Corporate Governance - A Tool For Effective Financial Reporting & Control

S.N. Maheshwari

ABSTRACT

The article examines the emergence of the concept of corporate governance through a historical discussion. It briefly describes the emergence of certain global institutions enunciating the basic principles of good Corporate Governance. It discusses the role of Four main authorities involved in corporate governance in India. A critical evaluation of different corporate governance measures has also been done. It finally concludes that proper implementation of the code of corporate governance requires a judicious mix of stakeholders' vigilance, effective legislative measures, positive institutional support and self-regulation by the professional accountants and the top managerial personnel involved in this process.

CONCEPT OF CORPORATE GOVERNANCE

The good governance is the expectation of a stakeholder in every walk of life. This expectation has lately come to be recognized as a right in the corporate world also. Corporate Governance is, therefore, the new buzzword in corporate jargon. Its concept has emerged over the last two decades. It requires, by corporations, timely and accurate disclosures on all material matters relating to them, viz., financial position, performance, ownership and governance of the corporation etc.

The objective of corporate governance is compliance with corporate laws and rules on the legislative side and proper accountability to the stakeholders, legally and morally. Corporate governance is a compulsion of long-term corporate existence. Its importance and significance has greatly increased in the present era of liberalization, privatization and globalization. The concept of corporate governance has been well spelt over by Sir Adrian Cadbury, in the following words: "Corporate Governance is considered with holding the balance between economic and social goals and between individual and community goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society".

According to Organization for Economic Co-operation & Development, "Corporate Governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth".

Thus, corporate governance aims at enhancement of the long-term shareholder value while at the same time, protecting the interests of other stakeholders' viz., the suppliers, customers, creditors, bankers, employees, government and the society at large. Good corporate governance is essential not only for gaining credibility and trust but also as a strategy for survival, consolidation and growth. The main constituents of corporate governance are the Shareholders, the Board of Directors and the Management.

The need and importance of corporate governance can best be conveyed from the following statement of ***Benjamin Franklin***[1].

"A little neglect may breed great mischief – for the want of a nail, the shoe was lost; for the want of a shoe, the horse was lost; for the want of a horse, the rider was lost; and for the want of a rider; the battle was lost".

EMERGENCE OF CORPORATE GOVERNANCE

The concept of corporate governance gained prominence in academic and professional literature towards the end of 20th century, particularly in the year 1980 and onwards. In UK, many corporations collapsed in the late 1980s and the early 1990s. Notable cases were BCCI, Polly Peck and pension funds of the Maxwell Communication Group. The impact of the failures of these corporations was quite severe on the society as a whole resulting in boost of the debate on corporate governance. The resultant focus on the issue of corporate governance culminated in the Cadbury Report on the financial aspects of the corporate governance in 1992, the Green Bury Report on Directors' Remuneration in 1995, the Preliminary and Final Hampel Report on Corporate Governance in 1997 and 1998. The stock exchange listing rules were also amended in UK w.e.f. July 1993 in compliance with the Cadbury Committees' Report.

In the US, the intensive debate on the corporate governance system was initiated in the 1980s during a period of widespread corporate restructuring and takeovers. Tread Way Commission Report was published in the US in October 1987. The report was essentially in respect of fraudulent financial reporting. The Securities and Exchange Commission of the US updated the listing requirements for the corporation in 1988 following the above reporting. Later on, the collapse of Enron, large scale misreporting of World Dotcom, Quest and action against a leading auditing company KPMG, and the resultant public annoyance, all made the US Government to take appropriate legislative measures. Consequently, the Sarbanes-Oxley Act was passed by the US Congress in June, 2002. This is, by far, the most sweeping reform of corporate governance in USA since the great depression of thirties. The most outstanding aspect of the Act is the better regulation of auditors and restrictions on what they can and cannot do.

In India, the history of corporate governance dates back to the year 1998 with the setting of corporate governance code developed by the Confederation of Indian Industries (CII). The initiative got momentum by constitution of the Corporate Governance Committee by SEBI under the chairmanship of Shri Kumar Mangalam Birla. The recommendations of the Committee were accepted by the SEBI vide press release dated 21.02.2000, as a result of which, a Clause 49 on corporate governance was incorporated in the Listing Agreement of the stock exchanges. Simultaneously, the Central Government came forward with the Companies (Amendment) Act, 2000, which introduced many provisions relating to corporate governance, viz., additional grounds of disqualification of directors in certain cases, setting up of audit committees, directors' responsibility statement as a part of Directors' Report etc.

The Enron debacle of 2001, the scam involving the fall of

[1] One of the founding fathers of United States (Jan. 17th, 1706 - April 17th, 1790)

corporate giants in the US like World Com, Quest, Global Crossing and the enactment of stringent Sarbanes – Oxley Act in the US, referred earlier, were some important factors which led the Indian Government to wake up and appoint in the year 2002, the Naresh Chandra Committee. The Committee was asked to examine and recommend drastic amendments to the law involving Auditors-Client relationships and the role of the individual auditors. The committee, in its report, made several recommendations regarding auditor company relationship, independence of auditors, disqualification for audit assignments, prohibition of non-audit services by the auditors, rotation of audit firms, disclosures by auditors, appointment and remuneration of auditors etc. In 2002, SEBI itself constituted a Committee under the chairmanship of Narayan Murthy, Chairman of Infosys Technologies limited, to review the performance of corporate governance in India and make appropriate recommendations. The Committee submitted its report to the SEBI on 8th February, 2003. In the meantime, the government accepted most of the recommendations of Naresh Chandra Committee and consequently significant changes were introduced by SEBI in Clause 49 of the Listing Agreement. The Report also became a basis for major changes in the laws governing professional bodies and The Companies Act, 1956.

On 1st July, 1949, under an Act of Parliament. The Institute of Chartered Accountants of India (ICAI) was established as a statutory and autonomous body for regulating the profession of chartered accountants in India. The ICAI is basically responsible, through its members, for transparency in accounting and financial reporting. It is now accepted all over the globe that there is a close nexus between the accounting profession and good corporate governance. Realizing this responsibility, the Institute has reviewed and is constantly reviewing many fundamental standards and practices of the accounting and audit profession. It has, therefore, come out with appropriate accounting and audit standards from time to time, which are bound to promote excellence in corporate governance. Post – Enron the ICAI has also established Peer Review Board for the purpose of enhancing quality of professional work, transparency in technical standards resulting into more reliable and useful audit and reports.

The establishment of Institute of Company Secretaries of India (ICSI) on 1st January, 1981 under an Act of Parliament was another landmark development to develop and regulate the Company Secretaries profession. Keeping pace with developments in corporate environment, the ICSI, as a responsible professional body, is taking a number of initiatives for promoting Good Governance in Corporate India.

GLOBAL INSTITUTIONS FOR CORPORATE GOVERNANCE

Good Corporate Governance has always been considered as a distinctive brand and benchmark in the profile of corporate excellence all over the business world. This is evident from the continuous updation of guidelines, rules and regulations by the concerned voluntary or statutory bodies established on a national or global basis.

We are giving below the principles/guidelines concerning Corporate Governance framed by two major global institutions.

I Organisation for Economic Co-operation & Development (OECD):

This is an international economic organization of 34 countries founded in 1961 to stimulate economic progress and world trend. It has its head quarters in Paris, France.

OECD first released its principles of Corporate Governance in May, 1999 and later revised them in 2004. The principles are intended to assist governments in different countries to evaluate and improve the legal, institutional and regulatory framework for corporate governance in their countries and to provide guidelines and suggestions for stock exchanges, investors, corporations and other parties that have a role is the process of developing good corporate governance. They are not intended to substitute for government, semi-government or private sector initiatives to develop more detailed "best practices" in Corporate Governance.

OECD Principles of Corporate Governance cover six key areas as given below:-

(i) **Ensuring the basis for an effective corporate governance framework:** The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.

(ii) **The rights of shareholders and key ownership functions:** The corporate governance framework should protect and facilitate the exercise of shareholders' rights.

(iii) **The equitable treatment of shareholders:** 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.

(iv) **The role of stakeholders in corporate governance:** The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

(v) **Disclosure and transparency:** The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.

(vi) **The responsibilities of the board:** The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholder.

It is heartening to note that recently the market regulator SEBI has declared its intentions to keep the domestic corporate governance norms aligned with global standards ratified by the Organization for Economic Co-operation and Development (OECD)[2].

II. World Council for Corporate Governance (WCFCG):

The Council, with headquarters in London (UK), has been established to help improve the quality of corporate governance practices worldwide by promoting greater transparency, integrity, probity, accountability and responsibility. It aims to achieve its vision through a four-pronged action plan called IDEA.

(i) **Interaction:** Broaden the interaction among all stakeholders involved in corporate governance process;

(ii) **Dialogue:** Identify specific needs of developing and transition economies and use the power of dialogue to build a consensus and create partnerships among all stakeholders especially public and private sectors and capital providers with a view to adopting best corporate governance practices;

(iii) **Exchange:** Exchange information, experience and knowledge about best practices in corporate governance worldwide through conferences, seminars, workshops and roundtables;

(iv) **Action:** Provide hands-on technical support to help developing and transition economies to bridge the gap between them and developed countries.

In recognition of adoption of excellent corporate governance practices, the council honors a corporate by its "Golden Peacock Award" for excellence in Corporate Governance. Some of the Indian Companies which have received this award are DLF Ltd., Reliance Industries Ltd. and Satyam Ltd. etc.

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AUTHORITIES INVOLVED IN CORPORATE GOVERNANCE IN INDIA

It is a well established fact that good corporate governance practices enhance company's value and stakeholders' trust. This results in robust development of capital market, the economy and the constructive shareholders activism.

In India efforts have been made to bring good corporate governance through both regulatory and voluntary measures besides involving all stakeholders.

Some of the important authorities involved in Corporate Governance in India are as under:-

1. **The Central Government**
2. **The Securities Exchange Board of India (SEBI)**
3. **The Institute of Chartered Accountants of India (ICAI)**
4. **The Institute of Company Secretaries of India**

The relevant steps taken by the above authorities are being explained in the following pages:

1. THE CENTRAL GOVERNMENT

The Central Government has taken several measures for effective corporate governance. They can broadly be discussed under the following heads:-

(1) **The Companies Act, 1956**

(2) **The Companies Bill, 2011**

(3) **Corporate Governance–Voluntary Guidelines 2009**

(1) The Companies Act, 1956

The Central Government has incorporated appropriate legislative measures pertaining to corporate governance in The Companies Act, 1956. The Act has been amended from time to time. Some of the important amendments have been in 1960, 1963, 1966, 1969, 1974, 1977, 1985, 1988, 2000, 2001 and 2002 and most recently in 2006. The Companies Act 1956 may be totally replaced by a New Companies Act, as and when the Companies Bill 2011, now before in Parliament, is passed and becomes an Act. The bill when passed, will grant shareholders greater powers and help make boardroom decisions transparent. The main provisions of the Companies Act, as amended up to date, relating to disclosure and transparency in the working of companies with the objective of better corporate governance are being summarized below:-

a. **Laying before company, annual accounts and balance sheet (Sec. 210):** At every annual general meeting of a company the Board of Directors of the company are required to lay before the company:

   (i) A Balance Sheet as at the end of the period specified.

   (ii) A Profit and Loss Account for that period.

b. **Form and contents of balance sheet and profit and loss account (Sec. 211):** Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and shall, subject to the provisions of this section, be in the form set out in Part I of Schedule VI, or as near thereto as circumstances admit.

[2] *PTI News, Friday May 25th, 2012*

Every profit and loss account of a company shall give a true and fair view of the profit or loss of the company for the financial year and shall, subject as aforesaid, comply with the requirements of part II of Schedule VI, so far as they are applicable thereto.

Every profit and loss account and balance sheet of the company shall comply with the accounting standards.

Where the profit and loss account and the balance sheet of the company do no comply with the accounting standards, such company shall disclose in its profit and loss account and balance sheet, the following, namely:-

(I) The deviation from the accounting standards;

(ii) The reason for such deviation; and

(iii) The financial effect, if any, arising due to such deviation.

c. **Balance sheet of holding company to include certain particulars as to its subsidiaries (Sec. 212):** There shall be attached to the balance sheet of a holding company having a subsidiary or subsidiaries, at the end of the financial year as at which the holding company's balance sheet is made out, the following documents in respect of such subsidiary or of each such subsidiary, as the case may be: Every balance sheet of a company shall give a true and fair view of the state of affairs of the company as at the end of the financial year and shall, subject to the provisions of this section, be in the form set

(i) A copy of the balance sheet of the subsidiary;

(ii) A copy of its profit and loss account;

(iii) A copy of the report of its Board of directors;

(iv) A copy of the report of its auditors; and

(v) A statement of the holding company's interest in the subsidiary

d. **Profit and loss account to be annexed and auditors' report to be attached to balance sheet (Sec. 216):** The profit and loss account shall be annexed to the balance sheet and the auditor's report (including the auditors' separate, special or supplementary report, if any) shall be attached thereto.

e. **Board's report (Sec. 217):**

(i) There shall be attached to every balance sheet laid before a company in general meeting, a report by its Board of Directors, with respect to:

(a) The state of the company's affairs;

(b) The amount, if any, which it proposes to carry to any reserves in such balance sheet;

(c) The amount, if any, which it recommends should be paid by way of dividend;

(d) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of the report;

(e) The conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed.

(ii) The Board's report shall, so far as is material for the appreciation of the state of the company's affairs by its members and will not in the Board's opinion be harmful to the business of the company or of any of its subsidiaries.

(iii) The Board's report shall also include a Directors' Responsibility Statement, indicating therein:

(a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.

(c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) That the directors had prepared the annual accounts on a going concern basis.

f. **Right of member to copies of balance sheet and auditors' report (Sec. 219):**

A copy of every balance sheet (including the profit and loss account, the auditors' report) which is to be laid before a company in general meeting shall, not less than twenty-one days before the date of the meeting, be sent to every member of the company.

g. **Appointment, removal, qualifications, powers duties etc. of the auditors (Secs. 224-230):** The statutory auditor in a company is the lead actor in the disclosure front. This has been amply recognized vide Sections 224 to 230 of the Companies Act, as summarized and discussed below:

(I) Auditors are appointed by the shareholders. Hence, they have a fiduciary relationship with them. (Sec. 224)

(ii) The independence of the auditors is guaranteed by the fact that the provisions relating to removal of auditors are more stringent than that for reappointment. Appointment or reappointment can be done by an ordinary resolution while removal requires a special notice to be given to the company, besides an ordinary resolution. A copy of such a notice has to be sent to the concerned auditor to enable him to represent his case. (Sec. 225)

(iii) The statutory auditor has a right of access at all times to the books of account and vouchers of the company. (Sec. 227)

(iv) The auditor has to include the following matters in his report:

(a) Whether in his opinion and to the best of his information and according to the explanations given to him, the said accounts give the information required by this Act in the manner so required and give true and fair view –

- In the case of the balance sheet, of the state of the company's affairs as at the end of its financial year; and

- In the case of the profit and loss account, of the profit or loss for its financial year.

(b) Whether he has obtained all the information and explanations, which to the best of his knowledge and belief were necessary for the purposes of his audit;

(c) Whether, in his opinion, proper books of account as required by law have been kept by the company so far as appears from his examination of those books, and proper returns adequate for the purpose of his audit have been received from branches not visited by him;

(d) Whether the company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;

(e) Whether, in his opinion, the profit and loss account and balance sheet comply with the accounting standards as prescribed.

(f) Whether any director is disqualified from being appointed as director because of the public company in which he is a director, has failed to file the annual accounts or failed to repay its deposit or interest thereon or redeem its debentures on due date or pay dividend and such failure continues for at least one year. (Sec. 227)

(v) The auditor's report shall be read in general meeting and shall be open to inspection by any member of the company. (Sec. 230)

h. **Power of Central Government to direct special audit in certain cases (Sec.:233 A)**

(a) The central Government has also power to direct special audit of company's accounts. If it is of the opinion that the affairs of the company are not being managed in accordance with sound business principles or product commercial practices: or

(b) That the company is being managed in a manner likely to cause serious injury or damage to the interests of the trade, industry or business to which it pertains; or

(c) That the financial position of any company is such as to endanger its solvency.

(2) The Companies Bill 2011

The bill contains following important provisions for enforcement of good Corporate Governance:-

(a) **National Financial Reporting Authority:**

Clause 132 of the bill authorizes Government to constitute by notification, National Financial Reporting Authority for matters relating to accounting and auditing standards. It shall perform the prescribed functions including monitoring the compliance and overseeing the quality of service professionals associated with ensuring the compliance with such standards. The authority shall have the power to investigate the matters of misconduct by any member of Institute of Chartered Accountants of India, Institute of Cost Accountants of India or Institute of Company Secretaries of India or any other prescribed profession.

(b) **Corporate Social Responsibility Committee (CSR):**

Each business entity is expected to have a CSR Policy to guide its strategic planning and provide a road map for its CSR initiatives. The Policy has to care for all stakeholders and the governance system should be ethical, transparent and accountable. Keeping this mind, Clause 135 of the bill provides that every company having the prescribed net worth or turnover or net profit during any financial year shall constitute a Corporate Social Responsibility Committee of the Board. The committee shall formulate the policy and place on its website. The Board shall endeavor to ensure that at least 2% of the average net profits of the company made during the three immediately preceding financial years shall be spent on such policy every year.

(c) **Appointment of Independent Directors:**

Clause 150 of the Bill provides that the method of selection of independent directors and maintenance of Data Bank of independent directors. ***Schedule IV*** attached to the bill gives code for Independent Directors.

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

It also contains Role, Functions, Duties, Manner of Appointment, Reappointment, Resignation or Removal, Separate Meetings and Evaluation Mechanism etc. of Independent Directors.

(d) **Appointment of Director by Small Shareholders:**

Clause 151 of the Bill provides that a listed company may have one director elected by small shareholders in such manner and with such terms as may be specified. This provision is expected to protect the interests of the small shareholders.

(e) **Audit Committee:**

Clause 177 of the bill provides that the Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee.

The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority:

(f) **Nomination and Remuneration Committee and Stakeholders Relationship Committee:** ***Clause 178*** of the bill provides as under:

(i) The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one half shall be independent directors.

(ii) The Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.

(g) Disclosures:

Schedule V attached the bill requires the following disclosures in the Board of Director's Report under the heading ***"Corporate Governance":-***

(i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;

(ii) details of fixed component and performance linked incentives along with the performance criteria;

(iii) service contracts, notice period, severance fees;

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

(3) **Corporate Governance – Voluntary Guidelines 2009**

The Ministry of Corporate Affairs, Govt. of India, realizing that there are inherent limitations in enforcing many aspects of corporate governance through legislature or regulatory means has come out with a set of ***"Voluntary Guidelines 2009"***, for considerations and adoption by corporates.

These guidelines are not intended to be a substitute for or additions to the existing laws but are recommendatory in nature. As discussed later, the Securities Exchange Board of India (SEBI), has incorporated many of these guidelines, amending wherever necessary in clause 49 & listing agreement. These voluntary guidelines are briefly given below:

1. **Appointment of Directors**

(i) **Appointments to the Board:** Companies should issue formal letters of appointment to Non-Executive Directors (NEDs) and Independent Directors – as is done by them while appointing employees and Executive Directors. The letter should specify:

- The term of the appointment;
- The expectation of the Board from the appointed director, the Board-level committee(s) in which the director is expected to serve and its tasks;
- The fiduciary duties that come with such an appointment along with accompanying liabilities;
- Provision for Directors and Officers (D&O) insurance, if any,;
- The Code of Business Ethics that the company expects its directors and employees to follow;
- The list of actions that a director should not do while functioning as such in the company; and
- The remuneration, including sitting fees and stock options etc., if any.

Such formal letter should form a part of the disclosure to shareholders at the time of the ratification of his/her appointment or re-appointment to the Board.

(ii) **Separation of Offices of Chairman & Chief Executive Officer:** To prevent unfettered decision making power with a single individual, there should be a clear demarcation of the roles and responsibilities of the Chairman of the Board and that of the Managing Director/Chief Executive Officer (CEO).

(iii) **Nomination Committee:** The companies may have a Nomination Committee comprising of majority of Independent Directors, including its Chairman. The major function of this Committee is to consider proposals for searching, evaluating and recommending appropriate Independent Directors and Non-Executive Directors (NEDs).

(iv) **Number of Companies in which an Individual may become a Director:** In case an individual is a Managing Director or Whole-time Director in a public company the maximum number of companies in which such an individual can serve as a Non-Executive Director or Independent Director should be restricted to seven.

2. Independent Directors

(i) **Attributes for Independent Directors:** The Board should put in place a policy for specifying positive attributes of Independent Directors such as integrity, experience and expertise, foresight, managerial qualities and ability to read and understand financial statements.

(ii) **Tenure for Independent Director**

(i) An Individual may not remain as an Independent Director in a company for more than six years.

(ii) No individual may be allowed to have more than three tenures as Independent Director.

(iii) The maximum number of public companies in which an individual may serve as an Independent Director should be restricted to seven.

3. Remuneration of Directors

a. **Guiding Principles-Linking Corporate and Individual Performance**

(i) The companies should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully. It should also be ensured that relationship of remuneration to performance is clear. Incentive schemes should be designed around appropriate performance benchmarks and provide rewards for materially improved company performance. Benchmarks for performance laid down by the company should be disclosed to the members annually.

(ii) Remuneration Policy for the members of the Board and Key Executives should be clearly laid down and disclosed. Remuneration packages should involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the company's circumstances and goal.

(iii) The performance-related elements of remuneration should form a significant proportion of the total remuneration package of Executive Directors and should be designed to align their interests with those of shareholders and to give these Directors keen incentives to perform at the highest levels.

b. **Remuneration of Non-Executive Directors (NEDs):** The companies should have the option of giving a fixed contractual remuneration, not linked to profits, to NEDs. The companies should have the option to:

(i) Pay a fixed contractual remuneration to its NEDs, subject to an appropriate ceiling depending on the size of the company; or

(ii) Pay up to an appropriate percent of the net profits of the company.

c. **Remuneration of Independent Directors (IDs):** In order to attract, retain and motivate Independent Directors of quality to contribute to the company, they should be paid adequate sitting fees which may depend upon the twin criteria of Net Worth and Turnover of Companies.

d. **Remuneration Committee:** Companies should have Remuneration Committee of the Board. This Committee should comprise of at least three members, majority of whom should be non executive directors with at least one being in Independent Director.

4. Responsibilities of the Board

(i) **Training of Directors:** The companies should ensure that directors are inducted through a suitable familiarization process covering, inter-alia, their roles, responsibilities and liabilities.

(ii) **Risk Management:** The Board, its Audit Committee and its executive management should collectively identify the risks impacting the company's business. They should also document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy.

5. Audit Committee of Board

(i) **Audit Committee – Constitution:** The companies should have at least a three-member Audit Committee, with Independent Directors constituting the majority. The Chairman of such Committee should be an Independent Director. All the members of audit committee should have knowledge of financial management, audit or accounts.

6. Auditors

(i) **Appointment of Auditors:** The Audit Committee of the Board should be the first point of reference regarding the appointment of auditors.

(ii) **Certificate of Independence:** Every company should obtain a certificate from the auditor certifying his/its independence and arm's length relationship with the client company.

(iii) **Rotation of Audit Partners and Firms**

(a) In order to maintain independence of auditors with a view to look at an issue (financial or non-financial) from a different perspective and to carry out the audit exercise with a fresh outlook, the company may adopt a policy of rotation of auditors which may be as under:-

- Audit partner – to be rotated once every three years
- Audit firm – to be rotated once every five years.

(iv) A cooling off period of three years should elapse before a partner can resume the same audit assignment. This period should be five years for the firm.

(v) Appointment of Internal Auditor: In order to ensure the independence and credibility of internal audit process, the Board may appoint an internal auditor and such auditor, where appointed, should not be an employee of the company.

7. Secretarial Audit

Since the Board has the overarching responsibility of ensuring transparent, ethical and responsible governance of the company, it is important that the Board processes and compliance mechanisms of the company are robust. To ensure this, the companies may get the Secretarial Audit conducted by a competent professional.

8. Institution of Mechanism for Whistle Blowing

The companies should ensure the institution of a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policy.

2. SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

SEBI has tried to make corporate governance effective by incorporating Clause 49 on corporate governance in the Listing Agreements of each stock exchange. The clause was first inserted in Feb., 2000, and later revised from time to time. The latest revision has been in Feb., 2008. This clause is as good as any global standard on corporate governance. It has provided for the following:-

(i) **Board of Directors:** The board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than 50% of the Board comprising of non-executive directors. While the Board with a non-executive chairman is to have at least one-third as independent directors, the Board with an Executive Chairman is to have at least half of the Board as independent directors. If the non-executive Chairman is a promoter or is related to promoters or persons occupying management position at the Board level or at one level below the Board, at least one half of the Board should consist of independent directors[3]. Moreover, the non-executive directors have not to hold office for more than nine years continuously.

(ii) **Audit Committee:** Every company is required to set up a qualified and independent Audit Committee, consisting of minimum 3 members, all being, non-executive directors and two thirds of them being independent and with at least one having financial and accounting knowledge. The Chairman of the Committee shall be an independent director. The Finance Director, Head of Internal Audit and when required, a representative of the External Auditor are to be present as invitees for the meetings of the Audit Committee. The Audit Committee shall meet at least four times in a year and time gap between two meetings should not be more than 4 months. The clause also defines the powers and the role of the Committee fairly extensively and to be approved by the shareholders in the general meeting.

(iii) **Remuneration of Directors:** The remuneration of non-executive directors is to be decided by the Board of Directors and to be approved by the shareholders in the general meeting. There is also a requirement of adequate disclosure of the same in the annual report. This is bound to act as a deterrent to many promoters in remunerating the directors disproportionately.

(iv) **Board Meetings:** There have to be at least four meetings of the Board of Directors each year with a maximum time gap of three months between two meetings. The clause requires some minimum information to be made available to the Board as per an exhaustive Annexure. Some of the information which is to be made available to Board relates to the following: - Annual Operating Plans, Capital Expenditure, Budgets and Updates, Joint Venture of Collaboration Agreements, Investments, Show-cause Notices, Demands, Non-compliances, Accidents, Effluent on Pollution Problems, Labour Problems etc. The Boards are, therefore, expected to be more well-informed and effective as a result of this requirement.

(v) **Directors' Report:** As part of the Directors' Report or as an addition thereto, there is a need for a Management Discussion and Analysis Report which should discuss the industry Structure and Developments, Opportunities and Threats, Segment-wise or Product-wise performance, Outlook and such other matters. All pecuniary relationship or transactions of the non-executive director's vis-à-vis the company should be disclosed in the directors' report.

(vi) **Dealing with Qualified Audit Report**: SEBI in its continuous endeavour to enhance the quality of financial reporting by listed companies has recently decided to put in place a mechanism to process qualified annual reports filed by the listed companies with stock exchanges. The mechanism is as under[4]:-

(a) The stock exchange(s), after preliminary

[3]As amended by SEBI's notification dated October 23, 2008

investigation, shall refer, those cases, which in their opinion need further examination by SEBI.

(b) SEBI has constituted the 'Qualified Audit Review Committee' (QARC) with representatives from Institute of Chartered Accountants of India (ICAI), stock exchanges, etc. The QARC shall review the cases received from the stock exchange(s) and guide SEBI in processing the qualified annual audit reports referred to by the stock exchange(s).

(c) After analyzing the qualifications in audit reports, QARC may make following recommendations:-

(i) If, prima facie, QARC is of the view that an audit qualification is not significant, it may suggest steps for rectification of such qualification;

(ii) If, prima facie, QARC is of the view that an audit qualification is significant and the explanation given by the listed company concerned/its Audit Committee is unsatisfactory, the case may be referred to the Financial Reporting Review Board of ICAI (ICAI-FRRB) for their opinion on whether the qualification is justified or requires restatement of the books of account of the listed company;

(iii) If an audit qualification is not quantifiable, QARC may suggest rectification of the same within a stipulated period.

(d) If ICAI-FRRB opines that an audit qualification is justified, SEBI may ask the listed company concerned to restate its books of account in compliance with the statutory requirements and inform its shareholders about the same by making an announcement to the stock exchanges. SEBI may also direct the listed company concerned to reflect the effect of these restatement adjustments in the annual report of the subsequent financial year.

(e) IF ICAI-FRRB is of the view that an audit qualification is not justified, ICAI may ask the statutory auditor of the listed company concerned to provide necessary clarifications and may take appropriate action.

(vii) **Disclosure to Shareholders:** In case of the appointment of a new Director or re-appointment of a Director, the shareholders must be provided with a brief resume of the Director like nature of his expertise in specific functional areas, names of companies in which he holds directorships and committee memberships. Quarterly results and presentations made by the Company to analysts shall be put on the Company's Website.

(viii) **Shareholders'/Investors' Grievances Committee:** A Board Committee designated as 'Shareholders/ Investors Grievance Committee' should be constituted under the chairmanship of a Non-Executive Director to look into the redressing of shareholders and investors complaints like transfer of shares, non-receipts of dividends, warrants etc.

(ix) **CEO/CFO Certification:** The CEO i.e. the Managing Director/Manager and the CFO i.e. the whole-time Finance Director or any other person heading the finance function shall certify to the Board that they have reviewed the financial statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief, they do not contain any material, untrue statement or omit any material information. They have also to accept that the internal control systems are effective and have disclosed to the auditors and the audit committees, all significant changes in the internal control systems or accounting policies.

(x) **Report on Corporate Governance:** Every listed company shall now have a separate section on corporate governance in the annual reports of the Company with a detailed compliance report on corporate governance. Suggested list of items to be included in the report has also been made pretty exhaustive to make it really meaningful and informative to the shareholders.

(xi) **Compliance Certificate:** The Company is required to obtain a Certificate from the Auditors of the company or practicing Company Secretary regarding compliance of conditions of corporate governance as stipulated in the Clause. This Certificate is required to be not only annexed to the Directors' Report but also sent to the Stock Exchanges along with the annual returns of the company.

(xii) **Additional Disclosures under Non-Mandatory Requirements:**

The following are some non-mandatory disclosures under clause 49 of the Listing Agreement:

(a) **Audit Qualifications:** Company may move towards a regime of unqualified financial statements.

(b) **Training of Board Members:** Company shall train its Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

(c) **Mechanism for evaluating Non-Executive Board Members:** The performance evaluation of non-executive directors should be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated. The Peer Group evaluation should be the mechanism to determine whether to extend /continue the terms of appointment of non-executive directors.

(d) **Whistle Blower Policy:** The Company may establish a mechanism for employees to report to the management about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

[4] *Manner of Dealing with Audit Reports Filed by Listed Companies – Amendment in Equity Listing Agreement. Circular No. CFD/DIL/72/2012 dated 13.08.2012*

3. **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA (ICAI)**

   The ICAI has issued 32 Accounting Standards so far in order to bring uniformity in terminology, approach, presentation and full disclosure of accounting results. It has also formulated 35 International Financial Reporting Standards (IFRSs) converged Indian Accounting Standards (Ind ASs) which have already been put by Ministry of Corporate Affairs (MCA) on its website. MCA has already announced that there will be two separate set of Accounting Standards. First set would comprise the Ind ASs converged with the IFRSs which shall be applicable to the specified class of Companies. The second set would comprise the existing Indian Accounting Standards and would be applicable to other companies, including Small & Medium Companies (SMCs).

The following are the main Accounting Standards (ASs) and Indian Accounting Standards (Ind ASs) issued by the Institute which are expected to help in effective corporate governance:

(I) **AS 17 – Segment Reporting/Ind AS 108 - Operating Segments:** The objective of this standard is to establish principles for reporting financial information, about the different types of products and services an enterprise produces and the different geographical areas in which it operates. Such information helps users of financial statements to:

   (a) Better understand the performance of the enterprise;

   (b) Better assess the risks and returns of the enterprise; and

   (c) Make more informed judgments about the enterprise as a whole.

(ii) **AS 18/Ind AS 24- Related Party Disclosures:** The objective of the standard is to establish requirements for disclosure of:

   (a) Related party relationships; and

   (b) Transactions between a reporting enterprise and its related parties.

(iii) **AS 20/Ind AS 33 - Earnings Per Share:** The objective of this standard is to prescribe principles for the determination and presentation of earnings per share which will improve comparison of performance among different enterprises for the same period and among different accounting periods for the same enterprise. The focus of this standard is on the denominator of the earnings per share calculation. Even though earnings per share data has limitations because of different accounting policies used for determining 'earnings', a consistently determined denominator enhances the quality of financial reporting.

(iv) **AS 21 – Consolidated Financial statements/Ind AS 27 – Consolidated & Separate Financial Statements:** The objective of this standard is to lay down principles and procedures for preparation and presentation of consolidated financial statements. Consolidated financial statements are presented by a parent (also known as holding enterprise) to provide financial information about the economic activities of its group. These statements are intended to present financial information about a parent and its subsidiary (ies) as a single economic entity to show the economic resources controlled by the group, the obligations of the group and the results the group achieves with its resources.

(v) **AS 23 – Accounting for Investments in Associates in consolidated Financial Statements/Ind AS-28 Investment in Associates:** The objective of this standard is to set out principles and procedures for recognizing, in the consolidated financial statements, the effects of the investments in associates on the financial position and operating results of a group.

(vi) **AS 24 – Discontinuing Operations/Ind AS – 105 Non-current Assets held for Sale & Discontinued Operations:** The objective of this standard is to establish principles for reporting information about discontinuing operations, thereby enhancing the ability of users of financial statements to make projections of an enterprise's cash flows, earnings-generating capacity, and financial position by segregating information about discontinuing operations from information about continuing operations.

(vii) **AS 25/Ind AS 34 – Interim Financial Reporting:** The objective of this standard is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in a complete or condensed financial statement for an interim period. Timely and reliable interim financial reporting improves the ability of investors, creditors and others to understand an enterprise's capacity to generate earnings and cash flows, its financial condition and liquidity.

(viii) **AS 28/Ind AS 36 – Impairment of Assets:** The objective of this standard is to prescribe the procedures that an enterprise applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and this standard requires the enterprise to recognize an impairment loss. The standard also specifies when an enterprise should reverse an impairment loss and it prescribes certain disclosures for impaired assets.

(ix) **AS 29/Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:** The objective of this standard is to ensure that appropriate recognition criteria and measurement bases are applied to provisions and contingent liabilities and that sufficient information is disclosed in the notes to the financial statements to enable users to understand their nature, timing and amount.

(x) **AS 30/Ind AS 39 – Financial Instruments Recognition and Measurement:** The objective of this standard is to establish principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Institute of Chartered Accountants of India gives ICAI award for excellence in Financial Reporting, which automatically is expected to result in better Corporate Governance. The award(s) is given to corporates in the Banking, Insurance, Financial Services, Manufacturing Infrastructure Services, Transport, Power, Agriculture, Sectors etc. The awards for 2010-11 were given to Bank of Baroda, HDFC Bank, Birla Sunlife Insurance Company, Shri Ram Transport Company Ltd., Dr. Reddy Laborites Ltd., Tata Consultancy Services Ltd. and The Tata Power Company Ltd. etc.

4. THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)

ICSI is one of the first professional bodies in India to initiate discussion on "Corporate Governance" in the light of Cadbury Committee Report. In the year 1997, the ICSI organized a national seminar on Emerging Dimensions of Corporate Governance.

The Institute has brought out a Concept Paper on National Corporate Governance Policy, 2012. The paper aims at laying down an overarching policy framework for promoting good governance practices amongst corporates by instilling principles of good governance in the various statutes, regulations and policies of the Government as applicable to corporates.

The paper reaffirms that good corporate practices generate long term value for all stakeholders and hence the Ministry of Corporate Affairs, "Corporate Governance – Voluntary Guidelines 2009" should be increasingly adopted by corporates. These guidelines are expected not only to serve as benchmark for the corporate sector but also help them in achieving the defined standards of corporate governance.

In order to achieve this objective, an institutional framework has been proposed by the Institute to undertake, coordinate and oversee its implementation in cooperation with Central Ministries, sectoral regulators, enforcement agencies and other stakeholders.

The Institute of Company Secretaries of India gives ICSI National Award for excellence in Corporate Governance every year. The award was instituted in the year 2001 to identify, foster and reward the culture of evolving globally acceptable standards of corporate governance among Indian Companies. The awardees for the year 2011 included Gail (India) Ltd., Hindustan Unilever Ltd., CMC Ltd., Union Bank of India etc. The award comprises of a citation and a trophy. This initiative of ICSI is expected to go a long way in encouraging and inspiring corporates for achieving excellence in Corporate Governance.

EVALUATION OF CORPORATE GOVERNANCE MEASURES

In the preceding pages brief details of the Corporation Governance Measures by different authorities in India have been given. Let us make a brief evaluation of some of the important measures:

(a) **'Independence' is the Central Theme:** Independence seems to be the Central Theme of Modern Corporate Governance ethos. Independence requires a mind free from attachments. A number of legislative measures have been suggested to this end. They include independent directors on corporate boards, rotation of auditors, requiring corporates to adopt accounting and auditing standards as formulated by the concerning statutory bodies, restrictions as to managerial remuneration, competition regulations, strengthening the take over code etc. Such measures have been tried and tried again in various jurisdictions but not with much success. It should be clearly understood that independence cannot be procured only by legislating.

No single formula measure or system can beat the unbeatable voluntarism on the part of corporates and the people. Self guidance and governance leadership among the corporates will make all the difference. They will create a new cultural ethos that will be visionary and futuristic.

(b) **Paucity of Independent Directors:** There are not enough number of qualified and experienced persons to be appointed as effective independent directors. Under the revised clause 49, the expression "independent director" has been expanded to exclude a large categories of persons who could otherwise have been appointed as independent directors. The Companies Bill, 2011 proposes to increase steeply the fines payable and prosecutions to be launched against independent directors for breaches under the Act. This is again a deterrent factor for a person willing to be appointed as independent director of a company.

It may be interesting to add here the observations made by ***Prof. Donald C Clarke***[5] regarding the role of independent directors. Accordingly to him, "there is no solid- evidence suggesting that independent directors improve corporate performance. Some studies have even found a negative co-relation between board independence and corporate performance. While independent directors with significant stock position may add value, others do not". Perhaps this is because financial interest in an organization of any individual gives him greater incentive to work harder for the organization as compared to a person without any financial stake in that organization.

(c) **Mandatory Expenditure on CSR:** The provision in the Companies Bill 2011 making it mandatory for a company to spend every year 2 % of its average net profits for the last three years on CSR activities seems to be a bit stringent. It will be more graceful if this is left to the discretion of the corporates and positive incentives are given to corproates for undertaking CSR activities. During the last two decades many of the top Indian Industrial Houses have shown by their generous CSR activities that there is "not only time for accumulation but also time for sharing" and perhaps that time for sharing has arrived.

(d) **Whistle Blower Policy:** Whistle Blowing is a risky activity for anyone and more so for an employee since there is no protection for the whistle blower. Some of the guidelines for the whistle blower are vague and it is not certain for the whistle blower whether to act on them or not. For example, to judge whether the activity is unethical or a practice is improper to be fit for communication to the Audit Committee is subjective. Similarly an employee has very limited information and hence may not be in a position judge about the "Suspected Fraud".

(e) **Modifications required in Voluntary Corporate Governance Guidelines:** Since everything cannot be controlled by legislative measures, the pronouncement of Voluntary Corporate Governance Guidelines by the Government is a welcome step. However, some of these guidelines need appropriate modifications as given below:

(i) The guidelines provide for issue of formal appointment letters even to non-executive directors and independent directors. This requirement can be dispensed with since firstly no such director expects a letter of appointment and secondly the Minutes of Board's Meetings are sent to all directors whether they attend or not. The records concerning notice of the meeting or minutes of the meeting are sufficient proof of a person being a director in a company. Of course a formal letter of appointment will be necessary in case of a whole-time director or an executive director.

(ii) The guidelines provide the independent directors the option and the freedom to meet company management periodically. It is not clear at which level of management such directors can meet. It may be simpler for independent director to write to the managing director about the information that he needs and later on discuss it in Board's Meeting.

(iii) The guidelines provide that Internal Auditor should not be an employee of the company. If, this is because of retaining the internal auditor's independence, he cannot properly be called internal auditor. Moreover, it may be appropriate to fix the scope of internal auditor's work to ensure that it does not get duplicated with that of the statutory auditor.

(f) **Ethical Culture is Fundamental to Good Corporate Governance:** ***Benjamin Disraeli***[6], once said, "When men are pure, laws are useless, when men are corrupt, laws are broken". This holds good even today. Basically corporate governance is the attitude with which the set goals are planned to be accomplished by an organization. The collapse of many organizations in the past decade can be attributed to "Board room failures and creative accounting". The Satyam Scam in 2009 is the biggest proof of this fact. The fudging of the company's accounts resulted in overstating the company's operating profits by around Rs. 600 crore. It was surprising that the window dressing of accounts done by Satyam's Chairman, Shri Ramalinga Raju was so perfect that even the best accounting and corporate governance bodies could not detect it. Satyam was the recipient many awards including the best entrepreneur Award in 2007 from Ernst & Young, ***"Golden Peacock Award" for Excellence in Corporate Governance in 2007 & 2008*** from World Council for Corporate Governance. The 2008 award was later on withdrawn in 2009 on the ground that the award was obtained as a result of non-disclosure of material facts".

Recently Veritas Investment Research, a Canada-based equity research firm has come out with a scathing report regarding India Bulls Real Estate Ltd. (IBREL). It has observed that controlling group shareholders are running the organization (IBREL), as a piggy bank. The controlling group is misleading investors for the benefit of a few insiders. They have recommended that investors not to buy any of the group's shares at any price unless a new management is put in charge and the financials cleansed of malfeasance". Of course, India Bulls Group has promptly denied any wrong doing. SEBI has promised to take any action in this matter only after reviewing the Report[7]. In another recent development, the minority shareholders of Garware Polyester, a maker of polester films, are planning to file plea with Company Law Board against the promoters of the Company on Corporate Governance issues including paying excessive remuneration to directors[8].

However, this all has again after Satyam's fiasco, cast a shadow over the nature of Corporate Governance in India.

At present there is a growing feeling among the corporate leaders that corporate governance has to based on enduring ethical foundation. Ultimately, it is not the regulatory framework but the character of person's incharge of the governance of the company matters in deciding whether corporate governance will be of a specific standard or not. So long the directors act fairly, ethically and independently, a meaningful and successful governance regime will be established whether the Board has a super majority of Independent Directors or not.

It may be interesting to mention here the results of Annual Corporate Governance Review 2008 for Indian Companies by a global accounting and business advisory firm, Gram Thornton. The survey disclosed that only 45% of the Companies in India feel that clause 49, as a tool for good corporate governance, has actually benefitted their organizations. Among the companies giving a positive

[5]Professor at George Washington University, USA

[6]Former British Prime Minister, Parliamentarian and Literary Figure (21st Dec., 1804 - 19th April, 1881)

[7]The Hindustan Times dt. August 9th, 2012

response about Corporate Governance, most of them have seen the results of such practices in the form of "improved processes, controls and awareness of risks." It was also pointed out by the firm that in India, "the governance laws could have more clarity about the penalty for non-compliance as that would help the companies understand the rules better".

CONCLUSION

The recent events worldwide, particularly in the United States have renewed the emphasis on Corporate Governance the world over. These events have highlighted the need for ethical governance and require management to look beyond their systems and procedures. It has now been realized universally that in a global economy that is slowing down and becoming more risk averse – the race for investments is a competitive one. In order to ensure sustainable investments and economic development, government institutions must be robust and their efficacy has to be restored. The corporate sector should also be constantly persuaded as well as encouraged to enforce good corporate governance by all concerned, i.e., the Government, the Statutory Institutions and Professional Bodies. Good Corporate Governance is expected to increase the market valuation of companies by improving their financial performance, reducing the risk that boards will make self serving decisions and generally raising investor confidence. As a result, it is expected that in the years to come corporate governance will improve both in terms of performance and accountability of the corporates and their officials. Of course, it should not be forgotten that corporate governance is a dynamic process. As such, the guidelines of corporate governance will vary according to the corporate environment prevailing in every country, but accountability itself to various stakeholders would remain central to any model of corporate governance. The regulatory framework relating to corporate governance in India is fairly strong and is not as fragile as it turned out to be in many developed countries worldwide including USA. The main weakness of Indian system is lack of speed required for plugging loopholes in the system, delays in corrective actions, wherever necessary, lack of general awareness and ineffective enforcement combined with indifference among individual shareholders. The need of the hour is that the regulators should play the role of developers and not of controllers. The role of the Government should be limited to be of a friend, philosopher and guide The best results can be obtained if the controls come from within rather than imposed from outside, i.e., there is more of self-regulation followed by more active role by all stakeholders in the affairs of the corporation. Thus all persons associated with the corporate enterprise, be the shareholders, the accountants, the secretaries, the auditors, the Board of Directors and the chief executives must honestly and effectively perform their respective functions to see that the objectives of good corporate governance are achieved in both letter and spirit.

[8] *The Economic Times dt. July 18th, 2013*

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