person?
A virtuous person is someone whose moral choices are guided by good character rather than by simply weighing the consequences. Ancient Greeks: virtue meant excellence.


Competitiveness pertains to the ability and performance of a firm, sub-sector or country to sell and supply goods and services in a given market, in relation to the ability and performance of other firms, sub-sectors or countries in the same market.


Profitability is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business' activities.

15. What is cost of ethics to business?

The "cost of ethics" is the price of following ethical practice in business and also it includes the cost of breaching the business code of ethics.


Ecology is the scientific study of interactions of organisms with one another and with the physical and chemical environment. Although it includes the study of environmental problems such as pollution, the science of ecology mainly involves research on the natural world from many viewpoints, using many techniques.

17. Define Environment.

The sum total of all surroundings of a living organism, including natural forces and other living things, which provide conditions for development and growth as well as and damage.

18. Is ethical behaviour good or bad for business?

The advantages of ethical behaviour include: Higher revenues – demand from positive consumer support; Improved brand and business awareness and recognition; Better employee motivation and recruitment; New sources of finance – e.g. from ethical investors.

The disadvantages claimed for ethical business include: Higher costs – e.g. sourcing from Fair trade suppliers rather than lowest price; higher overheads – e.g. training & communication of ethical policy; a danger of building up false expectations.


Environmental ethics is concerned with the issue of responsible personal conduct with respect to natural landscapes, resources, species and non-human organisms. Conduct by persons is the direct concern of moral philosophy.

20. How do you facilitate implementation of ethical behaviour in an organization?
There are at least four elements which exist in organizations that make ethical behaviour conducive within an organization. Written code of ethics and standards, Ethics Training, Availability for advice on ethical situations, Systems for confidential reporting.

21. Mention the components of ethical behaviour.

Justness what is right, Fairness impartiality, Righteousness rational judgment of what is supposed to be truthfulness conformity with facts or reality?

22. State the Golden Rule of Ethics.

Earlier, the business community and society at large neglected ethics. But over the years people have realized its importance for the welfare of an organization. The golden rules, which find its mention in the Bible, are: Everything you want others to do to you, you shall do to others; do not do to others that which you do not wish them to do to you; do not do anything that if done to you, would cause harm to you. In a nutshell, treat others, as you would like to be treated. So if you do not want to be spoken to rudely then you must not speak rudely. So if don’t want to use flawed goods you must also refrain from adulteration.

Part – B

1. Explain the factors affecting ethical decision making in business.
2. Explain the role of ethical managers.
3. What causes an ethical dilemma in business?
4. Explain the Hosmer’s model of business ethics.
5. Explain the code of ethics for advertising in India.
6. Explain ethics in advertising in India.
7. What is the relationship between business ethics and profits?
8. State and explain the major environmental issues in India.
9. How to evaluate the social and ethical impact of business on society?
10. Explain the environmental issues that affect business.
11. Explain environmental business ethics in detail.

Unit – 3 – Legal Aspect of Ethics

Part – A

1. What is Restrictive Trade Practices?

The term restrictive trade practices, refers to any strategy used by market operators to restrict competition within a given market. In addition, it may also prohibit specific practices which do not necessarily (or not always) fall into these basic categories, such as: third line forcing,
exclusive purchasing or selling, tying arrangements, resale restrictions or resale price maintenance, boycotts, etc.

2. **What are the objectives of MRTP Act?**

The objectives of MRTP Act are: prevention of concentration of economic power to the common detriment; control of monopolies; prohibition of Monopolistic Trade Practices (MTP); prohibition of Restrictive Trade Practices (RTP); prohibition of Unfair Trade Practices (UTP).

3. **What do you mean monopolistic trade practices?**

Any trade practice which seeks to prevent competition and which results in high price. Such as, unreasonably high prices, limiting technical development, limiting capital investment, lower quality of goods and services and Preventing or lessening competition.

4. **What is meant by monopoly?**

A market structure characterized by a single seller, selling a unique product in the market. In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute.

5. **What is meant by unfair trade Practices?**

Unfair trade practice means a trade practice which, for the purpose of promoting the sale, use or supply of any goods or for the provision of any service, adopts any unfair or deceptive practice. Such as, misrepresentation, false advertising, tied selling and other acts that are declared unlawful by statute. It can also be referred to as deceptive trade practices.

6. **How to file a complaint under MRTP Act?**

The procedure for filing a complaint is as follows: (a) Complaint is filed either by the individual consumer or through a registered consumer organization. (b) The Director General of the MRTP commission would carry on the investigation for finding facts of the case. (c) If the prima facie case is not made, the complaint is dismissed. (d) If the compliant is true, an order is passed to its effect. (e) The commission restricts and restrains the concerned party from carrying on such practices by granting temporary injunction. (f) Then the final order is passed. (g) The complainant may be compensated for his loss.

7. **What are the regulation of Monopolistic trade practices?**

Central government may: Regulate production and fix terms of sale, prohibits any action that restricts competition, Fix standards for goods and services.

8. **What are the regulations of RTP and UTP?**

The MRTP Commission if on enquiry concludes that the practice under consideration is of restrictive or unfair in nature, it may: Order discontinuation of the practice and restrict its repetition (cease and desist order) Ø the agreement shall be void and shall stand modified as may specified in the order.
9. **What is Indian Constitution?**

The Constitution of India is the supreme law of India. It lays down the framework defining fundamental political principles, establishes the structure, procedures, powers and duties of government institutions and sets out fundamental rights, directive principles and the duties of citizens.

10. **Define Political environment.**

The political environment is the state, government and its institutions and legislations and the public and private stakeholders who operate and interact with or influence that system.

11. **What is legal environment of a business?**

The legal environment of a business refers to the relevant laws and regulations under which the business operates.

12. **State the UTP which is introduced in MRTP Act by 1984.**

Unfair Trade Practices (UTP) falling under the following categories were introduced in 1984 in the MRTP Act: -Misleading advertisement and false representation; Bargain sale, bait and switch selling; Offering of gifts or prizes with the intention of not providing them and conducting promotional contests; Product safety standards. And Hoarding or destruction of goods.

13. **What is meant by ‘Temporary Injunction’?**

During any inquiry, the commission is satisfied that any undertaking or any person is carrying on, or is about to carry on, any monopolistic, restrictive or unfair trade practice, which is a pre-judicial to the public interest or the interest of any trader or class of traders generally, or of any consumer or class of consumers, or consumers generally, the commission may grant a temporary injunction restraining such undertaking or person form carrying on such practice until the conclusion of inquiry or until further orders.

14. **What is meant by ‘Compensation’?**

When any monopolistic, restrictive or unfair trade practice has caused damage to any Government, or trader or consumer, an application may be made to the Commission asking for compensation, and the Commission may award appropriate compensation.Where any such loss or damage is caused to a number of persons having the same interest, compensation can be claimed with the permission of the commission, by any of them on behalf of all of them.

15. **What is FERA?**

An act to regulate certain payments dealing in foreign exchange, securities, the import & export of currency and acquisition of immovable property by foreigners. Under Section 31 (1) of the Foreign Exchange Regulation Act (FERA) of 1973, it is mandatory for foreign corporations, which are not incorporated in India to obtain permission from the Reserve Bank Of India (RBI) to acquire, hold, transfer or dispose-off in any manner (expect by way of lease for a period not exceeding five years) any immovable property in India.
16. **What is the main objectives of FERA?**

The main objectives of FERA is to regulate certain payments, to regulate dealings in foreign exchange and securities, to regulate transactions, indirectly affecting foreign exchange, to regulate the import and export of currency, to conserve precious foreign exchange and the proper utilization of foreign exchange so as to promote the economic development of the country.

17. **What is FEMA?**

The Foreign Exchange Management Act (FEMA) was an act passed in the winter session of Parliament in 1999 which replaced Foreign Exchange Regulation Act. This act seeks to make offenses related to foreign exchange civil offenses.

18. **Why was FEMA introduced?**

FEMA replaced Foreign Exchange Regulation Act (FERA). It had become the need of the hour since FERA had become incompatible with the pro-liberalisation policies of the Government of India. FEMA has brought a new management regime of Foreign Exchange consistent with the emerging framework of the World Trade Organisation (WTO). It is another matter that the enactment of FEMA also brought with it the Prevention of Money Laundering Act 2002, which came into effect from 1 July 2005.

19. **What is the main objectives of FEMA?**

The main objectives of FEMA is to unite and revise all the laws that relate to foreign exchange. Further foreign Exchange Management Act (FEMA) aims to promote foreign payments and trade in the country. Another significant objective and goal of the Foreign Exchange Management Act (FEMA) is to encourage the orderly maintenance and development of the foreign exchange market in India.

20. **What are the similarities between FERA and FEMA?**

The similarities between FERA and FEMA are: (1) The Reserve Bank of India and central government would continue to be the regulatory bodies. (2) Presumption of extra territorial jurisdiction as envisaged in section-1 of FERA has been retained. (3) The Directorate of Enforcement continues to be the agency for enforcement of the provisions of the law such as conducting search and seizure.

**Part – B**

1. State the salient features of Indian Constitution.
2. State the provisions of the Indian Constitution pertaining to business.
3. Explain how political environment affects the functioning of businesses.
4. Explain how legal environment affects the functioning of businesses.
5. Explain the major characteristics of Indian political setup.
6. What are the implications of political setup on businesses in India?
7. Explain the salient features of Indian culture.
8. Explain the various Unfair Trade Practiced in India with example.

9. Distinguish between FEMA and FERA in detail.

10. What are the impact of socio cultural environment in business?

**Unit – 4 – Environmental Ethics**

**Part – A**

1. **Define economic environment.**

   Economic Environment refers to all those economic factors, which have a bearing on the functioning of a business. The economic environment consists of external factors in a business’ market and the broader economy that can influence a business. Dependence of business on economic environment is total — i.e. for input and also to sell the finished goods.

2. **Mention the two types of economic environment.**

   The economic environment can be divided into the microeconomic environment, which affects business decision making - such as individual actions of firms and consumers - and the macroeconomic environment, which affects an entire economy and all of its participants.

3. **Mention any two micro environmental factors.**

   The major micro environmental factors are, Interest rates, Taxes, Inflation, Currency exchange rates, Consumer discretionary income, Savings rates, Consumer confidence levels, Unemployment rate, Recession, Depression.

4. **Mention any two macro environmental factors.**

   The major macro environmental factors are, Market size, Demand, Supply, Competitors, Suppliers, Distribution chain, such as retailer stores.

5. **How does government help businesses?**

   The Government can help business by providing cheap loans and giving grants, providing advice and information centres for businesses, providing college courses and training programmes for entrepreneurs, offering subsidies or tax reduction to businesses and maintain a stable exchange rate of the currency.

6. **Why does government help businesses?**

   The main aim of Government to help business is to help small businesses to survive and encourage competition in the economy, to encourage firms to export and earn foreign exchange for the country, to encourage businesses to set up in underdeveloped regions of the country and create wealth and employment opportunities in these areas.

7. **What is Economic Planning?**

   Economic Planning is to make decision with respect to the use of resources. Economic Planning is a term used to describe the long term plans of government to co-ordinate and develop the economy. Economic planning in India was stared in 1950 is necessary for economic development and economic growth.
8. **What is the need for Economic planning?**

The need of economic planning is to mess poverty and low per capita income, high rate of growth of population, low level of literacy, backward technology, social and economic problem created by partition of country.

9. **What are the objectives of Economic planning?**

Economic Growth, Reduction of Economic In Equalities, Balanced Regional Development, Modernization, Reduction of Unemployment.

10. **What are the objectives of second five-year plan?**

The objective of second five year plan is to increase national income, to increase employment, to usher in a socialistic pattern of society, and all these to be done within the democratic framework of the constitution.

11. **Write a note on second five-year plan.**

The second five-year plan focused on industry, especially heavy industry. Hydroelectric power projects and five steel mills at Bhilai, Durgapur, and Rourkela were established. Coal production was increased. More railway lines were added in the north east. Atomic energy was also formed in second five year plan. The total amount allocated under the second five year plan in India was Rs. 4,800 crore. This amount was allocated among various sectors: Mining and industry. Community and agriculture development. Power and irrigation. Social services. Communications and transport.

12. **Define Industrial Policy.**

The World Bank (1992) has provided a working definition of industrial policy as “government efforts to alter industrial structure to promote productivity based growth. Industrial policy is probably the most important document, which indicates the relationship between government and business.

13. **Define Industry.**

Industry is a classification that refers to a group of companies that are related in terms of their primary business activities. In modern economies, there are dozens of different industry classifications, which are typically grouped into larger categories called sectors.

14. **What is meant by Genetic Industry?**

Genetic industries are engaged in re-production and multiplication of certain spices of plants and animals with the object of sale. The main aim is to earn profit from such sale. E.g. plant nurseries, cattle rearing, poultry, cattle breeding, etc.

15. **What is meant by Extractive Industry?**

Extractive industry is concerned with extraction or drawing out goods from the soil, air or water. Generally products of extractive industries come in raw form and they are used by manufacturing and construction industries for producing finished products. E.g. mining industry, coal mineral, oil industry, iron ore, extraction of timber and rubber from forests, etc.
16. **State the objectives of new industrial Policy.**

The objectives of new industrial policy are attainment of international competitiveness, development of backward areas, efficient use of productive resources, encouraging competition within Indian industries, full utilization of plant capacities to generate employment, revival of weak units, etc.

17. **Define COC (Chamber of Commerce).**

Association of businesses of a city, region, or country formed to protect and promote the economic interests of its members through legislative and other means. Major COCs are affiliated to the International Chamber of Commerce in Paris, and arrange dispute resolution through arbitration, representation at trade exhibitions, trade promotion tours, ATA Carnets, apostilles, etc.

18. **What are the role of chamber of commerce?**

Chambers of commerce play a vital role by rendering useful services to businessmen and the Government.

19. **State the COC Services to businessmen.**

Chambers of Commerce serves as friends, philosophers and guides to the business community.

20. **State the objectives of industrial licensing.**

The objectives of industrial licencing is to provide for Government control over the location, expansion and setting up of private industrial undertakings with a view, among others, to channelize investment into the desired directions, promote balanced regional development, protect small and cottage industries and prevent concentration of ownership and control to common detriment.

21. **What is CII?**

Confederation of Indian Industry (CII) is a highly professional organization. It provides informational, advisory, consultative and representation services to industry and the Government.

**Part – B**

1. State and explain the essential objectives of economic planning in India.

2. State and explain the main features of economic planning.

3. State and explain the economic environmental factors affecting businesses.

4. Explain in detail the economic environment.

5. Give an overview of industrial policies and programmes in India.


7. What are the objectives of NIP, 1991 that distinguish it from pre-1991 policy?
8. Give the distinctive features of new public sector policy.
9. Explain the characteristics, Role and functions of Chamber of commerce.
10. Explain the various roles played by CII in detail.

Unit – 5 – Corporate Social Responsibility and Governance

Part – A

1. Define Corporate Social responsibility.

Corporate Social Responsibility (CSR) is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner.

2. What is the need for CSR?

The CSR is needed to bridge the company with its consumer and investor, shifting paradigm of Consumer awareness, to provide legislation support in protecting environment and Globalization.

3. State the benefits of CSR.

The benefits of CSR are Brand Differentiation, Investment in ‘ethical brand equity’, Brand building, Build brand loyalty, Reputation and brand attractiveness, Business Development, New markets, products and services, Better management and conservation of strategic assets and Better internal and external relationships & many more.

4. List the five golden principles of best corporate governance.

Five Golden Rules of best corporate governance practice are: Ethics: a clearly ethical basis to the business; Align Business Goals: appropriate goals, arrived at through the creation of a suitable stakeholder decision making model; Strategic management: an effective strategy process which incorporates stakeholder value; Organisation: an organisation suitably structured to effect good corporate governance; and Reporting: reporting systems structured to provide transparency and accountability.

5. What is Social Audit?

Social audit is a process of reviewing official records and determining whether state reported expenditures reflect the actual monies spent on the ground.

6. Differentiate between corporate social responsibility and corporate citizenship.

Corporate citizenship is about how a Company expresses its values and role vis-à-vis society. Whereas corporate social responsibility (CSR) is what society expects of business.

7. Mention any two challenges for implementing CSR.

The challenges of implementing CSR are lack of Community Participation in CSR Activities, need to build local capacities, issues of transparency, non-availability of Well Organized non-governmental Organizations, visibility factor, narrow Perception towards CSR Initiatives, non-availability of Clear CSR Guidelines, lack of Consensus on Implementing
CSR Issues.

8. **Define corporate governance.**

Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. It is about promoting corporate fairness, transparency and accountability. In other words, 'good corporate governance' is simply 'good business'.

9. **What is the relationship between CSR and Corporate Governance?**

"Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society."

10. **Why is corporate governance important?**

Corporate governance is the way a corporation polices itself. In short, it is a method of governing the company like a sovereign state, instating its own customs, policies and laws to its employees from the highest to the lowest levels. Corporate governance is intended to increase the accountability of your company and to avoid massive disasters before they occur. Failed energy giant Enron, and its bankrupt employees and shareholders, is a prime argument for the importance of solid corporate governance.

11. **Define Capital market.**

Capital market is the part of a financial system concerned with raising capital by dealing in shares, bonds, and other long-term investments. Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, stocks, etc. Capital market is a market where buyers and sellers engage in trade of financial securities like bonds, stocks.

12. **Mention the importance of Capital Market.**

Capital market plays an important role in mobilising resources, and diverting them in productive channels. In this way, it facilitates and promotes the process of economic growth in the country.

13. **What is primary Market?**

The primary market is the part of the capital market that deals with issuing of new securities. Companies, governments or public sector institutions can obtain funds through the sale of a new stock or bond issues through primary market.

14. **What is secondary Market?**

A market where investors purchase securities or assets from other investors, rather than from issuing companies themselves. The national exchanges - such as the New York Stock Exchange and the NASDAQ are secondary markets.

15. **State the role of credit rating agencies in Corporate Governance.**
The credit rating agencies play a very important role in the corporate governance. A credit rating for an issuer takes into consideration the issuer's credit worthiness and affects the interest rate applied to the particular security being issued.

16. Mention any two credit rating agencies in India.

Some of the important Credit rating Agencies in India are Credit Rating Information Services of India Limited (CRISIL); Investment Information and Credit Rating Agency of India (ICRA); Credit Analysis and Research Limited (CARE); Duff and Phelps Credit Rating India Private Limited (DCR Limited); ONICRA Credit Rating Agency of India.

17. What is Corporate Governance Rating (CGR)?

Corporate Governance Rating (CGR) is an opinion on relative standing of an entity with regard to adoption of corporate governance practices. It provides information to stakeholders about the level of corporate governance practices of the entity. It enables corporate entities to obtain an independent and credible assessment of the quality and extent of their corporate governance. The rating process would also determine the relative standing of the entity vis-à-vis the best practices followed in the domestic as well as international arena. Companies can also use these ratings as reference and set benchmarks for further improvements. Investors and other stakeholders get benefited as they are able to differentiate companies based on degree of corporate governance.

18. Define Innovation.

The process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need.

19. What is OECD?

The Organization for Economic Co-operation and Development (OECD) is an international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trade. It is a forum of countries committed to democracy and the market economy, providing a platform to compare policy experiences, seeking answers to common problems, identify good practices and coordinate domestic and international policies of its members.

20. List the various instruments of capital Market.

Capital market instruments are responsible for generating funds for companies, corporations and sometimes national governments. These are used by the investors to make a profit out of their respective markets. There are a number of capital market instruments used for market trade, including Stocks, Bonds, Debentures, Treasury-bills, Foreign Exchange, Fixed deposits, and others.

Part – B

1. Trace the Evolution of CSR?

2. Elaborate the theoretical perspectives of CSR.

3. Explain the challenges in implementing CSR.
4. Discuss in detail the strategies for CSR.
5. Trace the Evolution of Corporate Governance.
6. Explain the structure and development of boards.
7. Explain the future of Governance.
8. Explain the structure of capital Market.
9. Explain the techniques for rating Corporate Governance.
10. How do you measure the effectiveness of CSR?