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**MBA Mid Semester Back Examination, 2025**

**Name of the Program: MBA**

**Semester: IV**

**Name of the Course: MBA**

**Course Code: MB 401**

**Paper Name: Corporate Governance and Ethics**

**Time: 1:30Hours**

**MM: 50**

**Note:**

1. This question paper contains two Sections-Section A and B
2. Both Sections are compulsory
3. Answer any two sub questions among a, b & c in each main question of Section A.  
Each question carries 10marks.
4. Section B consisting of case study is compulsory. Section B is of 20Marks.

**Section A.**

Q1	(2X5=10Marks)	
a)	Describe the fundamental pillars that form the foundation of effective corporate governance.	CO1
b)	Summarize the historical development of corporate governance and how it has evolved over time.	CO2
c)	Analyze real-world examples of companies that have either excelled in or struggled with implementing good corporate governance, highlighting the reasons behind their outcomes.	
Q2	(2X5=10Marks)	
a)	Apply the principles of corporate governance to explain the key responsibilities of the Board of Directors in maintaining ethical and effective oversight.	CO2
b)	Demonstrate the relevance of effective corporate governance by relating it to the challenges and demands of the modern business environment.	CO3
c)	Evaluate the impact of sound corporate governance on different stakeholders, including shareholders, employees, customers, and the wider community.	
Q3.	(2X5=10Marks)	
a)	Examine the role and functions of the Corporate Management Committee in achieving organizational objectives and ensuring governance effectiveness.	
b)	Differentiate between the roles and responsibilities of the Corporate Management Committee and the Divisional Management Committee within a corporate structure.	CO4
c)	Assess how the Corporate Management Committee collaborates with the Board of Directors to shape strategic direction and oversee corporate performance.	

## Section B

Q4.	Case Study(2X10=20Marks)
	<p><b>Governance Failures at Yes Bank</b></p> <p><b>Background</b>          Yes Bank was founded in 2004 by Rana Kapoor and Ashok Kapur as a new-age private sector bank in India. Over the years, it grew rapidly, positioning itself as one of the leading private banks in the country. However, in early 2020, the bank faced a severe financial crisis due to governance failures, unethical lending practices, and poor risk management, leading to regulatory intervention and a government-led bailout.</p> <p><b>Governance Failures and Issues</b></p> <ol style="list-style-type: none"> <li><b>1. Unethical Lending and High NPAs</b>              Yes Bank aggressively expanded its loan book by lending to high-risk borrowers, including large corporations with weak financials. Many of these loans turned into non-performing assets (NPAs), severely affecting the bank's financial health. The bank also failed to report these bad loans properly.</li> <li><b>2. Promoter Control and Mismanagement</b>              Founder and CEO Rana Kapoor exercised excessive control over the bank's operations. There was little independence in decision-making, and the board failed to challenge questionable decisions. Kapoor also ignored red flags about risky lending practices.</li> <li><b>3. Regulatory Non-Compliance</b>              The Reserve Bank of India (RBI) repeatedly flagged concerns about Yes Bank's deteriorating asset quality, but the management downplayed these warnings. The bank continued to report healthy financials, even though its internal situation was worsening.</li> <li><b>4. Insider Dealings and Corruption</b>              Kapoor and his family allegedly received kickbacks in exchange for sanctioning large loans to specific corporate groups. Some of these loans were given to companies that later defaulted, causing significant losses to the bank.</li> <li><b>5. Sudden Collapse and Government Intervention</b>              By early 2020, Yes Bank's liquidity crisis worsened, leading to a RBI-imposed moratorium that limited customer withdrawals. The government intervened with a rescue package, led by State Bank of India (SBI) and other institutions, to stabilize the bank. Kapoor was arrested for money laundering, and a new management team was put in place.</li> </ol> <p><b>Discussion Questions</b></p> <ol style="list-style-type: none"> <li>1. How could better risk management practices have avoided this situation?</li> <li>2. What regulatory steps can prevent such governance failures in the future?</li> </ol>

CO5