NEW SYLLABUS

541

Roll No. ....

OPEN BOOK EXAMINATION

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 16

NOTE : *Answer **ALL** questions.*

PART–I

1. Yash, Company Secretary, presents the report on CSR to the Board of Directors. The key points of the report are as follows :

Corporate Social Responsibility (CSR) guarantees that companies are dedicated to humanity. It is not a matter of charity, but rather an obligation to the utilization of resources in the best possible manner, which should be beneficial to everyone. CSR, as a term of legal currency, is fairly recent in origin. CSR is becoming an important part of every organization and different countries in the world are increasingly emphasizing the importance of CSR. Corporate Social Responsibility (CSR) guarantees the dedication of corporations to humanity. It is not in a philanthropic sense but rather a duty owed for the utilization of resources.

Corporate Social Responsibility (CSR) is increasingly becoming a key component of many businesses' policies. Comprehending the four levels of CSR demonstrates that the practice provides advantages, not just to employees and the community, but also to the company itself and the nation in which it functions. This is the reason it is frequently in the government's interest to promote these initiatives.

Companies engaged in Corporate Social Responsibility (CSR) initiatives must assess whether they have met their CSR objectives. To facilitate this assessment, a CSR audit is indispensable. A CSR audit serves as a management tool that involves a systematic, documented, periodic, and objective evaluation of the effectiveness of CSR organization, processes, and management, to generate social value for stakeholders.

Effective CSR audits not only enhance stakeholder confidence but also assist in regulatory compliance and risk mitigation. 'They are crucial for ensuring adherence to regulations, identifying potential risks, and promoting transparency among stakeholders. Internal auditors, armed with the necessary tools and expertise, act as facilitators for organizations to integrate CSR principles into their operations, thereby promoting sustainable growth and bolstering stakeholder trust. Social development is often not a core competency for many corporations, consequently, most companies prefer to engage implementing agencies to execute their projects. A recurring challenge faced by companies in the implementation of' CSR initiatives is the difficulty in identifying suitable implementing agencies (IAs). The National CSR Exchange Portal aims to assist corporations in locating appropriate IAs for the successful execution of their CSR projects, thereby reducing transaction costs. Additionally, the portal addresses a common issue cited by corporations regarding their inability to fulfill CSR obligations due to the challenge of finding suitable projects aligned with their CSR policies. The CSR Exchange Portal provides a platform for viewing projects proposed by various implementing agencies, allowing corporations to list their CSR projects and seek funding.

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Based on the report above, the Board of Directors, inquire the following questions from the Company Secretary :

(*i*) 'The art of business has analogies to sailing. It is about setting a course, steering to make best use of the prevailing winds, and constantly checking to see if the sails need to be adjusted'. In similar fashion, an evaluation of CSR projects is very important. Explain the reasons for carrying out evaluation activities for CSR projects. Also indicate who are involved in the evaluation process ?

(*5 marks*)

(*ii*) "The tradition of 'giving' has been deeply entrenched in the culture of India". Elucidate the statement. Outline the significant milestones in Evolution of Responsible business since 2013. Which tool is used to increase the reputation of the company in the eyes of society ?

(*5 marks*)

(*iii*) XYZ Limited is a large multinational company having its business in India also. It has committed to expanding its corporate social responsibility initiatives in the communities surrounding its plants. The company aims to ensure that its social contribution is meaningful, lasting, and beneficial to the societies it serves. The business wants to make sure that its social impact is significant, long-lasting, and advantageous to the communities it serves. XYZ Limited has decided to undertake various programs such as healthcare services, education efforts, and clean water projects.

Explain the different modes of implementation which XYZ Limited can use to implement CSR programs. Also identify how it can disseminate this information to the public ?

(*5 marks*)

(*iv*) The two nations, namely Nepal and India have been neighbouring countries and display a significant economic, cultural, geographical. and strategic connection for a considerable duration. CG measures have mainly been examined within their own countries. Make a comparative study of the corporate governance measures in India and Nepal ? Outline the working of CSR activities in China as well.

(*5 marks*)

2. (*a*) (*i*) What does 'Impact' imply according to United Nations Organization ?

(*1 mark*)

(*ii*) Identify the type of 'impact' on the following illustrative examples and give two more examples of each impact identified.

(*a*) Farmers from Telangana, Haryana, Kerala, Maharashtra, Andhra Pradesh, Uttar Pradesh, etc., cleared the large number of trees such as Mahua, Coconut, Sangri, Neem, and Babul in order to enlarge paddy fields and increase yields and also to dig bore wells for groundwater extraction. Additionally, they claimed that trees with big canopies, like neem, had a detrimental effect on crop output.

(*2 marks*)

(*b*) The ancient library of Alexandria, one of the greatest academic and cultural establishments in antiquity, was destroyed by several events (full details are not available), most notably fire during the Roman era. It resulted in a major loss of ancient knowledge.

(*2 marks*)

(*1+2+2=5 marks*)

(*b*) What is CSR mode and medium of CSR spending ? How CSR Expenses are measured ?

(*5 marks*)

(*c*) State Bank of India (SBI), under Section 135 of the Companies Act, 2013, implements a robust Corporate Social Responsibility (CSR) policy. The bank focuses on education, healthcare, rural development, and environmental sustainability, allocating at least 2% of its average net profits from the past three years to CSR initiatives. SBI's flagship programs, like the "SBI Youth for India" fellowship, contribute to rural development and education. The CSR Committee ensures compliance with Schedule VII of the Act, conducting impact assessments for projects exceeding ₹ 1 crore. By integrating ESG (Environmental, Social, and Governance) principles, SBI maintains transparency, accountability, and measurable outcomes in its CSR practices.

How does SBI ensure compliance and transparency in its CSR initiatives under the Companies Act, 2013 ?

(*5 marks*)

Attempt all parts of either Q. No. 3 or Q. No. 3A

3. (*a*) Companies nowadays adopt CSR not because it is a legal compulsion but also because it helps in increasing their brand value. Companies having CSR projects develop an emotional connection with consumers. In today's times, many organizations are focusing more on Corporate Social Responsibility (CSR) to have a competitive advantage and build long-term relationships with their stakeholders. CSR plays an important role in enhancing a brand's reputation and making it a distinguishing factor in the market.

In view of the above facts, answer the following questions :

(*i*) Explain how CSR helps in building the brand of an organization ?

(*3 marks*)

(*ii*) Provide any one corporate example to support your answer.

(*2 marks*)

(*3+2=5 marks*)

(*b*) "Good governance flows from ethical business practices even when there is no legislation. It promotes investor confidence, which is crucial to the ability of entities listed on stock exchanges to compete for capital."

Analyse the statement by indicating the need for Corporate Governance along with describing management environment and board skills as important features of good corporate governance.

(*5 marks*)

(*c*) (*i*) Analyse the most important benefits of conducting an impact assessment of a CSR project.

(*3 marks*)

(*ii*) According to the January 2021 amendment, impact assessment is mandatory for companies with a CSR budget of INR 5 crore or more in any fiscal year and all projects with outlays of INR 5 crore or more. State whether the statement is True or False. Give reasons.

(*2 marks*)

(*3+2=5 marks*)

OR (Alternate Question to Q. No. 3)

3A. (*i*) Even though companies were reporting through a range of mechanisms—sustainability reports, triple bottom line, and CSR reports—these methods of reporting were seen as fragmented and not integrating the financial and non-financial information into one report. Also, the methods "failed to make the connection between the organization's strategy, its financial performance and its performance on environmental, social and governance issues."

With regard to the above which body was created and what were its objectives ?

(*5 marks*)

(*ii*) Define CPSEs. Also provide its focus and scope.

(*5 marks*)

(*iii*) A CSR impact assessment report gives a holistic insight into the sustainability and the relevance of the project keeping in mind the environment, people, animals, and the ecology that is affected by the implementation of the project.

Discuss how impact measurement and management is a continuous cycle ? Support with example of Tata Consumer Product Limited.

(*5 marks*)

PART–II

4. (A) Z, a fresh Company Secretary was giving interviews for jobs in one company. He was asked to read a few lines on NGOs and Non-corporate entities. After that, he was given a few questions to solve :

Humans are social beings; they can't be isolated from society. Every human being is to perform his/her social responsibility which further empowers the employees to leverage the corporate resources at their disposal to do good. Even the corporates need to be socially responsible which bolsters a company's image and build its brand. Social responsibility programs can boost employee's morale in the workplace and lead to greater productivity, which has an impact on how profitable the company can be. Businesses that implement social responsibility initiatives can increase customer retention and loyalty.

Further, the needs of every class of society can't be met by the government. Every segment of society can be reached by an NGO (Non-Governmental Organization). International development, humanitarian relief and charity are all heavily impacted by non-governmental organizations or NGOs.

Despite having budgets ranging from millions to billions of dollars every year, NGOs are by definition non-profit. Because of this, non-governmental organizations (NGOs) depend on various sources of funding from government support to private donations and membership fees. An NGO's mission is to focus on all subjects related to advocacy, social issues, environmental issues and human rights. Non-governmental organizations work to advance and improve the social and political situation of society at large. They aim to improve and advance the social and political situation of society at large. The activities of non-governmental organizations (NGOs) contribute heavily to social change for the betterment of society. It has been seen that these organizations are present in many parts of the world and supporting humanity and other noble causes.

The person involved in the NGO should be highly educated, committed, motivated and passionate about the organization's objectives and activities. The importance of NGOs is very high in today's world.

Non-corporate entities, which are primarily formed to provide benefits or services to their members, are subject to less stringent regulations than companies. Non-corporate entities can take the shape of civic organizations, societies, trusts, clubs, welfare associations, and more. The members of the Council of Non-Corporate Entities or the Governing Body are typically selected from among the members of the entities or, in certain situations, are government-appointed nominees. By making the proper decisions at its meeting, the Governing Body/Council oversees the operations of non-corporate entities. Effective decision-making is necessary for any entity to accomplish its goals, and non-corporate entities are no exception. Legal principles and procedures pertaining to non-corporate entities are established in their bylaws or in the laws that apply to them explicitly. The Model Code for Meetings of Non-corporate Entities issued by ICSI offers fundamental governance procedures for calling and running meetings of the Governing Council/Management Committee of such organizations in addition to the relevant legal requirements. It also attempts to standardize the widely used disparate practices. The goal of this model code is not to replace or amend any current laws that apply to non-corporate entities. It aims to support improved governance in calling and running these entities' meetings by adding to existing laws.

Answer the following questions :

(*i*) Name the set of guidelines and practices that organizations can use to manage and address social issues. Also provide its components. How do small non-corporate entities contribute to employment generation in India, which acts as a key social issue ?

(*5 marks*)

(*ii*) As a Company Secretary, what are the constraints of implementing social governance ? Identify some of the key activities undertaken by NGOs to support social and community development ?

(*5 marks*)

(*iii*) How do NGOs act as social mediators to bring about change in social and behavioural attitudes ? What are the other major roles played by the various NGOs ? (Identify any **3**)

(*5 marks*)

(B) Answer the following :

(*i*) There are many business enterprises who do not function only with profit motive but their activities have placed a greater positive impact on the society. Name them.

(*1 mark*)

(*ii*) Regulation 292B of the SEBI (ICDR) Regulations states that the provisions of Chapter X-A shall apply to which entities ?

(*1 mark*)

(*iii*) Regulation 292M of the SEBI (ICDR) Regulations. Explain.

(*2 marks*)

(*iv*) SASIX.

(*1 mark*)

(*1+1+2+1=5 marks*)

5. (*a*) Society is an organized group of people with the only purpose and goals of non-profit service. Societies are more resilient than other forms of business, but there are still a number of reasons why societies may need to cease trading like a society can be dissolved by its members on the appropriate basis and adoption of the procedures set forth by laws and an act, if any, applicable. It may also be obtained by the Registrar, Court or Government if applicable law is provided. If the company is created to achieve a specific objective, it will be disbanded when it achieves this objective.

Required :

(*i*) Write the circumstances when a court may order for dissolution of the society.

(*ii*) What are the consequences of dissolution of the society ?

(*3+2=5 marks*)

(*b*) Anil, Jay and Rajeev are partners in a business involved in the manufacturing and selling of furniture. They have a partnership agreement that does not explicitly detail all the aspects of their daily operations, but it is agreed that they will equally share profits and losses.

Anil is tasked with overseeing the business operations, Jay manages sales, and Rajeev is responsible for the financial matters. One day, Anil makes a contract with a supplier for raw materials valued at ₹ 5,00,000. The supplier consents to deliver the materials on credit, to be paid within 30 days.

The other partners, Jay and Rajeev, were not consulted prior to the purchase, although the materials are essential for the ongoing operations of the business.

Following the transaction, Jay and Rajeev found out that Anil had signed the contract without notifying them. They expressed concerns regarding Anil's decision, as the amount is considerable, and they had not consented to the purchase in advance.

(*i*) Discuss whether Anil had the authority to enter into the contract on behalf of the partnership without consulting the other partners, and whether the contract is binding on Jay and Rajeev ? Justify your answer.

(*3 marks*)

(*ii*) Discuss the acts by which the partners can bind the firm ?

(*2 marks*)

(*3+2=5 marks*)

(*c*) Based on Model Code for Meetings of Non-corporate Entities, define the following :

(*i*) "Clear Days"

(*1 mark*)

(*ii*) "Interested Member"

(*1 mark*)

(*iii*) Leave of Absence

(*1 mark*)

(*iv*) Procedure for passing of Resolution by Circulation.

(*1 mark*)

(*v*) Modification or Cancellation of Resolution/discussions.

(*1 mark*)

(*1+1+1+1+1=5 marks*)

Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (*a*) The Indian Partnership Act of 1932 makes firm registration either optional or compulsory, but there are a number of reasons why registering a partnership firm is unquestionably required. A partnership is an essential type of business organization where two or more people join forces to conduct business and share profits in an equitable manner, as stipulated at the time of formation. It provides vital legal status and protections for the business and its partners. It also encourages transparency and confidence from the viewpoints of creditors, clients, and possible investors. The registration process may present certain administrative difficulties, but they are outweighed by the long-term advantages.

Explain the process for firm registration according to Indian Partnership Act, 1932. Is there any procedure for recording of alterations in Firm-Name, nature of business and principal place of conducting business ?

(*5 marks*)

(*b*) How and who authorises Associations with economic nature to accept foreign contribution ? Enumerate the list of activities carried out by association with economic nature ?

(*5 marks*)

(*c*) Answer the following :

(*i*) Part IX of the Constitution

(*2 marks*)

(*ii*) The concept of local self-government is not new to our country. Discuss.

(*2 marks*)

(*iii*) Define "Prescribed", as per Model Governance Code for Meetings of the Gram Panchayats.

(*1 mark*)

(*2+2+1=5 marks*)

OR (Alternate Question to Q. No. 6)

6A. (*i*) In order to satisfy the common information needs of the various stakeholders, Technical Guide is issued to recommend uniform accounting principles in accordance with the Accounting Standards and other generally accepted accounting principles in India for the preparation and presentation of NPO financial statements. This involves applying good accounting practices to the recognition, measurement, presentation, and disclosure of various income and expense items, assets, and liabilities in NPO financial statements while taking into account the unique characteristics of their operations.

Answer the following questions :

(*a*) Write down the two objectives of the technical guide ?

(*2 marks*)

(*b*) What set of financial statements do technical guidance notes include ? Identify the fundamentals to be followed while preparing financial statements.

(*2 marks*)

(*c*) Is it compulsory to follow technical guidance notes ?

(*1 mark*)

(*2+2+1=5 marks*)

(*ii*) For effective monitoring, all foreign contributions received from any "foreign source" must be necessarily received only in a bank account and must be routed and spent only through bank accounts. Opening a bank account at a specified location is a one-time exercise. This process will increase the efficiency of administration by the government.

Based on the paragraph above, identify the name of the bank account along with the procedure for receiving foreign contributions under the FCRA 2010, for an association that has been granted prior permission or registration ? Also discuss the good practice guidelines of Financial Action Task Force (FATF) which must be adhered to.

(*5 marks*)

(*iii*) Answer the following :

(*a*) Part IX-A of Indian Constitution.

(*2 marks*)

(*b*) How does a Gram Panchayat act ?

(*2 marks*)

(*c*) Define "Special Meeting", as per Model Governance Code for Meetings of the Gram Panchayats.

(*1 mark*)

(*2+2+1=5 marks*)

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