

Previous year questions: Topic corporate governance**Directions (1-2): Read the following paragraph and answer the following questions:**

Every organisation needs good corporate governance, and independent directors play a crucial role in that. The independence of the independent directors, however, is highly contested. A committee to advise the Securities and Exchange Board of India (Sebi) on matters pertaining to corporate governance in Indian corporations was recently established. The committee will provide advice to the market regulator on matters such as ensuring that independent directors actively participate in the operations of companies, problems with listed companies' accounting and auditing practises, increasing the efficacy of board evaluation procedures, addressing problems with investors' voting and attendance at general meetings, and issues with disclosure and transparency.

Q1. Who will chair the above-mentioned committee? -2017

- (a) Kumar Mangalam Birla
- (b) N.K. Singh
- (c) Nandan Nilekani
- (d) Uday Kotak
- (e) Narayan Murthy

S1. Ans.(d)

Sol. A committee headed by Uday Kotak, executive vice chairman and managing director of Kotak Mahindra Bank Ltd., was established by the Securities and Exchange Board of India (SEBI) in June 2017 to advise it on matters pertaining to corporate governance in Indian companies. The committee, which consists of 21 people, represents other businesses, stock exchanges, trade associations, investor groups, legal firms, academics, research experts, and SEBI officials.

Q2. What exactly is the purpose of the above-mentioned committee, apart from the areas already mentioned in the passage?. 2017

- (a) Improving Disclosures of the Related Party Transactions
- (b) To find ways for board members to disclose their shareholding
- (c) To ensure proper way of resolving owner management conflicts
- (d) To improve the nominations of independent directors in the board
- (e) None of the above

S2. Ans.(a)

Sol. The mandate of the committee is to make recommendations on:

- Ensuring independence in spirit of independent directors and their active participation in functioning of the company.
- The steps that are need to be taken for improving safeguards and disclosures pertaining to related party transactions.
- To suggest measures for addressing issues faced by investors on voting and participation in general meetings
- The steps required for improving effectiveness of board evaluation practices. Suggest on issues pertaining to disclosure and transparency.

Q3. Identify the employee who is responsible for informing the public about the unethical behaviour taking place within the organisation. - 2018

- (a) Sleeper Employee
- (b) Social Activist
- (c) Whistle Blower
- (d) Policy Crusader
- (e) None of the above

S3. Ans.(c)

Sol. A whistleblower is an employee who notices and reports wrongdoing within his company or organization, which could negatively affect the public as a whole. Whistleblowers are protected under the law. This means that whistleblowers should not have to fear retribution, such as the loss of their jobs, simply because they “blew the whistle,” speaking up against unlawful acts

Directions (4-7): Read the following Paragraph and answer the questions which follows:

Corporate social responsibility (CSR) is a self-policing corporate strategy that enables an organisation to be socially accountable to its customers, employees, and stakeholders. Companies can be aware of their impact on the economic, social, and environmental aspects of society by engaging in corporate social responsibility, often known as corporate citizenship. When a firm practises corporate social responsibility (CSR), it means that it operates in a way that benefits society and the environment rather than detracting from it. According to SEBI, companies eligible for CSR must establish a board-level Corporate Social Responsibility Committee made up of at least _____ "A" _____ directors, at least _____ "B" _____ of whom must be independent.

Q4. According to Section 135 of the Companies Act, every business with a net value of at least Rs. _____ crore is eligible to participate in CSR initiatives? 2022

- (a) 10 Crore
- (b) 50 Crore
- (c) 100 Crore
- (d) 500 Crore
- (e) None of the above

S4. Ans.(d)

Sol. As per section 135 of the companies Act, every company having net worth of rupees **five hundred crore** or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year is eligible to participate in CSR initiatives.

Q5. According to Section 135 of the Companies Act, every firm with a net profit of at least Rs. _____ crore is eligible for CSR. 2022

- (a) 5 Crore
- (b) 10 Crore
- (c) 15 Crore
- (d) 20 Crore
- (e) None of the above

S5. Ans.(a)

Sol. As per section 135 of the companies Act, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees **five crore** or more during the immediately preceding financial year is eligible to participate in CSR initiatives.

Q6. Identify "A" from the following given options. 2022

- (a) 1
- (b) 2
- (c) 3
- (d) 4
- (e) None of the above

S6. Ans.(c)

Sol. Corporate Social Responsibility Committee of the Board consists of three or more directors, out of which at least one director shall be an independent director

Q7. Identify "B" from the following given options. 2022

- (a) 1
- (b) 2
- (c) 3
- (d) 4
- (e) None of the above

S7. Ans.(a)

Sol. Corporate Social Responsibility Committee of the Board consists of three or more directors, out of which at least one director shall be an independent director

