


NPTEL ONLINE CERTIFICATION COURSES

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Business Law For Managers

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Module-2

Lecture 06 : Concept, Definition and Features of Corporate Governance

BUSINESS LAW FOR MANAGERS

Introduction

The initiation of the concept of corporate Governance was driven by the confederation of Indian Industries, the industry association by setting up a taskforce to design voluntary code of corporate governance. In India, the CII took the lead in framing a desirable code of corporate governance in April 1998. This was followed by the recommendations of the Kumar Mangalam Birla Committee on corporate governance. This committee was appointed by SEBI. Now it has become an important issue for every business houses.

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KEY POINTS

- Concept and Definition of Corporate Governance
- Basic Purposes and Features
- Basic Principles of Corporate Governance

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Corporate Governance

Concept and Definition

Corporate Governance has now become important because it has much to offer to the Public Sector. Good Corporate Governance, Good Government and Good Business go hand in hand.

The concept of corporate governance is based on a view that once there is a brand image, there is greater loyalty. It is therefore, once there is greater loyalty, there is ensured commitment to the employees, and when there is a commitment, the employees will become more creative for the corporate.

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Corporate Governance

Concept and Definition

Corporate governance is considered as the system of rules, practices and processes by which a business house/farm is controlled and directed.

It provides a framework for attaining the objectives of the company that encompasses practically every sphere of management, involves balancing the interest of the stakeholders of the company, from action plans and internal control to performance measurement and corporate disclosure.

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Corporate Governance

Concept and Definition

The most sought after Word of this time :

“Corporate Governance” the mantra for

“Inclusive Growth”



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Corporate Governance

An Insight into the term

- The term Corporate Governance implies how a corporation is directed and controlled by a set of missions, values and philosophy for the best interests of all categories of stakeholders.

- J. Wolfensohn, former President of World Bank, rightly said that Corporate Governance is about promoting corporate fairness, transparency and accountability.

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Corporate Governance

An Insight into the term

In a nutshell, the buzz word “Corporate Governance” refers to :

- ❑ Mindset of people that imbibes in them the feeling to follow standard ethical practices ;
- ❑ More specifically, the system by which Companies are directed and controlled.



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Corporate Governance

Is Corporate Governance Binding ?

❖Listed Companies are guided by both Companies Act and Listing Agreement.

Is Corporate Governance like the horse which is taken to the pond but cannot be made to drink water if it doesn't want to ??

Yes, Corporate Governance is something which cannot be imposed; rather comes from within. However, a rulebook lays the basis for Corporate Governance which has to be abided by..

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Corporate Governance

Listing Agreement

The complete guidelines for corporate governance as referred to listing agreement, that a company, must comply, are -

- Board Independence: Boards of directors of listed companies must have a minimum number of independent directors.
- Audit Committees: Listed companies must have audit committees of the board with a minimum of three directors, two-thirds of whom must be independent.
- Disclosure: Listed companies must periodically make various disclosures regarding financial and other matters to ensure transparency.

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Corporate Governance

Basic Purposes of Corporate Governance



- Ensures that the management of a company considers the best interests of everyone;
- Helps companies deliver long-term corporate success and economic growth;
- Maintains the confidence of investors and as consequence companies raise capital efficiently and effectively;
- Has a positive impact on the price of shares as it improves the trust in the market;

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Corporate Governance

Basic Purposes of Corporate Governance

- Improves control over management and information systems (such as security or risk management)
- Gives guidance to the owners and managers about what are the goals strategy of the company;
- Minimizes wastages, corruption, risks, and mismanagement;
- Helps to create a strong brand reputation –
- It makes companies more resilient



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Corporate Governance

Features

- Corporate Governance refers to the set of rules, controls, policies and resolution put in place to dictate corporate behaviour.
- Proxy advisors and shareholders are important stakeholders that affect governance.
- The board of directors play pivotal role in this governance.
- It is important for a company since investors are aware of the directions and business integrity.
- It helps to promote financial viability by encouraging long-term investment for market participants.

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Corporate Governance

Features

- The Board of Directors is the primary that directs stakeholders influencing corporate governance as directors are elected by shareholders or appointed by other board members.
- The Board is to make important decisions, in some cases, stretch beyond financial optimization.



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Corporate Governance

Principles of Corporate Governance

- The board approves corporate strategies that are intended to build sustainable long-term value;
- Management develops and implements corporate strategy and operates the company's business under the board's oversight, with the goal of producing sustainable long-term value creation.
- Management, under the oversight of the board and its audit committee, produces financial statements that fairly present the company's financial condition.

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Corporate Governance

Principles of Corporate Governance

- The audit committee of the board retains and manages the relationship with the outside auditor,
- The nominating/corporate governance committee of the board plays a leadership role in shaping the corporate governance of the company.
- The compensation committee of the board develops an executive compensation philosophy, adopts and oversees the implementation of compensation policies that fit within its philosophy.

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Corporate Governance

Principles of Corporate Governance

- The board and management should engage with long-term shareholders on issues and concerns that are of widespread interest to them and that affect the company's long-term value creation. Shareholders that engage with the board and management in a manner that may affect corporate decision making or strategies.
- In making decisions, the board may consider the interests of all of the company's constituencies,

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CONCLUSION

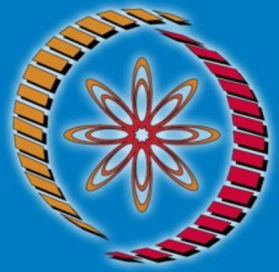
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In this lecture attempt has been made to give an overall ideas about Corporate Governance, its features. Learners might have been gathering knowledge from the discussion of this lecture session.



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Module-2

Lecture 07 : Effect of Corporate Governance

BUSINESS LAW FOR MANAGERS

Introduction

It is imperative to understand the relationship between corporate governance and firm performance to see the extent of economic growth. An effective corporate governance framework can minimize the cost of firm and hold up problems associated with separation of ownership and control. Corporate governance affects the development and functioning of capital markets and exerts a strong influence on resource allocation. It is, therefore, considered as an important issue for discussion.

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KEY POINTS

- Corporate governance framework
- Role of financial institutions
- Role of Board of Directors
- Role of Market Mechanism
- Insider and outsider system of Corporate governance



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Corporate Governance Framework

Types of Framework

The system of corporate governance can be distinguished according to the degree of ownership, control and the identity of controlling shareholders. There are

- Analytical framework includes the shareholder model, stakeholder model and interaction with institutional & economic framework.
- Corporate governance and economic implications include outsider system, insider system and a convergence in system.

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Corporate Governance Framework

Analytical Framework

- **Shareholder model**

Managers and directors have an implicit obligation to ensure that firms are run in the interests of shareholders with an aim to maximize shareholder wealth.

- **Stakeholder model**

The corporation is responsible to a wider constituency of stakeholders other than shareholders with an aim the corporation becomes socially responsible.



Corporate Governance Framework

Analytical Framework

- **Interaction of corporate governance with institutional and economic framework**

Firms that do not adopt cost-minimizing governance mechanisms would presumably be less efficient and in the long run would be replaced, i.e. competition should take care of governance. Leveraged and management buy-outs are seen as market responses to institutional deficiencies.



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Corporate Governance Framework

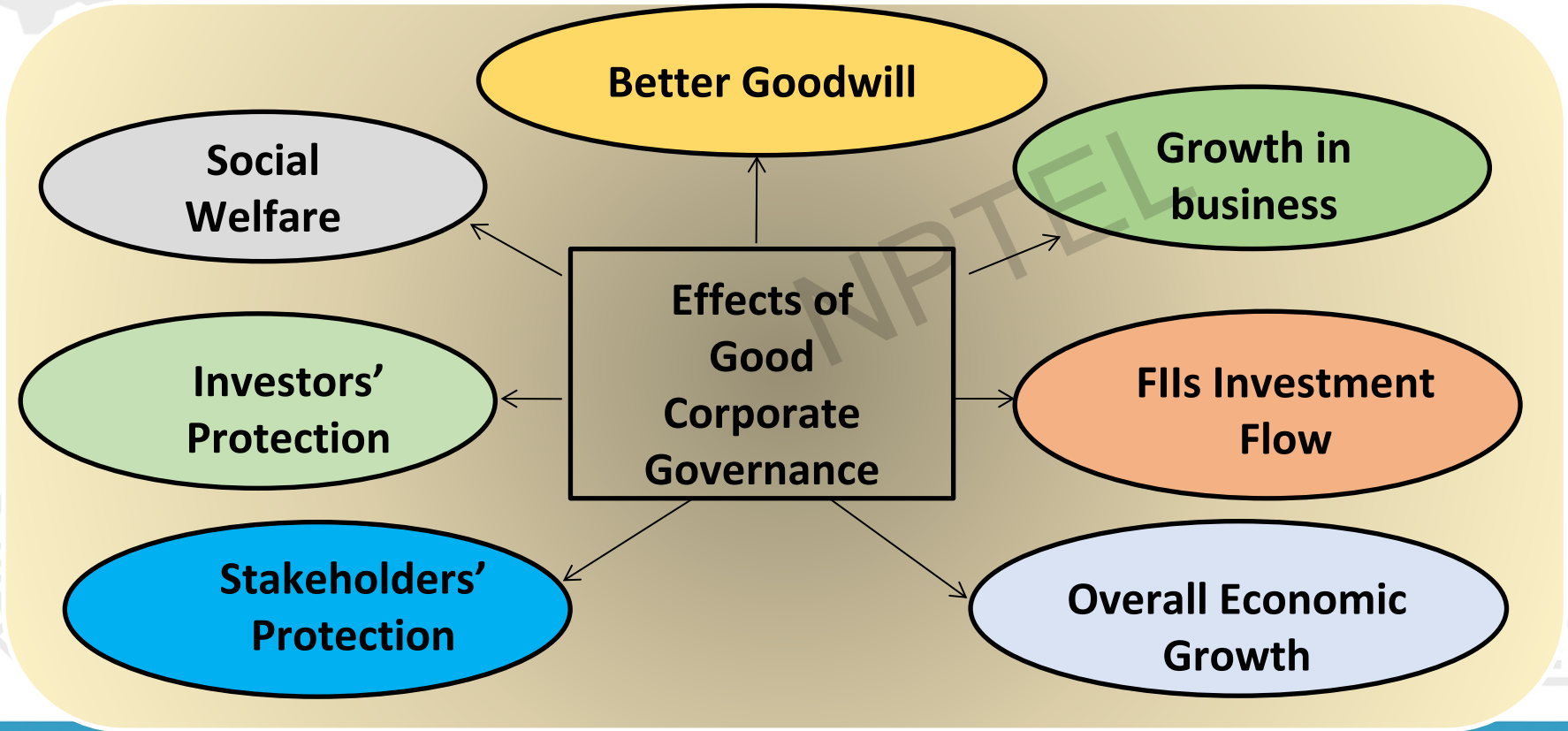
- Corporate governance and economic implications include outsider system, insider system and a convergence in system.

Some systems of corporate governance are characterised by wide dispersed ownership (outsider systems), others tend to be characterised by concentrated ownership (insider systems) where the controlling shareholder may be an individual, family holding, bloc alliance, or financial institution and other corporations acting through a holding company

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Effects of Corporate Governance

An Outline of effect



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Effects of Corporate Governance

Effect on Growth of Business

It is the stakeholders' role in governance in order to appoint the directors and the auditors to get satisfied themselves that an appropriate governance structure is in place. Also, to see whether the purpose of governance is served to facilitate effective, entrepreneurial and prudent management that can yield long term success of the company.

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Effects of Corporate Governance

Effect on Better Goodwill

Goodwill of a company is significant to the importance of relationship-based goodwill (social capital). The effect of corporate governance practices in building and maintaining the confidence of social networks and capital markets. There are enhanced social capital and enhanced reputation which considered as the perception of legitimacy or prestige of management and boards.

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Effects of Corporate Governance



Effect on Social Welfare

Balancing social welfare issue within a profitability mode is difficult. Despite the fact, strong and effective corporate governance helps to cultivate a company culture of integrity, leading to positive performance and a sustainable business overall. Basically, it exists to increase the accountability of all individuals and team within a company to responsible relations with the community.

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Effects of Corporate Governance

Effect on Investors' Protection



Corporate governance is always considered to be a set of mechanisms through which outside investors protect themselves against expropriation by the insiders. It is generally happened that the insiders sell at lower rate of market price the output, the assets or the additional securities in the firm they control to other firm they own.

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Effects of Corporate Governance

Effect on Stakeholders' Protection

Corporate governance in a company helps to maintain the balance of power between the stakeholder groups and the relative power and influence of each group. There are influence that each stakeholders group has over company's strategies and actions.



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Effects of Corporate Governance

Effect on Overall Economic Growth

Corporate governance has effect on efficient utilization of resources including better access to capital with wider scope of employment generation which contribute to economic value and better development in a sustained way. Domestic or regional capital market may largely effect due to inefficiency of the corporate governance.

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Effects of Corporate Governance

Effect on Foreign Institutional Investors' (FIIs) Investment Flow

The ceiling for overall investment for FIIs is 24 per cent of the paid up capital of the Indian company and 10 per cent for NRIs/PIOs. The limit is 20 per cent of the paid up capital in the case of public sector banks, including the State Bank of India. These may effect due to corporate governance

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Effects of Corporate Governance

Key factors that influence Corporate Governance are -

- Disclosure in Annual reports
- Quality of corporate reporting
- Adequacy of processes
- Involvement of Managers in corporate governance activities
- Continuous interaction with functional departments
- Board and corporate ethics
- Quality of Board and Corporate social responsibility and corporate governance



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CONCLUSION

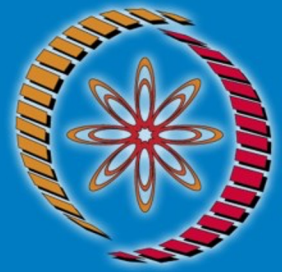
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In this lecture attempt has been made to give an overall ideas about the effect of corporate governance from different point of views. It is expected that the learners may have a good lesson on the contents covered in this lecture.



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Module-2

Lecture 08 : Major Structural Issues

BUSINESS LAW FOR MANAGERS

Introduction

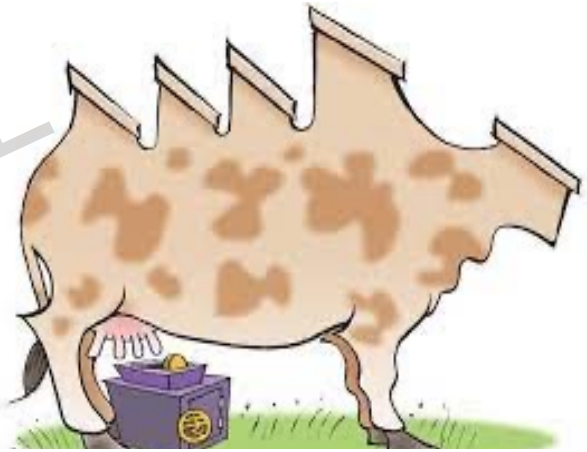
India has liberalized the regulatory cream of the country to align its norms of corporate governance with those of developed countries that has achieved an ensuring results of such governance practices continue to remain one of the top priorities of stakeholders of the company today.



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KEY POINTS

- Composition of Board of Directors
- Audit Committee
- Nomination and remuneration Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Corporate Social Responsibility Committee



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Composition of Board of Directors (BOD)

Strength of Board of Directors

Section 149 of the of Companies Act 2013, has a provision that every company shall have a minimum number of 3 directors in the case of a public company, 2 directors in the case of a private company, and 1 director in the case of a One Person Company.

A company can appoint a maximum of 15 fifteen directors. A company may appoint more than fifteen directors after passing a special resolution in general meeting

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Composition of Board of Directors (BOD)

Composition

The composition of Board of Directors of the listed entity will be as follows:

- **Board of Directors shall be executive and non-executive.**
- **Independent Director**
- **At least one Woman Director.**
- **Not less than 50% of the BOD shall comprise of non-executive directors**
- **Code of Conduct**

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Composition of Board of Directors (BOD)

Composition

The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.



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Audit Committee

All listed companies shall constitute independent audit committee

- The audit committee shall consist of a minimum of 3 directors as members.
- Two-thirds of the members of the audit committee shall be independent directors.
- At least one member shall have accounting or related financial management expertise and all members of the audit committee shall be financially literate.
- Independent director shall be the chairperson of the audit committee and he shall be present at AGM to answer shareholder queries.

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Audit Committee

All listed companies shall constitute independent audit committee

- The Company Secretary shall act as the secretary to the audit committee.
- Finance director or head of the finance function shall be invited at the discretion of the audit committee, head of internal audit and a representative of the statutory auditor and any other executives to be present at the committee meetings



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Nomination and remuneration Committee

The Committee will be as follows:

- The committee shall comprise of at least three directors
- All directors of the committee have to be non-executive directors
- Not less than 50% of the directors shall be independent directors.
- An independent director shall be the Chairperson of the nomination and remuneration committee



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Stakeholders' Relationship Committee

Details of the committee are

- This committee is constituted to specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders.
- The chairperson of this committee shall be a Non-Executive Director.
- At least three directors including, shall be members of the Committee at least one will be an independent director and
- In case of a listed entity having outstanding superior right (SR) equity shares, at least two thirds of the Stakeholders Relationship Committee shall comprise of independent directors.

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Risk Management Committee

The committee will be as follows:

- The Risk Management Committee shall be constituted by Board of Directors
- The majority of members of Risk Management Committee shall consist of members of the board of directors and in case of a listed entity having outstanding superior riight equity shares, at least two thirds of the Risk Management Committee shall comprise of independent directors.
- The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

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Corporate Social Responsibility (CSR)

What is CSR?

- Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operation.
- The CSR is a self regulatory operational model of the company which helps a company to become more socially accountable to its own self, stakeholders and to its public. It is in other term called corporate citizenship as the company is conscious of the kind of impact they do have on all aspects of society.



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Corporate Social Responsibility (CSR)

Categories of CSR

Corporate social responsibility is generally classified into four categories:

- Environmental,
- Philanthropic,
- Ethical, and
- Economic responsibility



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Corporate Social Responsibility Committee

Various Roles

Corporate social responsibility committee has to perform various roles some of which are as follows:

- **Formulate and recommend to the Board, a Corporate Social Responsibility Policy,**
- **Recommend the amount of expenditure to be incurred on the activities and**
- **Monitor the Corporate Social Responsibility Policy of the company from time to time.**

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Corporate Social Responsibility Committee

Activities of Board for CSR

On receipt of plan and policy recommendations from Corporate social responsibility committee, the Board has to perform various activities, such as:

- **Approve the CSR policy and disclose the contents of such policy,**
- **Ensure that activities proposed under CSR Policy are undertaken by the company,**
- **Ensure that the company spends at least 2% of their average net profits earned during three immediate preceding financial years,**

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CONCLUSION

Major structural issues relating to corporate governance has been discussed in this lecture session. Learners might have been gathering knowledge about various committees, boards and their role-responsibilities from the discussion of this lecture

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Module-2

Lecture 09 : Duties and Responsibilities of Directors

BUSINESS LAW FOR MANAGERS

Introduction

We have learnt about strength and composition of Board of Directors in earlier lecture. However, in the corporate governance process the board of directors is the central to its decision making. Its liability to ensure compliance with the law underpins the corporate governance structure in a company. The actions of the directors help to articulate the aspirations of the promoters and the right of the stakeholders.

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KEY POINTS

- Manners of appointment, removal and resignation
- Independent directors
- Duties and responsibilities of directors
- Key Managerial Personnel



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Board of Directors

Manners of appointment, removal/resignation of Directors

- The ultimate responsibility to appoint/remove directors should be that of the Company (Shareholders). Government do not intervene in the process of appointment and removal of Directors in non-Government companies.
- Presently, it is necessary to obtain the approval of the Central Government for appointing a person who is not resident in India.
- The obligation of maintaining the required minimum number of directors on the Board should be that of the Company.

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Board of Directors

Manners of appointment, removal/resignation of Directors

- It is the duty to inform ROC of particulars regarding directors including their appointment and removal/ resignation/ death, or otherwise ceasing to be Directors should be with the company. Every Director, in turn, should be required to disclose his residence and other particulars, as may be prescribed, to the Company.
- Resignation should be recognized as a right to be exercised by the director and should be considered

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Board of Directors

Independent Directors

Independent director is generally meant a non-executive director of the company.

It is presumed that given the responsibility of the Board to balance various interests, the presence of Independent directors on the Board of a Company would improve corporate governance.

Requirement of presence of Independent directors may vary depending on the size and type of company

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Board of Directors

Attributes of Independent Directors

- Apart from receiving director's remuneration, does not have, and none of his relatives or firms/companies controlled by him have, any material pecuniary relationships or transactions with the company, which may affect independence of the director.
- Is not, and none of his relatives is, related to promoters or persons occupying management positions at the board level or at one level below the board

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Board of Directors

Attributes of Independent Directors

- Is not affiliated to any non-profit organization that receives significant funding from the company, its promoters, its directors, its senior management or its holding or subsidiary company
- Has not been, and none of his relatives has been, employee of the company in the immediately preceding year



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Board of Directors

Attributes of Independent Directors



- Is not, and none of his relatives is, a partner or part of senior management (or has not been a partner or part of senior management) during the preceding one year,
- Is not, and none of his relatives is, a material supplier, service provider or customer or a lessor or lessee of the company.
- Is not, and none of his relatives is, a substantial shareholder of the company

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Board of Directors

Duties and Responsibilities of Directors

International practice recognizes a very wide spectrum of duties to be discharged by directors of a company. There are certain basic duties, such as-

- Duty of care and diligence
- Discharging duties in the best interest of the company
- Exercising independent judgement
- Duty to have regards to the interest of the employees,
- Promoting the success of the company
- Avoiding conflict of interest

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Board of Directors

Duties and responsibilities of Directors

- **Duty of care and diligence:**

The expected standard of care, skill and diligence are measured against both objective and subjective yardsticks. A director's actual understanding and abilities may not be enough if more could reasonably be expected of someone in his or her position.

- **Discharging duties in the best interest of company**

It is the duty of directors to act in a way which do not breach the interest of the company, in some circumstances the breach of interest may be ratified by the companying resolution.

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Board of Directors

Duties and responsibilities of Directors



- **Limitation of action:**

A company cannot go beyond the power stated in its Memorandum of Association which regulates the powers and fixes the objects of the company and provides the edifice upon which the entire structure of the company rests.

Board of Directors

Duties and Responsibilities of Directors

- **Exercising independent judgement:**

Directors must exercise independent judgment and make own decisions. This does not prevent from acting in accordance with the company's constitution or an agreement which the company has entered into.

- **To have regards to the interest of the employees:**

The directors are responsible for ensuring that the company complies with its obligations relating to the interest of the employees in terms of health, safety and welfare at work.

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Board of Directors

Duties and responsibilities of Directors



- **Promoting the success of company:**

The directors must use or disclose the company's confidential information to promote success for the benefit of company.

- **Avoiding conflict of interest**

The director must avoid such situation in which he/she/they could have an interest that can create conflict with the interest of the company.

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Board of Directors

Board Room, Drama

- Characters in the Drama
- Main Role i.e., the Hero of the Drama is the Chairman of the Board. Normally a non-executive and non-independent Director.
- Matching role in the Drama is played by another body i.e., Independent Director.
- An interesting and exciting character is always there in the Drama.
  -- Here it can be the Managing Director.
- Other side roles are played by the Company Secretary and Chief Financial Officer.(Facilitators)
- The success of the Drama largely depend on two key characters. (SHOLAY)

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Board of Directors

Board Room, Drama

- Chairman
- Independent Directors.

Therefore the success of the Board Room drama goes down to the fact how open is the Chairman to accept the views of the Independent Director or even allow them to air their views freely.

Secondly, if the first is not happening what action the Independent Director are taking.

Today in the new scenario- the unfolding of the Companies Act, 2013, SEBI stricter norms and surely but steadily the advent of shareholder activism in India we may start seeing a change in Board Room, Drama

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Board of Directors

Board Room, Drama

What is the change :

A kind of compulsion and no longer a choice for both the characters.

Why the MD is an interesting character:

Because in one hand he is a professional but paid and employed professional. Therefore many times the free flow of information to the Board may be dependent on the performance of this character.

The facilitators also have to play a role for the success of the Drama but again the question arises that they are also paid professionals.

Question for all: Who is the joker in the Drama.

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CONCLUSION

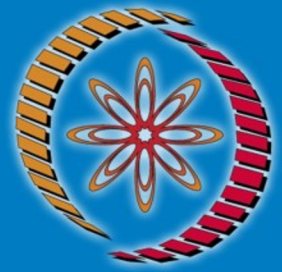
In this lecture attempt has been made to give an overall ideas about duties and responsibilities of board of directors. Learners might have been gathering knowledge from the discussion of this lecture session.

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Module-2

Lecture 10: Corporate Governance a Way Forward

BUSINESS LAW FOR MANAGERS

Introduction

Corporate governance has various requirements imposed internationally. However, in Indian company it ha significant role for accounting standard of the companies. There is mandatory requirements to follow the SEBI code for corporate Governance. This part of lecture will cover all of these to understand the Corporate governance a way forward.

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KEY POINTS

- Corporate Governance (CG) in India
- Accounting standards
- SEBI and CG in India
- Investment decisions and CG
- Research on CG



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Corporate Governance in India

A Review

- Few New Provisions of Companies Act 2013 for Directors and Shareholders
- One or more women directors are recommended for certain classes of companies
- Every company in India must have a resident directory
- The maximum permissible directors cannot exceed 15 in a public limited company. If more directors have to be appointed, it can be done only with approval of the shareholders after passing a Special Resolution
- The Independent Directors are a newly introduced concept under the Act.
- The Independent directors must attend at least one meeting a year

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Corporate Governance in India

A Review

- Every company must appoint an individual or firm as an auditor. The responsibility of the Audit committee has increased
- Filing and disclosures with the Registrar of Companies has increased
- Top management recognizes the rights of the shareholders and ensures strong co-operation between the company and the stakeholders
- Every company has to make accurate disclosure of financial situations, performance, material matter, ownership and governance

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Corporate Governance in India

A Review

- Related Party Transactions – A Related Party Transaction (RPT) is the transfer of resources or facilities between a company and another specific party. The company devises policies which must be disclosed on the website and in the annual report. All these transactions must be approved by the shareholders by passing a Special Resolution as the Companies Act of 2013. Promoters of the company cannot vote on a resolution for a related party transaction.

- Changes in Clause 35B – The e-voting facility has to be provided to the shareholder for any resolution is a legal binding for the company.

Corporate Governance in India

A Review

- Corporate Social Responsibility – The company has the responsibility to promote social development in order to return something that is beneficial for the society.

- Whistle Blower Policy – This is a mandatory provision by SEBI which is a vigil mechanism to report the wrong or unethical conduct of any director of the company.



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Accounting Standard and Corporate Governance

- The objective of accountants is to ensure good corporate governance by reducing the gap between insiders and outsiders to a corporation through the disclosure of right and timely information.
- Accounting standards assumed greater importance with the growing concern for effective corporate governance. Almost all the high profile failures of large global corporations are the result of the combined effect of failures in business, failures in governance and failures in reporting.
- The practice of proper accounting standards is more relevant issue of good corporate governance in the present competitive era as the standards provide a useful mechanism to restructure the core corporate values.

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Corporate governance and Transparency in Accounting

Ineffective corporate governance may result in financial crisis both for the company and the stakeholders. Shareholders lose confidence in the company and share prices will decline. The high profile corporate governance failure scams like stock market scam, the UTI scam, Ketan Parekh scam, Satyam scam which were severely criticized by the shareholders called for a need to make corporate governance in India transparent as it greatly affects the development of the country.

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SEBI and Corporate Governance

SEBI Guidelines

- In 1999, the Securities and Exchange Board of India (SEBI) made it mandatory for all listed companies in phases. From April 2003, all the listed companies were brought under mandatory requirement to follow the SEBI corporate governance code.



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SEBI and Corporate Governance

SEBI Guidelines

- Corporate governance encompasses the mechanisms, rules and practices by which companies are operated and controlled. It aims to mitigate conflicts of interest between shareholders and promote ethical decision-making, transparency and integrity at the executive level. The role of SEBI in corporate governance is to ensure these rules are implemented and followed by all parties.

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SEBI and Corporate Governance

SEBI Guidelines

- SEBI guidelines for corporate governance are designed to provide a safe, transparent environment for investors and prohibit fraudulent or unfair practices, like insider trading.
- The role of SEBI in ensuring ethical standards among corporations became even more important in 2018 when the organization imposed additional compliance conditions.

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SEBI and Corporate Governance

SEBI Guidelines



- Furthermore, listed companies must disclose related-party transactions and hold a specific number of annual general meetings. SEBI initiatives in corporate governance are largely based on the recommendations made by the Kotak committee in March 2018 and aim to enhance transparency.

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Investment Decisions and Corporate Governance

- Corporate governance exaggerates the impact of investor confidence on corporate investment decisions.
- Good corporate governance practices improve board members' monitoring function, hence moderately control shareholders' interests, therefore firm managers make decisions effectively.
- However, in the presence of rigorous corporate governance practices, the impact of investor confidence on corporate investment is mitigated.

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Research on Corporate Governance

General findings

Major key factors that influence the CG System are:

- **Disclosures in Annual Report,**
- **Quality of Corporate Reporting,**
- **Adequacy of Processes,**
- **Involvement of Managers in CG activities,**
- **Management continuous interaction with functional departments,**
- **Board and Corporate ethics,**
- **Role of Independent Directors,**
- **Quality of Board and CSR and CG System – a tool or developing managerial activities.**

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Research on Corporate Governance

General findings

Major key factors that influence the CG System are:

- **It is observed that shareholders are not the primary factors that drive good governance. The new drivers are the stakeholders and their intangible contributions. Firms in the IT sector adopt good governance standards to attract these stakeholders namely, good employees (the knowledge workers) who create value for the new age companies and attract prospective clients and retain the existing clients.**

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Research on Corporate Governance

General findings

Major key factors that influence the CG System are:

- **It also leverages the establishment of strategic alliances that act as a platform for sustainable development.**
- **Benchmark for good governance should also include benchmarks for monitoring and managing the value creators i.e. intangibles.**
- **Good governance should also encompass evolving standards to protect, preserve and enhance the value of the value drivers in this sector.**

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CONCLUSION

In this lecture attempt has been made to give an overall ideas about corporate governance (CG) in India, accounting standards, SEBI and CG in India, investment decisions and CG, research on CG. Learners might have been gathering knowledge from the discussion of this introductory lecture

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THANK YOU !