A CRITICAL REVIEW OF CORPORATE GOVERNANCE IN INDIA

CR Rajan

Associate Professor, Great Lakes Institute of Management,Dr Bala V Balachander Campus, , Manamai, Tamil Nadu

ABSTRACT

Corporate governance refers to the way corporations are controlled and directed and include the rules and procedures for making decisions in corporate affairs. In this review paper an attempt has been made to exhibit the objectives of corporate governance, elements for a good corporate governance, parties to corporate governance, mechanisms and controls, internal corporate governance controls, principles of corporate governance, corporate governance in India, Organization for Economic co-operation and Development (OECD) principles and India and corporate governance framework in India are briefly discussed.

Key Words: Governance, Corporate, Board, Stakeholder, Fiduciary, Rights, Equitable.

INTRODUCTION

Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Governance structures identify the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and include the rules and procedures for making decisions in corporate affairs. Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies and decisions of corporations and their agents. The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights

In contemporary business corporations, the main external stakeholder groups are shareholders, debt holders, trade creditors, suppliers, customers and communities affected by the corporation's activities. Internal stakeholders are the board of directors, executives, and other employees. Much of the contemporary interest in corporate governance is concerned with mitigation of the conflicts of interests between stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which have an impact on the way a company is controlled. An important theme of governance is the nature and extent of corporate accountability.

GROWTH OF CORPORATE GOVERNANCE IN INDIA

Ancient History Period: The concept of good governance is very old in India dating back to third century B.C. where Chanakya (Vazir of Parliputra) elaborated fourfold duties of a king viz. Raksha, Vriddhi, Palana and Yogakshema. Substituting the king of the State with the Company CEO or Board of Directors the principles of Corporate Governance refers to protecting shareholders wealth (Raksha), enhancing the wealth by proper utilization of assets (Vriddhi), maintenance of wealth through profitable ventures (Palana) and above all safeguarding the interests of the shareholders (Yogakshema or safeguard).

Corporate Governance was not on the agenda of Indian Companies until early 1990s and no one would find much reference to this subject in book of law till then. In India, weakness in the system such as undesirable stock market practices, boards of directors without adequate fiduciary responsibilities, poor disclosure practices, lack of transparency and chronic capitalism were all crying for reforms and improved governance. The fiscal crisis of 1991 and resulting need to approach the IMF induced the Government to adopt reformative actions for economic stabilization through liberalization. The momentum gathered albeit slowly once the economy was pushed open and the liberalization process got initiated in early 1990s.

As a part of liberalization process, in 1999 the Government amended the Companies Act, 1956. Further amendments have followed subsequently in the year 2000, 2002 and 2003 and the recent amandments. A variety of measures have been adopted including the strengthening of certain shareholder rights (e.g. postal balloting on key issues), the empowering of SEBI (e.g. to prosecute the defaulting companies, increased sanctions for directors who do not fulfill their responsibilities, limits on the number of directorships, changes in reporting and the requirement that a 'small shareholders nominee' be appointed on the Board of companies with a paid up capital of Rs. 5 crore or more).

The major corporate governance initiatives launched in India since the mid-1990s (Balasubramanian, 2014).

The CII Code

On account of the interest generated by Cadbury Committee Report of UK, the Confederation of Indian Industry (CII) took special initiative with the objective to develop and promote a code of Corporate Governance to be adopted and followed by Indian Companies both in private and public sector, Banks and Financial Institutions. The final draft of the code called 'Desirable Corporate Governance Code' was released in April 1998. The Committee was driven by the conviction that good corporate governance was essential for Indian Companies to access domestic as well as global capital at competitive rates. The code was voluntary, contained detailed provisions with focus on listed companies.

Listed companies should give data on high / low monthly averages of share prices; greater detail on business segments of 10% and above of turnover, giving share in sales revenue, review of operations, analysis of markets and future prospects etc. If any company goes to more than one credit rating agency, then it must divulge in the prospectus and issue document the rating of all the agencies that did such an exercise.

Companies that default on fixed deposits should not be permitted to accept further deposits and make inter-corporate loans or investments or declare dividends until the default is made good. The CII code is voluntary. Since 1998, CII has been trying induce companies to disclose much greater information about their boards. Consequently, annual reports of companies that abide by the code contain a chapter on corporate governance.

Kumara Mangalam Birla Committee Report

While the CII code was well received by corporate sector and some progressive companies also adopted it, it was felt that under Indian conditions a statutory rather than a voluntary code would be more meaningful. Consequently the second major initiative was undertaken by the Securities and Exchange Board of India (SEBI) which set up a committee under the chairmanship of Kumar Mangalam Birla in 1999 with the objective of promoting and raising of standards of good corporate governance. The Committee in its Report observed "the strong Corporate Governance is indispensable to resilient and vibrant capital market and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure".

In early 2000, the SEBI Board accepted and ratified the key recommendations of this committee and these were incorporated into Clause – 49 of the Listing Agreement of the Stock Exchanges. (Discussed in detail in Session XI & XII) These recommendations, aimed at providing the standards of corporate governance, are divided into mandatory and non-mandatory recommendations. The recommendations have been made applicable to all listed companies with the paid-up capital of Rs. 3 crore and above or net worth of Rs.25 crore or more at any time in the history of the company. The ultimate responsibility of putting the recommendations into practice rests directly with the Board of Directors and the management of the company.

The report pointed out that the issue of corporate governance involves besides share holders, all other stakeholders. The committee's recommendations have looked at corporate governance from the point of view of the stakeholders and in particular that of shareholders and investors. The control and reporting functions of boards, the roles of the various committees of the board, the role of management, all assume special significance when viewed from this perspective.

At the heart of committee's report is the set of recommendations, which distinguish the responsibilities, and obligations of the boards and the management in instituting the systems for good corporate governance. This enables share holders to know, where the companies are in which they have involved.

Report of Task Force

In May 2000, the Department of Corporate Affairs (DCA) formed a broad based study group under the chairmanship of Dr. P.L. Sanjeev Reddy, Secretary of DCA. The group was given the ambitious task of examining ways to "operationalize the concept of corporate excellence on a sustained basis" so as to "sharpen India's global competitive edge and to further develop corporate culture in the country". In November 2000 the Task Force on Corporate Excellence set up by the group produced a report containing a range of recommendations for raising governance standards among all companies in India. It also recommended setting up of a Centre for Corporate Excellence.

Naresh Chandra Committee Report

The Enron debacle of 2001 , , the scams involving the fall of the corporate giants in the U.S. like the WorldCom, Owest, Global Crossing, Xerox and the consequent enactment of the stringent Sarbanes Oxley Act in the U.S. led to the Indian Government setting up a committee in August 2002 under the chairmanship of Naresh Chandra to examine and recommend inter alia amendments to the law involving the auditor-client relationships and the role of independent directors. The committee made recommendations in two key aspects of corporate governance: financial and non-financial disclosures: and independent auditing and board oversight of management.

Narayana Murthy Committee Report

The SEBI also analysed the statistics of compliance with the clause-49 by listed companies and felt that there was a need to look beyond the mere systems and procedures if corporate governance was to be made effective in protecting the interest of investors. The SEBI constituted a committee under the chairmanship of Narayana Murthy for reviewing implementation of the corporate governance code by listed companies and issue of revised clause 49. Some of the major recommendations of the committee primarily related to audit committees, audit reports, independent directors, related party transactions, risk management, directorships and director compensation, codes of conduct and financial disclosures.

J.J. Irani Committee Report

The Companies Act 1956 was enacted on the recommendations of the Bhaba Committee set up in 1950 with the object to consolidate the existing corporate laws and to provide a new basis for corporate operation in independent India. With enactment of this legislation in 1956 the Companies Act 1913 was repealed. The need for streamlining this Act was felt from time to time as the corporate sector grew in pace with the Indian economy and as many as 24 amendments have taken place since 1956. The major amendments to the Act were made through Companies (Amendment) Act 1998 after considering the recommendations of Sachar Committee followed by further amendments in 1999, 2000, 2002 and finally in 2003 through the Companies (Amendment) Bill 2003 pursuant to the report of R.D. Joshi Committee.

After a hesitant beginning in 1980, India took up its economic reforms programme in 1990s and a need was felt for a comprehensive review of the Companies Act 1956. Unsuccessful attempts were made in 1993 and 1997 to replace the present Act with a new law. In the current national and international context the need for simplifying corporate laws has long been felt by the government and corporate sector so as to make it amenable to clear interpretation and provide a framework that would facilitate faster economic growth.

The Government therefore took a fresh initiative in this regard and constituted a committee in December 2004 under the chairmanship of Dr. J.J. Irani with the task of advising the government on the proposed revisions to the Companies Act 1956.The recommendations of the Committee submitted in May 2005 mainly relate to management and board governance, related party transactions, minority interest, investors education and

protection, access to capital, accounts and audit, mergers and amalgamations, offences and penalties, restructuring and liquidation, etc.

Central Coordination and Monitoring Committee

A high powered Central Coordination and Monitoring Committee (CCMC) co-chaired by Secretary, Department of Corporate Affairs' and Chairman, SEBI was set up by the Department of Corporate Affairs to monitor the action taken against the vanishing companies and unscrupulous promoters who misused the funds raised from the public. It was decided by this committee that seven Task Forces be set up at Mumbai, Delhi, Chennai, Kolkata, Ahmedabad, Bangalore and Hyderabad with Regional Directors/Registrar of Companies of respective regions as convener, and Regional Offices of SEBI and Stock Exchanges as Members. The main task of these Task Forces was to identify the companies, which have disappeared, or which have misutilised the funds mobilized from the investors and suggests appropriate action in terms of Companies Act or SEBI Act.

National Foundation of Corporate Governance

The Ministry of Company Affairs has set up National Foundation for Corporate Governance (NFCG) in association with Confederation of Indian Industry (CII), Institute of Company Secretaries of India (ICSI) and Institute of Chartered Accountants of India (ICAI).

The NFCG would focus on the following areas:

- Creating awareness on the importance of implementing good corporate governance practices both at the level of individual corporations and for the economy as a whole. The foundation would provide a platform for quality discussions and debates amongst academicians, policy makers, professionals and corporate leaders through workshops, conferences, meetings and seminars.
- Encouraging research capability in the area of corporate governance in the country and providing key inputs for developing laws and regulations, which meet the twin objectives of maximizing wealth creation and fair distribution of this wealth.
- Working with the regulatory authorities at multiple levels to improve implementation and enforcement of various laws related to corporate governance.
- Working in close co-ordination with the private sector, work to instill a commitment to corporate governance reforms and facilitate the development of a corporate governance culture.
- Cultivating international linkages and maintaining the evolution towards convergence with international standards and practices for accounting, audit and non-financial disclosure.
- Setting up of 'National Centers for Corporate Governance' across the country, could provide quality training to Directors as well as produce quality research and aim to receive global recognition.

OBJECTIVES OF CORPORATE GOVERNANCE

Good governance is integral to the very existence of a company. It inspires and strengthens investor's confidence by ensuring company's commitment to higher growth and profits. It seeks to achieve following objectives:

1. A properly structured Board capable of taking independent and objective decisions is in place at the helm of affairs;
2. The Board is balanced as regards the representation of adequate number of non-executive and independent directors who will take care of the interests and well-being of all the stakeholders;
3. The board adopts transparent procedures and practices and arrives at decisions on the strength of adequate information;
4. The board has an effective machinery to sub serve the concerns of stakeholders;
5. The board keeps the shareholders informed of relevant developments impacting the company;
6. The board effectively and regularly monitors the functioning of the management team; and
7. vii) The board remains in effective control of the affairs of the company at all times.

The overall endeavor of the board should be to take the organization forward, maximize long-term values and shareholders' wealth.

ELEMENTS OF GOOD CORPORATE GOVERNANCE

Good governance is decisively the manifestation of personal beliefs and values, which configure the organizational values, beliefs and actions of its Board. The Board as a main functionary is primary responsible to ensure value creation for its stakeholders. The absence of clearly designated role and powers of Board weakens accountability mechanism and threatens the achievement of organizational goals. Therefore, the foremost requirement of good governance is the' clear identification of powers, roles, responsibilities and accountability of the Board, CEO, and the Chairman of the Board. The role of the Board should be clearly documented in a Board Charter. The following are the essential elements of good corporate governance:

Transparency in board's processes and independence in the functioning of board .The Board should provide effective leadership to the company and management for achieving sustained prosperity for all stakeholders. It should provide independent judgment for achieving company's objectives.

- Accountability to stakeholders with a view to serve the stakeholders and account to them at regular intervals for actions taken, through strong and sustained communication processes.
- Fairness to all stakeholders.
- Social, regulatory and environmental concerns.
- Clear and unambiguous legislation and regulations are fundamentals to effective corporate governance.
- A healthy management environment that includes setting up of clear objectives and appropriate ethical framework, establishing due processes, clear enunciation of responsibility and accountability, sound business planning, establishing clear boundaries for acceptable behavior, establishing performance evaluation measures.
- Explicitly prescribed norms of ethical practices and code of conduct are communicated to all the stakeholders, which should be clearly understood and followed by each member of the organization.
- The objectives of the company must be clearly documented in a long-term corporate strategy including an annual business plan together with achievable and measurable performance targets and milestones.
- A well composed Audit Committee to work as liaison with the management, internal and statutory auditors, reviewing the adequacy of internal control and compliance with significant policies and procedures, reporting to the Board on the key issues.
- Risk is an important element of corporate functioning and governance, which should be clearly identified, analyzed for taking appropriate remedial measures. For this purpose the Board should formulate a mechanism for periodic reviews of internal and external risks.
- A clear Whistle Blower Policy whereby the employees may without fear report to the management about unethical behaviour, actual or suspected frauds or violation of company's code of conduct. There should be some mechanism for adequate safeguard to employees against victimization that serves as whistleblowers.

PARTIES TO CORPORATE GOVERNANCE

The most influential parties involved in corporate governance include government agencies and authorities, stock exchanges, management (including the board of directors and its chair, the Chief Executive Officer or the equivalent, other executives and line management, shareholders and auditors). Other influential stakeholders include lenders, suppliers, employees, creditors, customers and the community at large.

The agency view of the corporation posits that the shareholder forgoes decision rights (control) and entrusts the manager to act in the shareholders' best (joint) interests. Partly as a result of this separation between the two investors and managers, corporate governance mechanisms include a system of controls intended to help align managers' incentives with those of shareholders. Agency concerns (risk) are necessarily lower for a controlling shareholder.

The board has the responsibility of endorsing the organization's strategy, developing directional policy, appointing, supervising and remunerating senior executives, and ensuring accountability of the organization to its investors and authorities.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Directors, workers and management receive salaries, benefits and reputation, while investors expect to receive financial returns. For lenders, it is specified interest payments while returns to equity investors arise from dividend distributions or capital gains on their stock.

Customers are concerned with the certainty of the provision of goods and services of an appropriate quality; suppliers are concerned with compensation for their goods or services, and possible continued trading relationships. These parties provide value to the corporation in the form of financial, physical, human and other forms of capital. Many parties may also be concerned with corporate social performance (Mittal, 2000).

A key factor in a party's decision to participate in or engage with a corporation is their confidence that the corporation will deliver the party's expected outcomes. When categories of parties (stakeholders) do not have sufficient confidence that a corporation is being controlled and directed in a manner consistent with their desired outcomes, they are less likely to engage with the corporation. When this becomes an endemic system feature, the loss of confidence and participation in markets may affect many other stakeholders, and increases the likelihood of political action.

MECHANISMS AND CONTROLS

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. There are both internal monitoring systems and external monitoring systems. Internal monitoring can be done, by one (or a few) large shareholder(s) in the case of privately held companies or a firm belonging to a business group. Furthermore, the various board mechanisms provide for internal monitoring. External monitoring of managers' behavior occurs when an independent third party (e.g. the external auditor) attests the accuracy of information provided by management to investors (Kaplan, 2012). Stock analysts and debt holders may also conduct such external monitoring. An ideal monitoring and control system should regulate both motivation and ability, while providing incentive alignment toward corporate goals and objectives. Care should be taken that incentives are not so strong that some individuals are tempted to cross lines of ethical behavior, by manipulating revenue and profit figures to drive the share price of the company up.

INTERNAL CORPORATE GOVERNANCE CONTROLS

Internal corporate governance controls monitor activities and then take corrective action to accomplish organizational goals.

Monitoring

The board of directors, with legal authority to hire fire and compensate top management, safeguards invested capital and regular board meetings allow potential problems to be identified, discussed and avoided. Independence of directors is a key element in governance. The ability of the board to monitor the firm's executives is a function of its access to information. Executive directors possess superior knowledge of the decision-making process and therefore evaluate top management on the basis of the quality of its decisions that lead to financial performance outcomes, *ex ante*. **Internal control procedures and internal auditors**: Internal control procedures are policies implemented by an entity's board of directors, audit committee, management, and other personnel to provide reasonable assurance of the entity achieving its objectives related to reliable financial reporting, operating efficiency, and compliance with laws and regulations. Internal auditors are personnel within an organization who test the design and implementation of the entity's internal control procedures and the reliability of its financial reporting.

.

Remuneration

Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options, superannuation or other benefits. Such incentive schemes, however, are reactive in the sense that they provide no mechanism for preventing mistakes or opportunistic behavior, and can elicit myopic behavior.

Monitoring by large shareholders and/or **monitoring by banks and other large creditors**: Given their large investment in the firm, these stakeholders have the incentives, combined with the right degree of control and power, to monitor the management.

EXTERNAL CORPORATE GOVERNANCE CONTROLS

External corporate governance controls encompass the controls external stakeholders exercise over the organization. It includes:

- Competition
- Debt covenants
- Demand for and assessment of performance information (especially financial statements)
- Government regulations
- Managerial labour market
- Media pressure
- Takeovers

PRINCIPLES OF CORPORATE GOVERNANCE

Contemporary discussions of corporate governance tend to refer to principles raised in three documents released since 1990: The Cadbury Report (UK, 1992), the Principles of Corporate Governance (OECD, 1998 and 2004), the Sarbanes-Oxley Act of 2002 (US, 2002). The Cadbury and OECD reports present general principles around which businesses are expected to operate to assure proper governance. The Sarbanes-Oxley Act, informally referred to as Sarbox or Sox, is an attempt by the federal government in the United States to legislate several of the principles recommended in the Cadbury and OECD reports (Marco and Volpin, 2005).

- **Rights and equitable treatment of shareholders**: Organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.
- **Interests of other stakeholders**: Organizations should recognize that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.
- **Role and responsibilities of the board**: The board needs sufficient relevant skills and understanding to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment.
- **Integrity and ethical behavior**: Integrity should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.
- **Disclosure and transparency**: Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

PRINCIPLES OF ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) IN INDIA

United States and the United Kingdom set standards for corporate governance which took roots there and stretched to the other countries. The members of Organization for Economic co-operation and Development (OECD) took early initiatives to deal with governance issues.. In India subsequent to 1990 the move from central planning to market economies, privatization of public sector companies, and the need to make available governance principles for the promising private sector, brought the subject of corporate governance to the center stage.

IJBARR
E- ISSN -2347-856X
ISSN -2348-0653

Due to outcome of 1997 economic and financial setback, Asian countries too became intensely involved in the subject of corporate governance. It was understood that despite the fact that corporate management is vital when it comes to investment, somewhat more important is superior corporate governance. This has become all the more significant because globalization means, in economic expressions, that four pillars of the economy i.e. physical capital in terms of plant and machinery, financial capital in terms of foreign direct investment or investment in emerging capital markets, technology and labour move across national borders freely.

The age-old wisdom of "vasudeva kutambham" has become relevant again and the world has turned into truly borderless and a global village. The focal point of official efforts brought out the OECD 'principles of Corporate Governance, endorsed by OECD ministers in May 1999 and subsequently revised in 2004. The doctrine is based, for all intents and purposes, on the accessible legal and regulatory preparations as well as the best prevailing practices followed by market players in the OECD countries. Support for this OECD principles has been reaffirmed on several occasions by diverse inter-Governmental groups and by· international organizations The OECD revised its Corporate Governance guidelines in 2004 reflecting global harmony vis-à-vis the critical importance of good corporate governance across countries.. The Companies Act 1956, and the Clause 49 of the listing agreement of SEBI Act to these principles and highlight the fact that India Inc. conforms to most OECD principles of corporate governance (2004) in terms of governance, transparency and disclosures.

CORPORATE GOVERNANCE FRAMEWORK IN INDIA

India has a well-established corporate governance framework and it remained unaffected by the Asian financial crisis of the late 1990s. Indeed, the move towards adopting good corporate governance practices; better financial and non-financial disclosures, and the promotion of transparent and efficient markets in India had built up well before the Asian debacle. The corporate governance framework in India primarily consists of the following legislations and regulations.

The Companies Act, 1956: Companies in India, whether listed or unlisted, are governed by the Companies Act and administered by the Department of Companies Act (DCA). The Act deals with rules and procedures regarding incorporation of a company; prospectus and allotment of ordinary and preference shares and debentures; management and administration of a company; annual returns; frequency and conduct of shareholders' meetings and proceedings; maintenance of accounts; board of directors, prevention of mismanagement and oppression of minority shareholder rights; and the power of investigation by the government, including powers of the CLB.

The Securities Contracts (Regulation) Act, 1956: It covers all types of tradable government paper, shares, stocks, bonds, debentures, and other forms of marketable securities issued by companies. The SCRA defines the parameters of conduct of stock exchanges as well as its powers.

The Securities and Exchange Board of India (SEBI) Act, 1992: This established the independent capital market regulatory authority, SEBI, with the objective to protect the interests of investors in securities, and promote and regulate the securities market.

The Depositories Act, 1996: This established share and securities depositories, and created the legal framework for dematerialization of securities.

Listing Agreement with stock exchanges: These define the rules, processes, and disclosures that companies must follow to remain as listed entities. A key element of this is Clause 49, which states the corporate governance practices that listed companies must follow.

Both DCA and SEBI have been conferred investigative powers. Listed companies in India fall under the dual jurisdiction of the DCA and SEBI on issue related to corporate governance. While this may not hamper the ability to pursue key corporate governance objective, it results in overlap of jurisdiction on one hand, and additional

compliance costs for companies on the other. Regulatory authorities, particularly SEBI, have done an excellent job. The rules and regulations made by SEBI to regulate and monitor the capital market are at par with international standards. The main challenges that can be foreseen are as organizations become more complex with multinational stake holding, networked ecosystems and e-enabled operations affecting shareholding, business processes and delivery of goods and services, flow of funds and flow of rights will become more complex. Capabilities of regulators to oversee these complex high speed transactions, that that are subject to laws of many countries and treaties operations will be a challenge.

CONCLUSION

From this review paper it was possible to know the objectives of corporate governance, elements of good corporate governance, parties to corporate governance, mechanisms and controls, internal corporate governance controls, principles of corporate governance, corporate governance in India, OECD principles and India and corporate governance framework in India. Regulators need to evolve new rules and real time capability to deal with the essential complexity of global businesses subject to multinational laws , taxation etc . Future research on flow of rights and responsibilities of different types of stakeholders across countries to study delineate whether fiduciary and equity principles are holding could be interesting.

REFERENCES

1. Ashbaugh-Skaife, H., D. Collins, W. and LaFond. R., (2004), “Corporate Governance and the Cost of Equity Capital”, Working Paper, Social Science Research Network.
2. Balasubramaninan, N.,(2014),”Strengthening Corporate Governance in India A Review of Legislative and Regulatory Initiatives in 2013-14”, W.P. No.2014-06-04, Indian Institute of Management, Ahmedabad.
3. Becht, M., Bolton, P., Roell, A. (2002), “Corporate Governance and Control”, ECGI Working Paper Series in Finance No 02/2002.
4. Mitra, Meera, (2007), “It’s only Business: India’s Corporate Social Responsiveness in a Globalized World”, Oxford University Press, New Delhi.
5. Pagano, Marco, and Paolo F. Volpin, (2005), “The Political Economy of Corporate Governance”, American Economic Review, 95(4): pp. 1005–1030.
6. Prashant Mittal (2000), “Corporate Governance”, Prentice Hall, London.
7. Shankar, Nivedita, (2013), “New Regime of Corporate Governance: Heading towards Hung Companies, Parts I and II”, www.indiacorplaw.blogspot.in
8. Shleifer, A. and Vishny, R., (1997), “A Survey of Corporate Governance”, Journal of Finance, 52: pp. 737-783.
9. Steven, N. Kaplan (2012), “Executive Compensation and Corporate Governance in the U.S.: Perceptions, Facts and Challenges”, Chicago Booth Paper No. 12-42, Fama-Miller Center for Research in Finance, Chicago.