

# AR17

Code: 17MBA1001

Set - 2

ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI  
(AUTONOMOUS)

I MBA I Semester Reg./Supl. Examinations, December, 2018

Management Theory and Practice

Time: 3 Hrs

Max. Marks: 60

Answer Five questions  
All questions carry EQUAL marks  
Question No. 8 is Compulsory

1. Discuss briefly about nature and importance of business management.
2. Write briefly about different business environmental factors need to be considered by a manager while taking a decision in an organisation.
3. List out the Fayol's "Fourteen" principles on management.
4. Define a plan and write briefly about the steps involved in planning process.
5. What do you mean by an Organization? Write briefly about formal and informal organization.
6. Define Leadership? Write the differences between the leadership and management.
7. Discuss the different steps involved in managerial controlling process of an organization.
8. **Case Study:**

India's new Companies Act 2013 (Companies Act) has introduced several new provisions which change the face of Indian corporate business" Companies Act 2013 (Companies Act) has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are giving something back to the society. Ministry of Corporate Affairs has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which has come into effect from 1 April 2014.

*Applicability:* Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.

*CSR Committee and Policy:* Every qualifying company requires spending of at least 2% of its average net profit for the immediately preceding 3 financial years on CSR activities. Further, the qualifying company will be required to constitute a committee (CSR Committee) of the Board of Directors (Board) consisting of 3 or more directors. The CSR Committee shall formulate and recommend to the Board, a policy which shall indicate the activities to be undertaken (CSR Policy); recommend the amount of expenditure to be incurred on the activities referred and monitor the CSR Policy of the company. The Board shall take into account the recommendations made by the CSR Committee and approve the CSR Policy of the company.

*Definition of the term CSR:* The term CSR has been defined under the CSR Rules which includes but is not limited to:

- Projects or programs relating to activities specified in the Schedule; or
- Projects or programs relating to activities undertaken by the Board in pursuance of recommendations of the CSR Committee as per the declared CSR policy subject to the condition that such policy covers subjects enumerated in the Schedule.

This definition of CSR assumes significance as it allows companies to engage in projects or programs relating to activities enlisted under the Schedule. Flexibility is also permitted to the companies by allowing them to choose their preferred CSR engagements that are in conformity with the CSR policy.

*Local Area:* Under the Companies Act, preference should be given to local areas and the areas where the company operates. Company may also choose to associate with 2 or more companies for fulfilling the CSR activities provided that they are able to report individually. The CSR Committee shall also prepare the CSR Policy in which it includes the projects and programmes which is to be undertaken, prepare a list of projects and programmes which a company plans to undertake during the implementation year and also focus on integrating business models with social and environmental priorities and process in order to create share value. The company can also make the annual report of CSR activities in which they mention the average net profit for the 3 financial years and also prescribed CSR expenditure but if the company is unable to spend the minimum required expenditure the company has to give the reasons in the Board Report for non compliance so that there are no penal provisions are attracted by it.

### **Questions:**

1. Briefly discuss the need and importance of CSR in adding value to companies?
2. What are the different CSR activities do you suggest to the corporate firms of India in the contemporary business environment.