

Oct '09

IJ9ACY

Bus. Ethics.

Time : 2 Hrs.

Max. Marks : 60

- NOTE :** 1) All questions are compulsory.
2) Figure to the right indicate full marks.
3) Draw charts where ever necessary.

Q. 1 Define the following Term:

(15)

- a) Ethics
- b) Morality
- c) Whistle blowing
- d) PSU
- e) Transparency

Q. 2 Read the following case and answer the question given below.

Ketan Parekh was a Mumbai - based stock broker. He hails from a well to do Gujarat family involved in share trading. Ketan formed a network of brokers from smaller exchanges like the Allahabad Stock Exchange and Calcutta Stock Exchange and used benami or share purchase in the name of poor living in the shanty towns of Mumbai. Ketan rose to fame at same time as world wide dot com boom (1999-2000) and he relied primarily on the shares of 10 companies for his dealings (K-10 scrips)

Ketan had large borrowing from Global Trust Bank whose share he was ramping up so that he could get a good deal at the time of its merger with UTI Bank. He got a Rs. 250 Cr. loan from Global Trust Bank, although Global Trust Chairman Ramesh Gelli, Who was later asked to resign repeatedly asserted that the amount was less than Rs. 100 crore, which was in keeping with Reserve Bank of India's normal amount. Ketan and his associates obtained another Rs. 1000 crore from Madharpura Mercantile Co-Operative bank despite the fact that RBI regulations ruled that the maximum loan a broker could obtain was Rs. 15 crore. In addition Mr. H. Mehta was involved with Ketan's business in 1996.

In Ketan's case, SEBI found prima facie evidence of price rigging in the scrip of Global Trust Bank, Zee Telefilms, HFCL, Lupin Laboratories, Aftak Infosys and Pudmini Polymer.

With the price of selective shares constantly going up due to his rigging, innocent investors who had bought the shares at high prices, thinking the market as genuine lost heavily. Soon after the discovery of scam the prices of these stocks came down to a fraction of values at which they were bought, casting even banks to lose large sum of money.

At that time, a group of traders known as "Bear Central" (Shankar

... at high price and purchase at low price. Around Feb end in 2000 this Cartel placed sell order on the K-10 stocks and crushed their inflated price. All the Ketan's borrowing could not rescue this scrip. The Global Trust Bank and the Madhavpura Co-operative Bank burst when the money they have lent to Ketan Sunk with K-10 stocks.

Ketan Parekh was arrested on Dec. 2, 2000 in Kolkata.

Questions :

- a) What are the ethical issues involved in this case ? (5)
- b) What were the economic causesequences of the scam ? (5)
- c) What were the social consequences of the scam ? (3)
- d) Why was Ramesh Gelli asked to resign ? (2)

(15)

Q. 3 Answer ANY TWO.

- a) What is business ethics and what are the reason form studying it?
- b) What are the unfair practices adopted at work place ? How can it be minimised ?
- c) What are the principals of corporate Governance ? Discuss any one model of Carporate Governance.

(15)

Q.4 Write Short Notes on ANY THREE.

- a) IPO bubble
- b) Currruption
- c) Code of Ethics
- d) Non-Executive directors

