“C.G (C.G) is concerned with holding the balance between economic and social goals and between individual and communal 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, (Sir Adrian Cadbury, UK, Commission Report: C.G.1992)”.

**INTRODUCTION**

The financial market all around the world has been highly affected by the increasing role of C.G which has enhanced competitive power in these markets during the past few years. The financial crises and the various financial scandals erupted around the globe was due to the lack of concrete principal of C.G in the corporate sector. The above two factors forced the corporate world to focus upon the concept of C.G. A major concern was found among the financial institutions, organizations of the developed and developing nations to improve, evaluate and determine the quality of C.G practice across the nation.

The initiation of liberalization process by Government of India during the early nineties has heralded new vistas for the corporate sector. The programmes and policies introduced are aimed at improving the efficiency of every sector of economy by structural transformation and by infusing new vitality through transparency and accountability. The attempt of global economic integration has also metamorphosed the growth process by leashing out new and exciting opportunities.

"Organization for Economic Co-operation and Development (OECD), states C.G deals with the rights and responsibilities of a company's management, its board, shareholders and various stakeholders."
Various financial crises and scandals noticed in the large organizations of U.S viz; Enron and WorldCom led the stakeholders lose billions of dollars. Similarly the collapse of Parmalat in Europe not only distorted the image of C.G but also created obstacles in the long term success of companies and nations too.

C.G can be expressed as a device where by conglomerate makes evident various policies and procedure to be followed, values and principles to be inculcated within the organizations. A good C.G principles advocates for maintaining transparency at various levels of management and promotes in maintaining integrity and accountability within the various managerial levels. However, the concept and form of C.G has undergone various changes but still it requires continuous nurturing so that it can be adopted in the changing dynamic business scenario.

C.G. has a specific significance in the organizational structure of any business system. It is a system and mechanism for the administration and control of corporations. C.G includes series of relationships among the various administrative level of the entity, and stakeholders. The core issue that the C.G faces is handling about principal-agency relationship among shareholders and the corporation’s internal personnel through proper institutional arrangements. Through such a framework, C.G. enables companies to define their goals and the means to achieve them.

A good C.G. structure is the essential means to ensure managers (agents) run business in the interest of the stakeholders and that effective supervision is exercised over the agent so as to enable enterprises to create social wealth more effectively.

The world at large can be regarded as the global village. The awareness for implementation of the C.G norms & principles and standards has been internationally accepted in every
sphere of business segments and industries whether they relate to private sector, public sector and the government undertaking.

A sincere effort to bring about a change in C.G practice was made by OECD Ministers when they laid down the “OECD principles” of C.G. These principles were constructed on the current legal and regulatory requirements and best practices followed by various participants of the market in the OECD countries. Organizations at domestic and global levels, inter-Government agencies has extended their support time and again for the initiative taken by the OECD to construct a sound structure of C.G after the financial crises around the world.

CORPORATE GOVERNANCE: AN OVERVIEW

The roots for development of C.G standards were initiated in U.S and U.K which during a substantial time period spread in various countries of the western part of the world. However, traces can be found that the early initiatives were taken by the various countries of the OECD to address the various issue of C.G. The economic crisis of 1997 forced the countries of Asia to focus on the issues of C.G.

The shareholders and financial institutions including various banks were concerned about their investment by the financial collapse in the western part of the world in U.K in the past few decades. The financial collapse in U.K forced the then the existing government to recognize lacuna in their self regulation system and to find out means and measure to exercise control over the financial failures. In order to avoid and prevent further business collapses the Cadbury committee was established by the London stock exchange to appraise standards of C.G.
The committee in its report “Code of Best Practices” (1992), have mentioned ways and means of governing the board of directors, their powers and accountability. Investment decisions made by the investors are generally based upon the two factors viz; the rate of return on the amount of net worth and quantum of risk attached with amount of capital invested. In the current business environment the flow of foreign capital has been attracted mainly by the developing nations in comparison to developed nations. The higher rate of return alone cannot be considered as the single variable to attract the foreign investments. The risk also weighs importance in decision making process of foreign investment. The efficient and effective C.G. practices prevailing in the country should be capable of minimizing risk through transparency and accountability through implementation of C.G principles. Thus it can be said that strong C.G. can bring about long-term success in a country and frail system can increase various financial problems leading to financial crisis.

Some accounting professionals are of the opinion that the presence of efficient C.G framework ensures neither stability nor success, but it simply raises efficiency and growth specifically in those countries which depend largely to raise bulk of their capital requirement from the financial market. On the other hand some experts viewed that the financial crisis which broke out in various part of the world has provided a lesson to the developing countries to realize the significance of sound C.G framework.

The C.G framework helps various investors in making decisions to select from variety of investments avenues. Considering the above fact, transparent and well governed firms can be successful in raising capital because this leads to increase the confidence of the investors and provide them necessary information to lend funds. This also leads the firms to obtain cheaper funds than the firms which lacks in affective C.G practices.
The practice of effective C.G principles helps the management in effective allocation of resources which in turn leads to increase the expectation of investors to earn a significant amount of return of fund deployed. It has been found in the developing nations that a country with sound structure of C.G outperforms those countries of the developing nations where a poor structure of C.G framework is in existence.

Thus, it can be concluded that the players of the capital market will be keen in investing their funds in those nations where an effective C.G framework exists as there is every likelihood of higher returns due to lower risk. On the other hand it will also lead the firms of those nations to stimulate growth and success in their own economy. If they are not able to attract capital they will be unable to stimulate growth and will remain on an inefficient growth of scale.

The developing countries are greatly benefitted by a sound and strong C.G structure. An effective C.G practice can reduce the chances of domestic financial collapses and also its severity if ever any financial crisis occur. The various studies in the area of C.G have provided strong evidence of linkage of C.G to corporate efficiency in which it has been found that C.G leads to develop and create more efficient more corporate management. The research findings of the various studies also depicts that an effectively managed and governed enterprises are valued and rated highly then those enterprises where an imperfect practices of C.G prevails. To provide an adequate environment for investment of fund is a challenge to the policy makers in any developing country, however a sound C.G framework can provide a pathway for any government to create an hospitable environment for investment of funds. A healthy C.G environment can be beneficial even for those nations who wish to adopt a strategy of development without focusing of foreign investments. “Many developing countries are home to strong distribution cartels that waste
scarce resources. Good C.G can reduce this wasteful behavior and, thus, overcome the obstacles to productivity growth. Moreover, C.G can play a role in reducing corruption, and decreased corruption significantly enhances a country’s developmental prospects. Ultimately, C.G is not just one of those imported western luxuries; it is a vital imperative.”

**HISTORY OF C.G IN INDIA**

In India various initiatives in the area of C.G were undertaken in the mid 90s. The first initiative which can be focused upon was launched by Confederation of Indian Industry (CII), and brought out maiden voluntary code of C.G. Later on the Securities Exchange of Board (SEBI) came out with guidelines and provisions under clause 49. Thereafter the Naresh Chandra Committee and Narayan Committee provided recommendations to SEBI in the year 2002 which forced the SEBI to revise and amend provisions of the listing agreement under clause 49 in August 2003, however in December 2003 SEBI pull out its revised clause 49 to enforced original listing agreement.

**Global Emergence of C.G.**

The various financial scams, scandals and frauds emerged around corporate world raised various issues on the existing system of regulations and it was found that the prevailing system was unsatisfactory and it was strongly felt the need of substantial external regulations. There was a process thought of developing a regulation which could penalize and award to the wrong doers and the abiders of rules and regulations of various market forces. The Government, the Shareholders, the players of mutual funds and financial institutional investors were of the view that the corporate in which they likely would like to make their investment should adopt to better C.G practices. It was also felt to form various committees to discuss the various issues of C.G and make recommendations from a corporate code of conduct and guidelines of C.G which can be implemented at global level.
This process lead to bring about a serious notion in corporate world to realize that the investors and society at large are concern about C.G practices.

**Developments in USA**

The momentum on the philosophy of C.G in U.S. gained significance with the broking out of Watergate Scandal. After a process of series of investigation the regulatory and legislative bodies of U.S. noticed the drawbacks of control failures as the major cause of the scandals which allowed several corporations to make unethical and illegal financial practices backed by political forces.

The scandals in united state force the regulator to develop a mechanism to counter such issues. Thus, Foreign and Corrupt Practices Act (1977) was formulated which contained provisions as regard to review, establish and maintain internal control system. This also forced to follow the proposals for mandatory review and reporting on internal financial control by the Securities and Exchange Commission’s (SEC’s 1979).

The noticeable high profile business failure in 1985 in regard to savings and loans collapse led to the formation of Tradway commission to focus on misappropriations in financial report and state measures for minimizing the act of misappropriations. Tradway commission in its report focused on need of effective control process, development of independent audit committees and recommended for publication of internal control report and their effectiveness. It also suggested developing of an integrated system of internal control for the organizations to facilitate the firms to improvised upon the existing control environment.

**Developments in UK**

The banking scandals which took place in England provided the gateway of C.G. These banking scandals attracted the awareness towards the sensitive issues which stemmed out
of the corporate misdeeds and led to initiate certain steps to resolve these issues. The corporate failures in England brought about in notice about improper structure and objectives of the top management. In light of these corporate failures the concept of C.G. gained more importance to protect the interest of various stakeholders.

Absence of effective regulatory mechanism and multiple corporate failure led to the development of the Committee of Sponsoring Organizations (COSO), which was made responsible to provide adequate response to check the business failure. The committee recommended for a control framework endorsed through its subsequent report viz; Cadbury, Ruthman, Hampel and Turnbull.

In U.K various other corporate failure were witnessed where various companies were victims which were able to mark higher growth in earning but ended in a very disaster manner these corporate firms were in a situation of boom to bust because of the defective management business practices.

The Hampel Report (1998) on Combined Code on C.G. recommended significant areas of C.G.in which changes were to be brought about. The committee on C.G. analyzes various business issues and problem of the business crises among the corporate sector and financial market and sought out guidelines for effective corporate management. The committee after going through the various corporate reports and highlighted the issues related to practice and concern about the development of the C.G.

**Brief Discussions on Reports of Various Committees on Corporate Governance**

**NATIONAL REPORTS**

**CII Code on Corporate Governance:**
The CII was the pioneer body in India which came out with the first ever code on C.G. The code received an overwhelming response from the corporate sector in India and various recommendations made in this code were included in the regulations became part of the regulations.

**Kumar Mangalam Birla Committee on Corporate Governance:**

In 1991, SEBI constituted a committee in India to appraise the standards of C.G. The committee was formed with the objective to provide various changes to the listing agreement being implemented by various stock exchanges to promote and enhance the standard practice of C.G companies listed in India. The committee was also executed with the task of drafting an effective code of corporate best practices and provide various safeguards to deal with insider trading by the companies. A large number of the recommendations made by the committee were incorporated in the listing agreement under clause 49.

**Naresh Chandra Committee Report on Corporate Audit and Governance:**

The Naresh Chandra Committee (2002) was constituted by the Department of Corporate Affairs (DCA) by the central government to analyse various C.G. issues. The recommendations made by the committee were included in the Companies (Amendment) Bill 2003.

**Narayana Murthy Committee Report:**

In 2003, SEBI constituted this committee to examine the level of performance C.G and to determine the effective role to be played by the companies in India towards the price
sensitive issues prevailing in the business environment in order to assure reliability and increase transparency in the financial market.

INTERNATIONAL REPORTS

Cadbury Report:

The Cadbury Committee was set up with a twin objective to raise the level of financial reporting and auditing and to enhance the standards of corporate governance. The committee reviewed and addressed various financial aspects of C.G. It also reviewed and assigned the role and responsibilities of board of directors and defined the powers and responsibilities of shareholders and the duties of auditors in the area of C.G. The committee also provided a series of recommendations in the accountancy profession.

The Paul Ruthman Committee:

This committee was set up with an aim to overcome the controversial issues of Cadbury Report. The committee proposed to restrict the requirement of reporting of internal financial controls towards the effectiveness of the system of internal control as laid down by the Code of Best Practices contained in the Cadbury Report. The report also suggested some important factors mainly for the extending the responsibility of directors to responsibilities in order for controlling business risk.

The Greenbury Committee:
This committee was set up in UK with an objective to identify good practices in determining director’s remuneration by the public limited companies under the Confederation of British Industry (CBI). The committee was also entrusted with the task of preparing a specific code of practice which can be used by the public companies of U.K.

It also focused on the general concerns and provided answers in the areas of ascertaining directors’ remuneration, accountability and responsibility, issues of reporting towards stakeholders and openness in the reporting process.

The Code of Best Practice recommended by the committee focused mainly on the areas of Disclosure, Remuneration policy, Remuneration Committee and legal Contracts. The committee was in favour that entity in UK shall implement the code honestly to its full extent and it should be practiced in letter and sprit. It also recommended that individual investors, institutional investors and global investors should exercise their power to full extent in order to comply that the best practice is adopted.

The Hampel Committee:

It was formed to increase the level of standards of C.G in view to provide protection to the investors and raise the status of the companies that were listed on LONDON STOCK EXCHANGE (LSE). It improvised Cadbury report and made recommendations that auditor should report to the directors about the internal control systems and the Directors from time to time should review the functions of internal audit and internal control. The committee came out with the combined code which was the consolidation of report of Cadbury and Greenbury.
The Combined Code:

All the companies listed in U.K. were mandatorily required to make compliance of the combined code which was appended to the listing rules of the LSE. The combined code required, board of directors to safeguard the interest of the stakeholders and the companies assets within effective system of internal control. This committee also recommended that the directors once in a year should review the effectiveness of all controls whether financial or operational at least once in a year. The directors in their report should also make reference about the compliance to the above in their report.

Blue Ribbon Report:

The Securities Exchange Commission of U.S. constituted this committee focus on the effectiveness of audit committees. The committee recommendations were made mandatory to be adopted by all the companies listed in U.S Stock Exchange. The recommendations were obligatory for issuers of other nations subject to their own national laws.

CalPERS' Global Governance Principles:

“With the goal of encouraging a continual debate on best governance practices globally, in 1997 CalPERS’ Board adopted a set of Global Governance Principles. In late 1999, the CalPERS Investment Committee analyzed other newer global governance principles and with the goal of supporting a single set of global governance principles, the investment committee revised CalPERS’ Global Governance Principles to parallel the International C.G Network’s statement on Global Governance Principles. The International C.G Network (ICGN) was founded with the objective to facilitate
international dialogue and thereby helping companies to compete more effectively. The ICGN welcomed the OECD principles as a remarkable convergence on C.G common ground among diverse interests, practices and cultures. While the ICGN considered the OECD principles the necessary bedrock of good corporate governance, it held that amplifications were required to give them sufficient force."

**Sarbanes Oxley Act:**

This Act was introduced in U.S. after the series of scandals which took place in U.S. The act brought about the recommended fundamental changes in the area and scope of C.G. These changes were mainly in the area of independence of auditor, conflict of interest, enhance disclosure practices and corporate responsibility.

**King Committee on Corporate Governance:**

The King committee was constituted in South Africa for development of C.G. The committee made an attempt to balance between the C.G standards in South Africa with the other counterparts. All the companies were which were listed on Johns berg Stock Exchange were compulsory required to comply the provisions as laid down in the report.

**The Turnbull Committee:**

In order to assist and guide the companies in implementing the provisions of internal control as mentioned in the Combined Code. The committee laid the responsibility on the board of directors that the companies in which the functions of the internal audit was not carried out by the board was required to develop the need of internal audit. The bod were also interested to examine and evaluate the procedure of risk management.
**Higgs Report:**

This committee was formulated with an objective to examine and review the governance of non-executive director in U.K. in meeting out the responsibilities.

**ASX C.G. Council Report:**

In order to provide a concrete framework of C.G in Australia this council was constituted with the aim of developing and delivering a sound framework of C.G. The council realised “Principles of Good C.G. and Best Practice Recommendations”. Though recommendations were not made mandatory for compliance initially but later on all the companies were required to make a reference in their annual report with reasons about the implementation of the said recommendations.

**World Bank on Corporate Governance:**

Inspite of the various committees being formed at national and international level to discuss the issues of C.G the leading monetary organizations were also involve to deal with the issues of C.G and provide specific guidelines to raise the standards of C.G. One of the significant financial institution which took the task was the World Bank. In its report, the world bank was more concern on the conceptual framework issues related to the principles
of C.G. It recommended that there should be uniformity in principles related to transparency, accountability, fairness and responsibility so that it can be applied universally. World bank was more concern that the aim of C.G should be of aligning the economic, social, individual and communal goals and society at large. The report stated that C.G system is based on the sound foundation of disclosure. The funds will automatically flow within the economic entity if there is greater disclosure and transparency which can bring about the trust and raise public confidence in the corporate system.

**OECD Principles:**

In the area of C.G one of the milestone was the development of OECD principles and practices on C.G The organizations focused that the principles of C.G should be able to direct corporate in their goal of achieving long term shareholder value creation. “The OECD formulated the Code of Best practices which included the areas broadly classified as i) rights of shareholders, ii) Equitable treatment of shareholders, iii) Role of stakeholders, iv) Disclosure and Transparency and v) Responsibilities of the board”.

**CORPORATE GOVERNANCE: RECENT DEVELOPMENTS IN INDIA**

The process of economic reform and development initiated in 1991 was impressive which resulted in opening major part of its economy and capital markets. The economic reforms paved way in opening of various avenues in IT, banks, autos, steel and textile sectors.
large number of companies marked their presence in the worldwide through the process of global mergers and acquisitions.

In continuation to process of economic reform in India, the country in April 1998 came out with a code of best practice in the area of C.G. which was developed by one of the peak body popularly known as the Confederation of Indian Industries (CII).

The Government of India appointed Kumar Mangalam Birla, Chairman, Aditya Birla Group, as the chairperson of the committee to draft a code of practice on C.G. to be followed by the companies listed in various stock exchanges in India. It made various recommendations compulsory and were integrated to international best practices. In the early 2000, SEBI approved the Indian Code of C.G. which was implemented in phase wise in the following years which led to bring about changes in listing agreement.

Meanwhile, additional reforms were under process to simplify laws and regulations dealing with companies and securities. The Companies Act, 1956 was amended time and again and various committees were constituted to recommend improvements within the concept and scope of C.G. The committee chaired by Dr J.J Irani, took charge for an exhaustive review of the Companies Act in order to bring about a new company bill in the country.

SEBI also made numerous changes in the area of securities regulation which included revision and strengthening of Clause 49 in regard to independent directors and audit committees. SEBI also made revision in the Listing Agreement (Clause 41) on interim and annual financial results. It also revised the clause to safeguard the minority shareholders interest.

The Satyam scandal which distorted the image of the capital market forced the Indian regulatory bodies for renewed reforms. Sincere efforts were made by SEBI in bringing out
new reforms for more disclosures by promoters and in connection to pledging of shares to third parties. Further, it also recommended under listing agreement for all listed companies to bring out half year financial statements.

Confederation of Indian Industry (CII) Taskforce on C.G.

Inspite of formulating Code of Best Practices by various bodies and committees all round the developed and developing nations there were instances of corporate misconduct in US, UK, France, Germany, Italy, Japan, South Korea and in many other OECD nations with India too rocked itself in the list through the Satyam scandal.

Apart from the Satyam incident, corporate in India are well managed and regulated. Business is conducted within a solid legal framework. However, the Satyam episode forced the Indian regulators to have a new look at the prevailing C.G. guidelines for making improvement within industry by application of some voluntary measures. In this connection, a task force under the leadership of Mr. Naresh Chandra was set up for suggesting methods and ways to improve the status of C.G standards and practices.

The task force in its report recommended a series of additional principles to improve the standards of C.G in spirit and in practice. The report highlighted a series of voluntary recommendations for the corporate in India which if followed sincerely would be able to raise standards of C.G in the country.

According to the report, “much of best-in-class C.G is voluntary - of companies taking conscious decisions of going beyond the mere letter of law. The spirit of this Task Force Report is to encourage better practices through voluntary adoption - based on a firm conviction that good C.G not only comes from within but also generates significantly greater reputational and stakeholder value when perceived to go beyond the rubric of law.”
“C.G. Voluntary Guidelines 2009”

“A new set of C.G Voluntary Guidelines 2009 was designed and published by Ministry of Corporate Affairs (MCA) for companies to adopt better practices in the area of C.G which mainly focused on guidelines for operations of boards and board committees, appointment of external auditors and their rotation and development of a whistle blowing mechanism. In brief these guidelines can be broadly classified in areas of:

- Board of Directors
- Responsibilities of the Board
- Audit Committee of the Board
- Auditors
- Secretarial Audit
- Institution of mechanism for Whistle Blowing (www.acga-asia.org).”

The above guidelines provided code and conducts for good practices which were to be adopted by both the public and private companies voluntarily. The guidelines were not intended to be a substitute for or additions to the existing laws but were recommendatory in nature.

NEED OF CORPORATE GOVERNANCE

It is clearly evident from the preceding discussion that inefficient management practices led to several financial crisis and business collapses around the world. These business failures forced the business world to think and stress upon the significance of sound concept of corporate management practices. The issue sighted serious consideration among the
various professional bodies and makers of laws and regulations at international level and they considered the quality of C.G practices equally significant for decision making.

The various studies conducted provide an evidence that global investors have realized the significance of C.G practices on the financial performance of companies and also believes that the issue of C.G bears more importance while adopting investment decisions. It is also equally true that the investors are more ready to pay higher premiums for companies having sound C.G practices.

There are various advantages which can be reaped by companies of any nation through sound C.G framework. A sound and effective C.G policy in practice helps the companies to raise cheaper fund at low cost of capital, enhances financial soundness and liquidity position, provides capabilities to overcome and prevent any financial collapses and also improves the standing in the capital market. A sound C.G. practice on the other hand also leads to improve country’s image and reputation by prevention of outflow of funds and increase in foreign capital flow. It also leads to efficient allocation of resources, increases the competitive power and strengthen the capital market and finally increases the chances of higher prosperity by preventing and reducing the occurrence of any financial crisis.

The C.G. environment can be judged by several factors prevailing in any country. Some of these factors can be viewed as general financial conditions, market development, economic status, and degree of competition, financial system, intellectual capital and property rights and various other factors too.

The development of capital markets plays a significance role. The factors of capital market which can have deep impact on the effectiveness of C.G. are rules, regulation and infrastructure of market, liquidity level of the market and investment environment, local accounting standards and implementation of international accounting standards.
The standard practices adopted by the company also have impact on sound governance practice. The quality and level of financial and non-financial disclosure, role and independence of board of directors, rights and equitable treatment of shareholders, stock liquidity and level of participation of various stakeholders in the decision making process, sound capital structure and approach of company towards its social responsibility are some factors which can play a decisive role.

Various significant studies of C.G have been undertaken and still being conducted to realize the importance and role of C.G in the current changing business scenario. The studies to a large extent has stated that their does not exist any single model of C.G. which can be adopted uniformly in all the countries due the political, economic, legal and cultural and custom differences.

Hence, there is an utmost need of a model to be developed which can be compatible to each country based on the principles of transparency, equality, accountability and responsibility which may be widely accepted for international corporate governance. The term equality can be defined as equal treatment of stakeholders by the management to prevent any possible conflict as regard to their interest. Transparency can be expressed as providing all material financial and non-financial information within a reasonable time at low cost which should be accurate, reliable and valid for their decision making process.

On the other hand accountability may be defined as laying down powers to the board so that the board of directors may be made answerable towards the company as a corporate entity and the stakeholders. Responsibility can be associated with compliance to all registrations rules & regulation drafted under articles and in the operation & audit process.
Thus to establish the C.G framework, various organizations viz; World Bank, OECD and GCGF were assigned the task to discuss the issue. Thus a large number of countries in the developed and developing economy were in the process for reviewing and restructuring their legislation and some of them even came out with new laws & regulations (Sarbanes-Oxley) and few countries adopted the C.G principles as a legal obligations within the framework of best C.G principles.

PURPOSE OF STUDY

The structure of sound C.G is based on the foundation of honesty, values, code of conduct and efficient business system C.G practices differs in the various part of the world due to various reasons but an effort should be to constituted best practice in the process of constant development. The practice of may differ but there are always some basic features and principles which can be commonly applied in any environment of corporate governance. These principles can be termed as accountability, transparency, disclosure etc. on which the companies can be evaluated for its C.G practice. In the recent past it has been witnessed in various countries that inadequacy of a sound C.G framework leads to scandals and financial crises. As a result, the concept of C.G has gained increased attention from all around the world and various organisations and bodies have focused towards improving C.G practices.

Hence, considering the recent scandals and financial failure it was utmost important to analyze the transparency in the C.G disclosure practices and adherence of the C.G. principles by the Indian companies. Therefore the present problem titled, “C.G. Disclosure Practices of Indian Corporate in Domestic and Global Perspective” was taken for the purpose of research.
OBJECTIVES OF THE STUDY

The study was aimed to achieve the following objectives:

* To study and examine the fulfillment of the requirement of the provision of clause 49 of C.G as laid down by the Securities and Exchange Board of India.

* To analyze the factors that contributes to C.G disclosure of information in selected companies.

* To examine the extent of adoption of principles of C.G as developed by Organization for Economic Cooperation and Development.

* To carry out SWOT analysis and suggest an action plan to improve the legal, institutional and regulatory framework for corporate governance.

RESEARCH METHODOLOGY

To accomplish the objectives of the study, the following Research Methodology was adopted:

SAMPLE DATA

In order to examine, evaluate and analyze the C.G practices, both primary and secondary were taken into consideration. The primary data was collected by constructing a
questionnaire. The secondary data was gathered from various Journals, books, reports periodicals, news papers, SEBI websites.

**SAMPLE SIZE:** - 30 Companies

**SELECTION OF SAMPLE** – The companies considered for the purpose of the study were those companies which were listed on Bombay Stock Exchange (BSE) and which had appeared in the first 30 scrips as on 1 April, 2008.

For the collection of primary data, the researcher has constructed questionnaire consisting various provisions related to the requirement of C.G.in Indian companies. The questionnaire was served to the various executives, consultants, financial advisors and CEO’s etc. In each company 3 questionnaires were sent through email and in some companies their offices in NCR region were contacted personally for filling up the questionnaire. In all, 65 responses were received from the various respondents out of which 3 were incomplete and hence were exempted from the study. It was also assured that at least one valid response was there from each company.

**DURATION OF THE STUDY**

For the purpose of analysis of data, a period of 3 years viz., 2008-09 to 2010-11 was taken into consideration.

In addition to this, the following specific research methodology was adopted to meet out the objective of the study:

<table>
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<tr>
<th>To study and examine the fulfillment of the requirement of the</th>
<th>A questionnaire was constructed which was served to various executives of the companies to gather information as regard to disclosure practices. A checklist</th>
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<th>provisions of clause 49 of C.G as laid down by SEBI</th>
<th>on various aspects of C.G was also prepared to check the compliance of provisions of clause 49. Each aspect of C.G has been analyzed individually.</th>
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<td>To analyze the factors that contributes to C.G disclosure of information in selected companies.</td>
<td>To achieve this objective an assessment of the level of disclosures has been made by identifying various factors viz., company size, profitability, board of directors, shareholders distribution pattern to know the impact of these factors on C.G disclosure. A multiple regression analysis has been applied to find the most influencing factor.</td>
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<tr>
<td>To examine the extent of adoption of principles of C.G as developed by OECD at global level.</td>
<td>A scorecard has been developed on the basis of the principles of C.G as developed by OECD has been taken into consideration. A checklist has been prepared to check the compliance of various provisions of OECD principles. Further a scorecard has also been developed on the basis of OECD principles to quantify the leading companies as regard to disclosure of corporate governance.</td>
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<tr>
<td>To carry out SWOT analysis and suggest an action plan to improve framework for C.G.</td>
<td>Strength, Weakness, Opportunities and Threats has been identified on the basis of response collected. On the basis of SWOT data, an action plan has been suggested to improve “the legal, institutional, and regulatory framework for corporate governance”.</td>
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LIMITATION OF THE STUDY

The present study has been carried out in many limitations. Few important limitations are presented below:

- The study was limited to C.G. only.
- Self-constructed tool (questionnaire) was administered to the sample because no standard prepared tool was available to the area of research.
- Due to limitations of resources; it was not possible to calculate reliability and validity of tool used for the survey.
- Data of only 3 years has been considered for describing the C.G. disclosure practices of Indian companies.
- Hesitation on the part of the respondents on revealing the true information and unwillingness of the respondents to spare time for filling up the questionnaire was also one of the limitations.