

IMT- 49

BUSINESS ETHICS

Notes:

- a. Write answers in your own words as far as possible and refrain from copying from the text books/handouts.
- b. Answers of Ist Set (Part-A), IInd Set (Part-B), IIIrd Set (Part – C) and Set-IVth (Case Study) must be sent together.
- c. Submit the assignments in IMT CDL H.O. along with the assignments Question Papers for evaluation .
- d. Only hand written assignments shall be accepted.

A. First Set of Assignments

2 Questions, each question carries 3.75 marks.

B. Second Set of Assignments

2 Questions, each question carries 3.75 marks.

C. Third Set of Assignments

2 Questions, each question carries 3.75 marks. Confine your answers to 150 to 200 Words.

D. Forth Set of Assignments

One Case Study carries 7.5 marks.

SECTION - A

1. Write a note on Ethical Heritage of India and their relevance to modern management.
2. How did Buddhist and Jain Philosophies influence the thoughts and actions of Mahatma Gandhi.

SECTION - B

1. What are the professional ethics and professional misconduct of the Chartered Accountants as defined by the Institute of Chartered Accountants of India?
2. What are the ethical questions involved in commercial advertising broadcast through the electronic media? What is the best method of control of commercial advertising?

SECTION - C

1. What are the economic, legal, ethical and discretionary responsibilities (CSR) which should be discharged by a responsible Company/ Corporation?
2. What are the steps Government of India has taken to make CSR a compulsory legal responsibility for all Companies/Corporations in India?

CASE STUDY - 1

Political Corruption in India

Government has been jolted by controversy over licences and radio airwaves that the CAG of India) says were given out too cheaply, depriving the government of up to \$39 billion in revenues. The telecom minister, A Raja was forced to resign and the Prime Minister Dr Manmohan Singh has been asked to explain himself to the Supreme

Court. Opposition parties want a full parliamentary probe and have blocked proceedings until the government relents.

So, what is the controversy all about and what does it mean for the telecom sector and companies?

In 2008, the country issued 122 new telecom licences and the second-generation radio spectrum bundled with it to several domestic companies that had little or no experience in the telecom sector, and at a price set in 2001.

The national Auditor General said that the allocation process did not reflect the correct value of radio spectrum as there was no auction and the entire process was flawed, benefiting selected companies.

The Auditor General said that the telecom ministry did not do the requisite due diligence, granting 85 out of the 122 licences to ineligible applicants.

The auditor also said the ministry did not follow its own guidelines, changed the cut-off date for applications, which gave "unfair advantage" to some companies over others. It said that the entire process "lacked transparency and was undertaken in an arbitrary, unfair and inequitable manner".

The auditor said that several companies deliberately suppressed facts, disclosed incomplete information, submitted fictitious documents and used fraudulent means to get licences and thereby access to spectrum.

The auditor said that units of Unitech Ltd, which received licences in 2008 and now operates services in a joint venture with Norway's Telenor, had not fulfilled eligibility conditions including required share capital.

Other firms which were ineligible according to the auditor include Loop Telecom, Videocon Telecommunications and S Tel Ltd. The auditor said that Swan Telecom, which has since been partly acquired by the UAE's Etisalat, was given licences even though a unit of No. 2 telecoms firm Reliance Communications held over 10% of equity, a violation of rules.

It is still too early to know whether any licences would be cancelled, but the pressure would be strong not to do so because operators have invested in networks and have subscribers.

Any big crackdown could send a wrong signal to investors.

But the government could ask operators to compensate for the potential revenue loss as highlighted by the auditor and may impose fines for not meeting separate rollout obligations.

The Auditor General also named nine other operators, including market leaders Bharti Airtel, Reliance Comm and Vodafone, who were allotted spectrum beyond the contracted limit without paying any upfront charges, costing the government a potential \$8 billion.

Questions :

Q1. How many Telecom licenses were issued and how many were found ineligible? Q2. What was the potential loss of revenue to the nation? How did the CAG of India calculate the loss?

Q3. Explain with examples the various kinds of 'white collar crime'. How does this case fall under the category of white collar crime?

Q4. How did these companies violate the principles of Business Ethics and Corporate Social Responsibility?

