Inspira- Journal of Modern Management & Entrepreneurship (JMME)
ISSN : 2231–167X, Impact Factor : 2.3982, Volume 07, No. 02, April, 2017, pp. 178-182

EFFECTIVE CORPORATE GOVERNANCE REFORMS IN INDIA: AN OVERVIEW

Santosh Paliwal *

Abstract

Good corporate governance (GCD) is an essential requirement in today's corporate world by every stakeholder groups. Corporate Governance (CG) is an appearance which has gained grand currency in legal and corporate circles during the last decade and a half. Corporate governance in India gained reputation in the wake of liberalization during the 1990s and was introduced, by the industry association Confederation of Indian Industry (CIT), as a voluntary determine to be adopted by Indian companies. It presently acquired a required status in early 2000s during the introduction of clause 49 of the Listing Agreement, as all companies (of a certain size) listed on stock exchange were necessary to fulfill with these norms. In late 2009, the Ministry of Corporate Affairs has at large a set of voluntary guidelines for corporate governance, which address a several corporate governance issues. Presently, corporate governance reforms in India are at a crossroads, while corporate governance codes have been drafted with a deep perceptive of the governance standards around the world, there is still a require to focus on developing more suitable solutions that would develop from within and therefore address the India-specific challenges more resourcefully.

Keywords: *Corporate Governance, Compliance, Government Policy, Regulatory Framework, Shareholders.*

Introduction

Corporate governance is the set of processes, policies, to ensure proper management of companies for effective accountability to all stakeholders, aim to optimize economic output and protect the interest of shareholders. Corporate governance refers to the accountability of the Board of Directors to all stakeholders of the corporation i.e. shareholders, employees, suppliers, customers and society in general, towards giving the corporation a fair, efficient and transparent administration. It is a multi-level and multi-tiered process that is distilled from an organization's culture, its policies, values and ethics, especially of the people running the business and the way it deals with various stakeholders. Corporate governance establishes a system whereby directors are entrusted with duties and responsibilities in relation to the direction of the company's affairs. Corporate governance is concerned with holding the balance between economic and social goals and between individuals and company goals. The corporate governance frame work is there to encourage the efficient use of resources and accountability for the stewardship of these resources. Its aim is to align as nearly as possible to the interest of individuals, corporations and society. Corporate governance covers a large number of distinct concepts and phenomenon as we can see from the definition adopted by Organization for Economic Cooperation and Development (OECD)– "Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions in

* Research Scholar, Department of Economic Administration & Financial Management, University of Rajasthan, Jaipur, Rajasthan.