Executive summary

Corporate Governance in a dynamic capital market is with an ever changing dynamism with new laws, rules and acts introduced periodically. Awareness in this concept has triggered in depth study of ethics and practices which were normally not prevalent in the Corporate World.

Corporate Governance is the heavily discussed buzz word in the Corporate Market. Without it, the company can neither flourish nor prosper. It has become inevitable for existence and survival. When governance has been the key for every successful endeavor, Corporate Governance cannot be ruled out.

This thesis has been divided into 9 chapters, ranging from concept to analysis to further scope of study.

Chapter 1 contains corporate governance – the concept which is the thematic approach of understanding about corporate governance. It highlights the meaning, evolution, elements, factors, structure, its significance, its advantages and its ultimate need in a dynamic capital market. It also highlights the fundamental need of governance which ultimately leads to its acceptance and compulsion in a strategic world. This chapter covers the need & objectives of the study.

Chapter 2 highlights the historical journey of corporate governance, the basic perspectives, their changes, similarities and otherwise. A specific country wise detail is also noted herein. Models belonging to various countries are compared and contrasted to highlight the fact that no country is without corporate governance practices in a dynamic capital market. India, the country of this study has been given prominent importance and various committees of corporate governance have been studied and compared with those of western countries. The role of the financial regulatory, SEBI has been shown to establish the importance of clause 49. Recent amendments of rules and laws are also
shown here to bring out the importance of the ever changing practices in the corporate world.

Chapter 3 delves into the ancient roots of corporate governance to enable one to understand the fact that these practices have been incorporated into the country since inception. Further the developments in the various fields of corporate governance are discussed. The role of boards as advisors & monitors of management, corporations & stakeholders, the legal dimensions of board & directors, controlling shareholders, audit committee, bank governance, FICCI & GT survey on corporate governance practices, and the role of ICSI in promoting corporate governance practices are discussed as literature review of corporate governance.

Chapter 4 focuses on the research methodology, which is undertaken to enhance clarity and conciseness. This chapter consist scope & significance of study, sector & individual companies selection for study, the research design, sources of data inclusive of primary and secondary, instrument used, population, sample units, sampling method, sample size, pilot phase, and analytical techniques.

Chapter 5 looks at a detailed study on various parameters within the select sectors which govern corporate governance is undertaken. These parameters are Transparency & disclosures, CG & Auditors certificate, Structure & strength, Board Independence & Chairperson, Appointment of Independent Directors – Board Committees, Stakeholder Value Enhancement, Effectiveness of BOD, Board Systems & Procedure, Board Committees – Audit Committee, Board Committees – Shareholder Grievance Committee, Remuneration to BOD & its Policy and Corporate Social Responsibility. A score of 100 is assigned for the above mentioned parameters and constructed on the basis of Corporate Governance Index (CGI) for three financial years viz. 2006-07, 2007-08, 2008-09. A statistical analysis sector wise and parameter wise is done to shown consistency. The CGI relationship with financial performance and capital structure is also shown with a correlation statistical study to enrich the findings.
Chapter 6 highlights the questionnaire response analysis regarding corporate governance which was studied across 100 company secretaries located at Ahmedabad, to ensure that the prevalent outlook matches the principles of practices. The analysis consists of legal aspects of corporate governance & its concerns, improving and enforcing corporate governance, ethics and corporate social responsibilities, and their opinions regarding corporate governance practices. The analysis is presented through cross tabulations and hypothesis testing.

Chapter 7 provides the results and findings of the analysis of the entire study. The objectives of the study are fulfilled by providing various results. The major results of the socio-economic model along with the legal situations in India & USA are summarized. An overall Rank of the select companies across the select sectors is presented. A major finding is the rank volatility of the companies for the three FYs. The results of the questionnaire of company secretaries is dissected, compared and contrasted to bring out the strong holds and flaws in the practices of corporate governance. A concise finding of the hypothesis is also presented. The major key findings are also presented in this chapter.

Chapter 8 suggests a flow of recommendations and conclusions on the basis of the detailed study. Some of these recommendations are general in nature, while others are more precise and specific.

Chapter 9 wraps up the thesis with limitations & future scope of study. Owing to the limitations of criteria, further scope of study and research in the area of corporate governance in a dynamic capital market is prompted. These further scopes of study are illustrative in nature.

The researcher has highlighted sequentially the journey of Corporate Governance in the world, particularly in India. The researcher has pointed out to the various parameters which are necessary for good corporate governance practices in a dynamic capital market.