



DHANALAKSHMI SRINIVASAN ENGINEERING COLLEGE

(AUTONOMOUS)

(Approved by AICTE & Affiliated to Anna University, Chennai)

Re-Accredited by NAAC with 'A' Grade

Accredited by NBA for AERO, BME, CSE, ECE, EEE, IT & MECH.

PERAMBALUR-621212, TAMILNADU, INDIA.

Website: www.dsengg.ac.in



P23BAEF6 International Finance

Question-Bank With Answer

UNIT-1

Two Marks:

1.State the meaning of Debenture financing.(May/June-2016)

In corporate finance, a debenture is a medium to long-term debt instrument used by large companies to borrow money, at a fixed rate of interest. ... Debentures are generally freely transferable by the debenture holder.

2.What is book building approach to public issues? (May/June-2016)

Book building is a systematic process of generating, capturing, and recording investor demand for shares during an initial public offering (IPO), or other securities during their issuance process, in order to support efficient price discovery.

3What is Capital market? (Nov/Dec -2010,Nov/Dec -2014,April/May- 2015,Nov/Dec -2016)

"Capital Markets" refers to activities that gather funds from some entities and make them available to other entities needing funds. The core function of such a market is to improve the efficiency of transactions so that each individual entity doesn't need to do search and analysis, create legal agreements, and complete funds transfer.

4.What you mean by SEBI? (Nov/Dec -2016)

The Securities and Exchange Board of India (**SEBI**) is the designated regulatory body for the finance and investment markets in India. The board plays a vital role in maintaining stable and efficient financial and investment markets by creating and enforcing effective regulation in India's financial marketplace.

5.What is Debenture? (April/May- 2015)

A *debenture* is a type of debt instrument that is not secured by physical assets or collateral. *Debentures* are backed only by the general creditworthiness and reputation of the issuer. Both corporations and governments frequently issue this type of bond to secure capital.

6.What are the function of SEBI? (Nov/Dec -2014)

- i. Protective functions
- ii. Developmental functions
- iii. Regulatory functions.

7.What are the functions of EXIM Bank? (Nov/Dec -2010)

- (i) It provides direct financial assistance to exporters of plant, machinery and related service in the form of medium-term credit.
- (ii) Underwriting the issue of shares, stocks, bonds, debentures of any company engaged in exports.

(iii) It provides rediscount of export bills for a period not exceeding 90 days against short-term usance export bills discounted by commercial banks.

(iv) The bank gives overseas buyers credit to foreign importers for import of Indian capital goods and related services.

(v) Developing and financing export oriented industries.

(vi) Collecting and compiling the market and credit information about foreign trade.

8.What is debenture financing? (Nov/Dec -2011)

A debenture is one of the most typical forms of long term loans that a company can take. It is normally a loan that should be repaid on a specific date, but some debentures are irredeemable securities (sometimes referred to as perpetual debentures). The majority of debentures come with a fixed interest rate.

9.How would you compute cost of equity? (Nov/Dec -2011)

The CAPM formula is: Cost of Equity = Risk-Free Rate of Return + Beta * (Market Rate of Return - Risk-Free Rate of Return). In this equation, the risk-free rate is the rate of return paid on risk-free investments such as Treasuries. Beta is a measure of risk calculated as a regression on the company's stock price.

10.List the different operating groups of EXIM

Exim Bank is managed by a Board of Directors, which has representatives from the Government, Reserve Bank of India, Export Credit Guarantee Corporation of India, a financial institution, public sector banks, and the business community.

11. List some international sources of finance.

1. Commercial Banks: They are an important source of financing non-trade international operations. The types of loans and services provided by banks vary from country to country.

12. List problems of industrial finance.

- Unbalanced Industrial Structure. Despite all efforts India has not been able to attain self sufficiency in respect of industrial material.
- Low Demand.
- Regional Concentration.
- Loss in Public Sector Industries.
- Industrial Sickness.
- Lack of Infrastructure.
- Improper Location Base.
- Lack of Capital.

13. What is a sick unit?

Sick industrial unit is defined as a unit or a company (having been in existence for not less than five years) which is found at the end of any financial year to have incurred accumulated losses equal to or exceeding its entire net worth.

14. Differentiate capital market and money market

Difference Between Money Market and Capital Market. ... Both the markets are very important in the financial sector. In the money market, extremely liquid financial instruments are traded, i.e. monetary instruments of short-term nature are dealt. On the contrary, the capital market is for long term securities.

15. what are the Components of Capital markets

1. New Issue Market 2. Secondary Market 3. Financial Institutions.

16. What is corporate finance?

Corporate finance is the division of a company that deals with financial and investment decisions. *Corporate finance* is primarily concerned with maximizing shareholder value through long-term and short-term financial planning and the implementation of various strategies.

17. What is industrial finance?

Finance is considered as the life-force of industry. Without getting adequate finance industrial development is not at all possible. Due to the lack of adequate finance, industrial development in India could not achieve a significant position and shape. Industries require both short term, medium term and long term finance for meeting their requirements of fixed capital expenditure and also to meet their working capital needs.

18. What are the different types of debentures?

- Redeemable and Irredeemable (Perpetual) Debentures.
- Convertible and **Non**-Convertible Debentures.
- Fully and Partly Convertible Debentures.
- Secured (Mortgage) and Unsecured (Naked) Debentures.
- First Mortgaged and Second Mortgaged Debentures.
- Registered Unregistered Debentures (Bearer) Debenture.

19. What are the functions of commercial banks?

Commercial banks are all-**purpose** banks that perform a wider **range** of functions such as accepting demand deposits, issuing cheques against saving and fixed deposits, making short-term business and consumer loans, providing brokerage services, buying and **selling** foreign exchange and so on.

20. List the Causes of sickness of industries.

- **Internal causes for sickness**

Lack of Finance, Bad Production Policies, Marketing and Sickness , Inappropriate Personnel Management and Ineffective Corporate Management

- **External causes for sickness**

Personnel Constraint, Marketing Constraints, Production Constraints and Finance Constraints

UNIT-2

1.What is meant by Factoring? .(May/June-2016)

Factoring is a financial transaction and a type of debtor finance in which a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount. ... Factoring is commonly referred to as accounts receivable factoring, invoice factoring, and sometimes accounts receivable financing.

2.Write a short note on Commercial papers. .(May/June-2016)

Commercial paper is a money-market security issued (sold) by large corporations to obtain funds to meet **short**-term debt obligations (for example, payroll), and is backed only by an issuing bank or company promise to pay the face amount on the maturity date specified on the **note**.

3What is commercial paper? (Nov/Dec -2014,Nov/Dec -2016)

Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days.

4. What is working capital? (April/May- 2015,Nov/Dec -2016)

Working capital is a measure of both a company's operational efficiency and its short-term financial health. The working capital ratio (current assets/current liabilities), or current ratio, indicates whether a company has enough short-term assets to cover its short-term debt.

5.What is certificate of Deposits? (April/May- 2015)

A certificate of deposit (CD) is a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment.

What is meant by gross and net working capital? (Nov/Dec -2014)

Gross working capital includes assets such as cash, checking and savings account balances, accounts receivable, short-term investments, inventory and marketable securities. From gross working capital, subtract the sum of all of a company's current liabilities to get net working capital.

6.Define the term Working Capital. (Nov/Dec -2010)

Working capital, also known as net working capital, is the difference between a company's current assets, like cash, accounts receivable (customers' unpaid bills) and inventories of raw materials and finished goods, and current liabilities, like accounts payable.

7.Write a note on Inter Corporate Investments. (Nov/Dec -2010)

Intercorporate investment occurs when a company makes an investment in another company. It could be through the purchase of shares of a publicly traded company on a public exchange, or a privately negotiated deal for a share of a company that is not publicly traded. The investment may also involve buying the debt of another company, publicly traded or otherwise.

8.Define 'Net Working Capital'(Nov/Dec -2011)

Net working capital is the aggregate amount of all current assets and current liabilities. It is used to measure the short-term liquidity of a business, and can also be used to obtain a general impression of the ability of company management to utilize assets in an efficient manner.

9.What is the role of cash In working capital management? (Nov/Dec -2011)

Working capital management is essentially an accounting strategy with a focus on the maintenance of a sufficient balance between a company's current assets and liabilities. ... Managing working capital means managing inventories, cash, accounts payable and accounts receivable.

10.What is net working capital?

Net working capital is the aggregate amount of all current assets and current liabilities. It is used to measure the short-term liquidity of a business, and can also be used to obtain a general impression of the ability of company management to utilize assets in an efficient manner.

11.How is MTBF calculated?

Mean time between failures (MTBF) is the predicted elapsed time between inherent failures of a mechanical or electronic system, during normal system operation. MTBF can be calculated as the arithmetic mean (average) time between failures of a system.

12.What is trade credit?

For many businesses, trade credit is an essential tool for financing growth. Trade credit is the credit extended to you by suppliers who let you buy now and pay later. Any time you take delivery of materials, equipment or other valuables without paying cash on the spot, you're using trade credit.

13. How are credit terms fixed?

- Interest rates and grace periods
- APR, finance, and origination fees
- Loan duration
- Late fees and over-the-limit penalties

14. What is line of credit?

A line of credit (LOC) is an arrangement between a financial institution, usually a bank, and a customer, that established the maximum amount of a loan that the customer can borrow.

15. What are the methods to calculate working capital?

Working capital is calculated by using the current ratio, which is current assets divided by current liabilities. A ratio above 1 means current assets exceed liabilities, and the higher the ratio, the better.

16. What are the approaches to maintenance of working capital?

Working capital Approaches: A) Matching or hedging approach: This approach matches assets and liabilities to maturities. Basically, a company uses long term sources to finance fixed assets and permanent current assets and short term financing to finance temporary current assets.

17. What factors have an important bearing on working capital needs?

- Competition
- Production Cycle Time
- Credit Policy
- Growth and Expansion
- Raw Material Short Supply
- Net Cash Profit
- Taxes
- Dividend Policy
- Price Levels

18. Write a note on public deposits.

Public deposits refer to the unsecured deposits invited by companies from the public mainly to finance working capital needs. A company wishing to invite public deposits makes an advertisement in the newspapers.

Any member of the public can fill up the prescribed form and deposit the money with the company. The company in return issues a deposit receipt. This receipt is an acknowledgement of debt by the company. The terms and conditions of the deposit are printed on the back of the receipt. The rate of interest on public deposits depends on the period of deposit and reputation of the company.

A company can invite public deposits for a period of six months to three years. Therefore, public deposits are primarily a source of short-term finance. However, the deposits can be

renewed from time-to-time. Renewal facility enables companies to use public deposits as medium-term finance.

Public deposits of a company cannot exceed 25 per cent of its share capital and free reserves. As these deposits are unsecured, the company having public deposits is required to set aside 10 per cent of deposits maturing by the end of the year. The amount so set aside can be used only for paying such deposits.

Thus, public deposits refer to the deposits received by a company from the public as unsecured debt. Companies prefer public deposits because these deposits are cheaper than bank loans. The public prefers to deposit money with well-established companies because the rate of interest on public deposits is higher than on bank deposits. Now public sector companies also invite public deposits. Public deposits have become a popular source of industrial finance in India.

19. What are the sources of working capital?

Long-term sources can also be divided into internal and external sources. Long-term internal sources of finance are retained profits and provision for depreciation whereas external sources are Share Capital, long-term loan, and debentures.

20. Why is trade called spontaneous financing?

In business, "spontaneous finance" refers to financing that arises out of regular, day-to-day operations. Unlike with other common sources of financing, such as loans or bonds, obtaining additional spontaneous financing doesn't require any special action by the company; it just "happens," hence the name spontaneous. The two primary sources of spontaneous finance for most businesses are trade credit and accruals.

UNIT-3

1. List out the assumptions underlying sensitivity analysis. .(May/June-2016)

Sensitivity analysis is the study of how the uncertainty in the output of a mathematical model or ... The process of recalculating outcomes under alternative assumptions to determine the impact of a variable under problems where the user has to screen out unimportant variables before performing a full sensitivity analysis.

2. Define risk from capital budgeting point. .(May/June-2016)

Capital budgeting (or investment appraisal) is the planning process used to determine whether an organization's long-term investments are worth pursuing. ... There are numerous kinds of **risks** to be taken into account when considering **capital budgeting**.

3. What is sensitivity analysis? (Nov/Dec -2016)

Sensitivity analysis is the study of how the uncertainty in the output of a mathematical model or system (numerical or otherwise) can be apportioned to different sources of uncertainty in its inputs. ... Increased understanding of the relationships between input and output variables in a system or model.

4. What is DCF? (Nov/Dec -2016)

Discounted cash flow (DCF) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analyses use future free cash flow projections and discounts them, using a required annual rate, to arrive at present value estimates.

5.What is sensitivity analysis? (April/May- 2015)

Sensitivity analysis is the study of how the uncertainty in the output of a mathematical model or system (numerical or otherwise) can be apportioned to different sources of uncertainty in its inputs. ... Increased understanding of the relationships between input and output variables in a system or model.

6.What is Decision – tree appoxer? (April/May- 2015)

A decision tree is a decision support tool that uses a tree-like graph or model of decisions and their possible consequences, including chance event outcomes, resource costs, and utility. It is one way to display an algorithm that only contains conditional control statements.

7.Mention any two methods of investment analysis. (Nov/Dec -2014)

There are two types of discounting methods of appraisal - the net present value (NPV) and internal rate of return (IRR).

8.What is risk adjusted discount rate? (Nov/Dec -2014)

An estimation of the present value of cash for high risk investments is known as risk-adjusted discount rate. A very common example of risky investment is the real estate. Risk adjusted discount rate is representing required periodical returns by investors for pulling funds to the specific property.

9.What are the factors which are favorable for making investments in economy? (Nov/Dec -2010)

- Interest rates (the cost of borrowing)
- Economic growth (changes in demand)
- Confidence/expectations
- Technological developments (productivity of capital)
- Availability of finance from banks.
- Others (depreciation, wage costs, inflation, government policy)

10.What steps should an investor follow to make an investment? (Nov/Dec -2010)

Step 1: Get Your Finances in Order. ...

Step 2: Learn the Basics. ...

Step 3: Set Goals. ...

Step 4: Determine Your Risk Tolerance. ...

Step 5: Find Your Investing Style. ...

Step 6: Learn the Costs. ...

Step 7: Find a Broker or Advisor. ...

Step 8: Choose Investments.

11.What is a risk adjusted discount method? (Nov/Dec -2011)

An estimation of the present value of cash for high risk investments is known as risk-adjusted discount rate. A very common example of risky investment is the real estate. Risk adjusted discount rate is representing required periodical returns by investors for pulling funds to the specific property.

12.What is an uneven cash flow? (Nov/Dec -2011)

In other words, it is a “perpetual annuity.” Uneven Cash Flow Stream. Any series of cash flows that doesn't conform to the definition of an annuity is considered to be an uneven cash flow stream. For example, a series such as: \$100, \$100, \$100, \$200, \$200, \$200 would be considered an uneven cash flow stream.

13.Define risk.

Risk is an uncertain event or condition that, if it occurs, has an effect on at least one [project] objective.

14. Which is superior Sensitivity analysis or simulation analysis?

Sensitivity analysis, or what-if calculations, where you are able to tweak one key input or driver in a financial model, to understand the effect of a set of independent variables on some dependent variable under certain specific conditions.

What-if analysis can involve a data intensive simulation, or you can change some attribute of the data to create a specific scenario.

Scenario analysis where you identify all the variables that would impact a specific scenario, and manipulating the variables to understand the full range of outcomes. It is possible to create a number of business scenarios, based on different business drivers, to provide insights into how each decision will affect the business.

15. List the advantages of sensitivity analysis.

- It compels the decision maker to identify the variables which affect the cashflow forecasts. This helps him in understanding the investment project in totality.
- It indicates the critical variables for which additional information may be obtained. The decision maker can consider actions which may help in strengthening the "weak spots" in the project.
- It helps to expose inappropriate forecasts and thus guides the decision maker to concentrate on relevant variables.

16. What are the disadvantages of sensitivity analysis?

- It does not provide clear cut results. The terms optimistic and pessimistic could mean different things to different people.
- It fails to focus on the interrelationship between underlying variables. For example sales volume may be related to price and cost but we analyse each variable differently.

17. What are the types of risk?

- Credit **risk**.
- Market **risk**.
- Operational **risk**.
- Liquidity **risk**.
- Business **risk**.
- Reputational **risk**.
- Systemic **risk**.
- Moral hazard.

18. Describe the steps in decision tree approach

Summarize the basic steps in the decision tree analysis methodology. The basic steps in the decision tree analysis methodology are as follows: Number of periods and duration of all

the periods are identified to **evaluate** the decision. Decisions are evaluated on the basis of T, which is the number of periods.

19. What are the disadvantages of decision tree approach?

Among the major disadvantages of a decision tree analysis is its inherent limitations. The major limitations include: Inadequacy in applying regression and predicting continuous values. Possibility of spurious relationships.

20. What are the advantages of decision tree approach?

A major decision tree analysis advantages is its ability to assign specific values to problem, decisions, and outcomes of each decision. This reduces ambiguity in decision-making.

UNIT-4

1. List down any four steps involved in the construction of a decision tree. (May/June-2016)

Describe the decision that needs to be made in the square.

Draw various lines from the square and write possible solutions on each of the lines.

Put the outcome of the solution at the end of the line. Uncertain or unclear decisions are put in a circle. When a solution leads to a new decision, the latter can be put in a new square.

Each of the squares and circles are reviewed critically so that a final choice can be made.

2. Distinguish between cash inadequacy and cash insolvency. (Nov/Dec - 2011, Nov/Dec - 2014, May/June-2016)

Inadequacy refers to the lack of production capacity or insufficient production capacity of a company's current assets to meet its current or future production demands. In other words, growing manufacturers reach a point where their current equipment can't produce enough to meet the growing demand of their productions. These manufacturers need to continue to invest in more machinery in order to increase production. Their current equipment is said to be inadequate because it can't produce enough.

Insolvency is a term for when an individual or organization can no longer meet its financial obligations with its lender or lenders as debts become due. Before an insolvent company or person gets involved in insolvency proceedings, it will likely be involved in informal arrangements with creditors, such as making alternative payment arrangements. Insolvency can arise from poor cash management, a reduction in cash inflow forecasts or from an increase in expenses.

3. What is option pricing? (Nov/Dec -2016)

Option pricing refers to the amount per share at which an option is traded. Options are derivative contracts that give the holder (the "buyer") the right, but not the obligation, to buy or sell the underlying instrument at an agreed-upon price on or before a specified future date.

4. What do you mean by dividend? (Nov/Dec -2016)

A *dividend* is a distribution of a portion of a company's earnings, decided by the board of directors, paid to a class of its shareholders. *Dividends can* be issued as cash payments, as shares of stock, or other property.

5. What is option? (April/May- 2015)

Options are a financial derivative sold by an *option* writer to an *option* buyer. The contract offers the buyer the right, but not the obligation, to buy (call *option*) or sell (put *option*) the underlying asset at an agreed-upon price during a certain period of time or on a specific ...

6.What is Dividend policy? (April/May- 2015)

Dividend policy is the set of guidelines a company uses to decide how much of its earnings it will pay out to shareholders. Some evidence suggests that investors are not concerned with a company's dividend policy since they can sell a portion of their portfolio of equities if they want cash.

8.What is a dividend decision? (Nov/Dec -2014)

Dividend decision refers to the policy that the management formulates in regard to earnings for distribution as dividends among shareholders. ... The Dividend Decision, in Corporate finance, is a decision made by the directors of a company about the amount and timing of any cash payments made to the company's stockholders.

9.What is sensitivity analysis? (Nov/Dec -2010)

Sensitivity analysis is the study of how the uncertainty in the output of a mathematical model or system (numerical or otherwise) can be apportioned to different sources of uncertainty in its inputs. ... Increased understanding of the relationships between input and output variables in a system or model.

10.What is the need for dividend decisions in the organization? (Nov/Dec -2010)

- Free Cash Flow
- Signaling of Information
- Clients of Dividends

11.What purpose does simulation serve? (Nov/Dec -2011)

The uses of simulation in business are varied and it is often utilized when conducting experiments on a real system is impossible or impractical, often because of cost or time. The ability to analyze the model as it runs sets simulation modeling apart from other methods, such as those using Excel or linear programming.

12. What are the objectives of ratio analysis?

The basic objective of ratio is the analysis of the **profitability**, liquidity, solvency and **efficiency** levels in the business to **understand** the strengths, weaknesses, making inter-firm and intra-firm comparisons for better understanding and decision making.

13. What are the major solvency ratios?

- **Solvency ratios** are primarily used to measure a company's ability to meet its long-term obligations. ...
- **Solvency ratios** indicate a company's financial health in the context of its debt obligations. ...
- Debt to equity is a fundamental indicator of the amount of leverage a firm is using.

14. Explain the different types of dividend policy?

BREAKING DOWN '**Dividend Policy**' ... Management must decide on the **dividend** amount, timing and **various** other factors that influence **dividend** payments over time. There are three **types of dividend policies**: a stable **dividend policy**, a constant **dividend policy** and a residual **dividend policy**.

15. What are agency costs?

Agency costs are a type of internal **cost** that arises from, or must be paid to, an agent acting on behalf of a principal. These **costs** arise because of core problems, such as conflicts of interest, between shareholders and management.

16. What is a call option?

Call options are an agreement that give the *option* buyer the right, but not the obligation, to buy a stock, bond, commodity or other instrument at a specified price within a specific time period. The stock, bond, or commodity is called the underlying asset.

17. What is a put option?

In finance, a *put* or *put option* is a stock market device which gives the owner of a *put* the right, but not the obligation, to sell an asset (the underlying), at a specified price (the strike), by a predetermined date (the expiry or maturity) to a given party (the seller of the *put*).

18. Write short note on Binomial model of option pricing?

The binomial option pricing model is an options valuation method developed in 1979. The binomial option pricing model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. The model reduces possibilities of price changes, and removes the possibility for arbitrage.

19. Give an example of agency cost?

In a publicly-held company, **agency costs** occur when a company's management or "agent" places his own personal financial interests above those of the shareholder or "principal." B) the **cost** of techniques that principals use to prevent the agent from prioritizing his interests over the shareholders'.

20. What is financing decision?

The primary goal of both investment and **financing decisions** is to maximize shareholder value. Investment **decisions** revolve around how to best allocate capital to maximize their value. **Financing decisions** revolve around how to pay for investments and expenses. Companies can use existing capital, borrow, or sell equity.

UNIT-5

1. Why should the corporate assume social responsibility? .(May/June-2016)

Social responsibility has become increasingly important to companies over the last several years. Whether it's by empowering women, helping the environment, or trying to end poverty, more and more companies are incorporating social responsibility into their overall business strategy. The social issues may be local, national, or global, but a concern for the health and wellness of others that do not involve sales can be seen as commendable. There are many reasons why a company might engage in social responsibility, and in this article, we'll outline a few of them.

2. What is Business ethics? .(May/June-2016)

Business ethics is the study of proper *business* policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities.

3. What is corporate ethics? (Nov/Dec -2016)

Business ethics (also known as *corporate ethics*) is a form of applied *ethics* or professional *ethics*, that examines *ethical* principles and moral or *ethical* problems that can arise in a *business* environment.

4.What is corporate governance? (Nov/Dec -2016)

Corporate governance is the system of rules, practices and processes by which a firm is directed and controlled. *Corporate governance* essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community.

5.Define corporate governance. (Nov/Dec -2014, April/May- 2015)

Corporate governance is the system of rules, practices and processes by which a firm is directed and controlled. *Corporate governance* essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community.

6.What is Corporate Disaster? (April/May- 2015)

A disaster relief program is a name given to efforts made by organizations to help the victims of certain disasters, natural or man-made. ... These Employee Relief Programs are becoming more standard and can be integrated into a corporate disaster relief plan, or kept as a separate initiative.

7.What is CSR? (Nov/Dec -2014)

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

8.What do you mean by corporate disasters? (Nov/Dec -2010)

A business disaster recovery plan is a document that specifies exactly what should happen to minimize the impact and return the company to working order as quickly as possible after a disaster occurs that impacts the company.

9.Define stake-holder's theory. (Nov/Dec -2010)

The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by Ian Mitroff in his book "Stakeholders of the Organizational Mind", published in 1983 in San Francisco.

10. Discuss the need for corporate governance? (Nov/Dec -2011)

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.Explain the salient observations of Cadbury committee. (Nov/Dec -2011)

The Cadbury Report, titled *Financial Aspects of Corporate Governance*, is a report issued by "The Committee on the Financial Aspects of Corporate Governance" chaired by Adrian Cadbury that sets out recommendations on the arrangement of company boards and accounting systems to mitigate corporate governance risks and failures. The report was published in draft version in May 1992. Its revised and final version was issued in December of the same year. The report's recommendations have been used to varying degrees to establish other codes such as those of the OECD, the European Union, the United States, the World Bank etc.

12. What are unethical practices?

Unethical behavior is an action that falls outside of what is considered morally right or proper for a person, a profession or an industry. Individuals can behave unethically, as can businesses, professionals and politicians.

13. What is principles of business ethics

Ethical executives earn the trust of others through personal integrity. ... The live by ethical principles despite great pressure to do otherwise. Ethical executives are principled, honorable, upright and scrupulous. They fight for their beliefs and do not sacrifice principle for expediency.

14. List The Areas Of CSR.



15. List the principles of Corporate governance.

A company which applies the core principles of good corporate governance; fairness, accountability, responsibility and transparency, will usually outperform other companies and will be able to attract investors, whose support can help to finance further growth.

16. What are factors that affect business ethics ?

Social Factors. Cultural norms, the Internet and friends and family are three social factors that can affect ethical behavior. Different cultures have norms that vary from place to place in the business world.

17. What Is The Need For Business Ethics

The system of moral and ethical beliefs that guides the values, behaviors and decisions of a business organization and the individuals within that organization is known as business ethics

18. Write short note on managers and ethics.

'Management Ethics' is related to social responsiveness of a firm. It is "the discipline dealing with what is good and bad, or right and wrong, or with moral duty and obligation. It is a standard of behaviour that guides individual managers in their works".

"It is the set of moral principles that governs the actions of an individual or a group."

Business ethics is application of ethical principles to business relationships and activities. When managers assume social responsibility, it is believed they will do it ethically, that is, they know what is right and wrong.

Types of Management Ethics:

1. Immoral management
2. Moral management

3. Amoral management

19. What is Disclosure And Transparency?

The Disclosure and Transparency committee seeks to influence policymakers and other stakeholders to enhance company transparency through robust reporting, audit and metrics. ... Specific topics can include accounting issues, audit quality, integrated reporting, and ESG disclosure.

20. Give some examples of CSR.

1) BMW

BMW holds its pride in being one of the most socially responsible companies in its industry. BMW has set the bar high with a goal of helping over one million people by 2020. They plan to do this by creating programs such as “The Schools Environmental Education Development Project” to help raise awareness of social and environmental issues. BMW’s key to CSR success has always been alignment. They’re a great example of corporate social responsibility because of their balance between a good business model and helping social causes.

2) LEVI STRAUSS & CO.

Levi’s is another company that focuses its efforts on CSR. Levi’s approach is to reduce their environmental footprint by acting in human rights and environmental causes. Just like BMW’s program, Levi’s has a “Worker Well-Being Initiative” that is aimed to help improve the life of their employees. Levi’s has also trademarked their “Water<Less” campaign by using less water when manufacturing their products. They have saved over one billion liters of water and hope to better improve their manufacturing process by 2020.

3) SurveyMonkey

SurveyMonkey, best known for their survey creation software, has created a giving back program to better improve their social responsibilities. They have done this by engaging in an innovative way to give back. Instead of giving out prizes to survey takers, SurveyMonkey donates 50 cents for every survey completed. This donation goes to the survey takers charity of choice. The company has donated over one million dollars to organizations such as Boys & Girls Club of America and the Humane Society. SurveyMonkey’s example of corporate social responsibility stretches far beyond just engagement. They focus on bettering society as a whole, thus giving the company a good reputation.