

# Corporate Governance in India – Regulatory Framework and Practices

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**Abstract-** The corporate government sectors are developed in their different aspects in the organizational sectors. Several countries of the world can evaluate the efficacy of the development strategies of the organization. Social and environmental activities also face challenges in the society of the countries in the world. The methodological aspects can also evaluate the developmental aspects of the corporate government sectors. The empirical findings of the study indicate the productivity improvement of the banking system of the country. The systematic review has included the PICO question in order to assess the notions of the research. Other than that the PRISMA framework has been incorporated into the study for the core data extraction. CASP tool has been used in the process of quality appraisal. The corporate governance of India must focus on the framework to protect the minority of the stakeholders of the organization. The directors and the board of management can evaluate the efficacy of the organizational sectors. They can evaluate the social responsibilities to develop their working aspects in the organization. “Corporate Governance in India” must set an internal control efficacy that can evaluate the policy and procedure of the organization. The customers and the management also take a vital role in the evaluation process of the corporate governance sectors.

**Keywords:** “corporate governance”, “stakeholders”, “collaboration”, “economic viability”, “5 pillars”, “culture, leadership, systems, structure, and alignment”, “Ministry of Corporate Affairs (MCA)”, “The Securities and Exchange Board of India (SEBI)”, “Desirable Corporate Governance Code by CII (1998)”, “Institute of Chartered Accountants of India” (ICAI)”, “regulatory framework”, “Descriptive research design” and “Deductive approach”.

## 1. INTRODUCTION

### 1.1 Background

Corporate governance is the system of rules and processes by which an association and a whole nation are directed and controlled. The position of power and accountability can be accessed through corporate governance and it is mentioned who is in charge of decisions. Corporate governance can be based on 4P and they are people, performance, process and purpose. Corporate governance is consequential as it institutes a scheme of regulations and approaches that decides how an organisation functions and how it collaborates with the appeal of each one of its stakeholders (Almaqari *et al.* 2020). Suitable corporate governance guides ethical trade practices that direct to economic viability. In favour, corporate governance can lure investors to the organisation. The current study has included research questions regarding the systematic review of corporate governance and its regulatory framework in India.

The effective research hypothesis can evaluate the research method and it helps to emphasize the methods of the “literature review”. With the help of “disclosure practices” and “social obligation maintenance” an effective relationship can be maintained by the corporate governance of the country. Other regulatory methods also should maintain by the working employees of corporate governance (Agnihotri and Gupta, 2019). India includes different corporate affairs and boards for maintaining the decision regarding the administration. The regulatory framework of the country is supporting the different decisions and regulations regarding the proceedings in the country.

### 1.2 Aim and Objectives

The main aim of the research is to critically analyse the corporate governance and regulatory framework of India.

**Objectives:**

- To analyse the corporate governance norms in India
- To assess the regulatory framework in India
- To critically analyse the regulatory framework for corporate governance in India

### 1.3 Research Question

The research or the systematic review aims to study the regulatory framework of India for corporate governance and extracts the research question “How does the regulatory framework act for the corporate governance of India?”

The PICO framework has been included in the systematic review and analyses of the research question.

Population (P)	Intervention (I)	Control (C)	Outcome (O)
Corporate Governance of India	Regulatory framework inclusion in the system	Normal proceedings in India	A better and decent administration

**Table 1: PICO framework**  
(Source: Self-developed)

**1.4 Research hypothesis**

The research hypothesis has been formed from the research and the hypothesis can be decent for identifying the notion and navigation of the research process.

*H0: The regulatory framework of India is decent for corporate governance.*

*H1: The regulatory framework of India is not decent for corporate governance.*

**2. LITERATURE REVIEW**

**2.1 Details of the Corporate Governance**

Corporate governance means the compact system or body of rules, processes and practices by which a company and country are controlled and directed. Power and accountability are included in corporate governance and that enables the management of the governing body or board. The decision-making process can be balanced and systematic based on corporate governance (Cgi.org.uk, 2022). The notion of ethics and sustainability can be maintained with the inclusion of proper corporate governance. The whole community is balanced and can also include the internal and external stakeholders of the country. The objectives of the country can be maintained and managed for the different sectors such as social context, regulatory context and market environment (Deloitte.com, 2023). In that situation, the 5 pillars can be seen in the case of corporate governance and they are *culture, leadership, systems, structure, and alignment* which are necessary for the governance of the whole country. Poor governance in the country can reduce the efficacy of each and every sector that used to be at the perfect pace.

**2.2 Corporate Governance in India**

The corporate governance of India is based on the “*Ministry of Corporate Affairs (MCA)*” and along with that there is another aspect which is “*The Securities and Exchange Board of India (SEBI)*”. Through the cover of Clause 49, the SEBI monitors the governance of the companies that are listed. The agreement of the stock exchange is also preceded and monitored through the corporate governance of India (Deloitte.com, 2023). On the other hand, the non-profit-trust, law-enforcing organisations and policymakers are regulated and redirected through corporate governance. Different regulations have been enacted in India for ensuring proper corporate governance in the different sections and sectors. “*Desirable Corporate Governance Code by CII (1998)*” was also included for the independent directors of the listed companies and other suggestions were also included in the process.

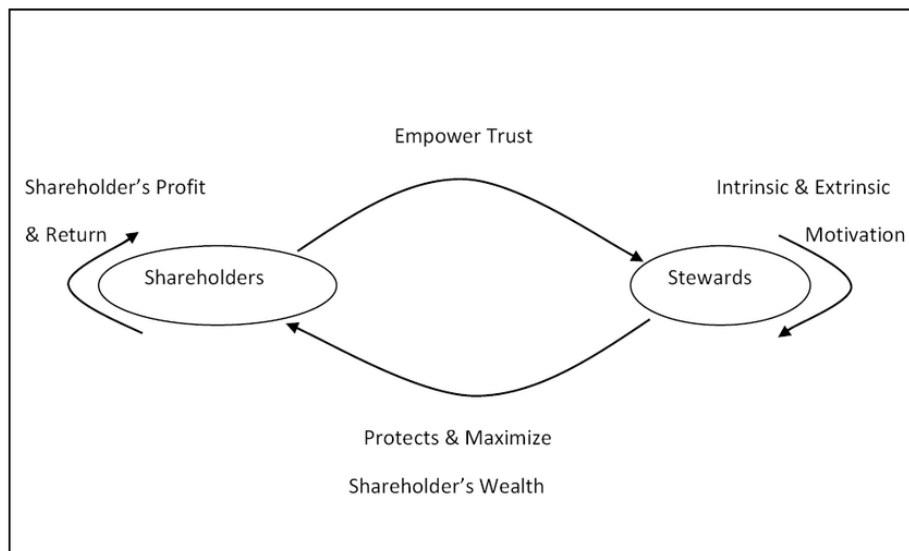
**2.3 Regulatory Framework in India for Corporate Governance**

Different regulatory frameworks have been established and circulated in India for better governance of the organisations and other sectors that might be under governmental or non-governmental agencies. Based on that the “*Companies Act 2013*” has been incorporated into corporate governance and regulates Indian organisations through the provisions of “*Section 134*”, “*Section 177*” and “*Section 184*” (Indiacode.nic.in, 2022). Other than that there are additional guidelines on behalf of “*The Securities and Exchange Board of India (SEBI)*”. Clause 35B and clause 49 are included in the action for better companies and corporate governance (Al-Homaidiet al. 2019). The other regulatory framework that has been included in corporate governance is the accounting standards represented by the “*Institute of Chartered Accountants of India*” (ICAI).

**2.4 Theoretical framework**

**Stewardship theory:**

According to this theory the argument has been established whether people are motivated intrinsically to work for others to accomplish the tasks and responsibilities with which they are entrusted (Schillemans and Bjurstrøm, 2019). The theory can evaluate the efficacy of a perfect regulatory framework in the corporate governance sectors. Every working employee must evaluate the segmental efficacy of the quality control method. They should maintain the essential rules and regulations of the government of India. In that case, it must be very helpful for the developmental aspects of the organization (Löhde et al. 2021). The shareholders of the corporate governance sectors must ensure the effectiveness of the stewards which can help the “intrinsic and extrinsic motivation”.



**Figure 1: Stewardship theory**  
(Source: Schillemans and Bjurstrøm, 2019)

## 2.5 Literature gap

The research has been discussed regarding the corporate governance of India and the regulatory framework that is circulated in India. It has been seen that the different rules and regulations and the board of directors are engaged with the governance of the country and the organisations in India. However, the gaps in the regulatory framework have not been addressed and critically analysed. Furthermore, the difference between corporate governance and the notions of the regulations and the problems for the corporate institutions are not assessed.

## 3. METHODS

### 3.1 Research Design

The proposed study has been developed in a systematic procedure for analysing and critically assessing the data. According to Page *et al.* (2021), the choice of the appropriate research design can help in the planning and increasing of the study. In the present study the “*Descriptive research design*” has been chosen for better exaggeration of the topic of interest (Pigott and Polanin, 2020). The *PICO framework* has been included in the research that also pointed towards the “*Deductive approach*” in the study regarding the regulatory framework for the corporate framework in India.

### 3.2 Inclusion and exclusion criteria

Eligibility criteria	Inclusion criteria	Exclusion criteria
<i>Journal type</i>	<ul style="list-style-type: none"> <li>● Peer reviewed</li> <li>● Full-text articles</li> </ul>	<ul style="list-style-type: none"> <li>● Not peer-reviewed</li> <li>● Published in the database up to the abstract and introduction and other parts are not present.</li> </ul>
<i>Year of publishing</i>	Last 5 years	Before 2018
<i>Selected language</i>	English	Other than English
<i>Data source</i>	Google Scholar, Government websites of India or other sites that highlight Indian regulation, ProQuest.	Unauthentic sources in the databases.
<i>Selected topic</i>	Data regarding the regulatory framework for corporate governance in India.	Non-specific terms and notions
<i>Country</i>	India	Other countries than India

**Table 2: Inclusion and exclusion criteria**

(Source: Self-developed)

### 3.3 Searching Strategy

#### **Boolean operators:**

The “*Boolean operators*” such as AND, OR, NOT, WITH, AND NOT have been included in the search strategy of the journals or the articles for the further proceeding of the systematic review.

#### **Key Words:**

The keywords or the important phrases used in the research that helped in extracting topic-specific articles from databases. In this situation, the keywords that are used for searching articles are “*Regulatory framework*”, “*Corporate governance*”, and “*India*”.

#### **Database:**

The different databases are used in the research for extracting the perfect journals and articles for further proceeding in the systematic review. *Google Scholar*, *ProQuest* and the *Governmental sites based in India* have been included in the research that helped in searching journals and articles.

### 3.4 Data Extraction and Quality Appraisal

The data extraction has been done in manual form with the help of the PRISMA framework. In that situation, 6 articles have been considered from the database and that is finalised after consecutive steps regarding identification, screening, Eligibility, and included journals.

The quality appraisal has been taken into consideration with the help of the CASP tool “*Critical Appraisal Skills Programme*” (Björnsdottir *et al.* 2020). 10 appropriate questions are included in the CASP tools that help in quality appraisal.

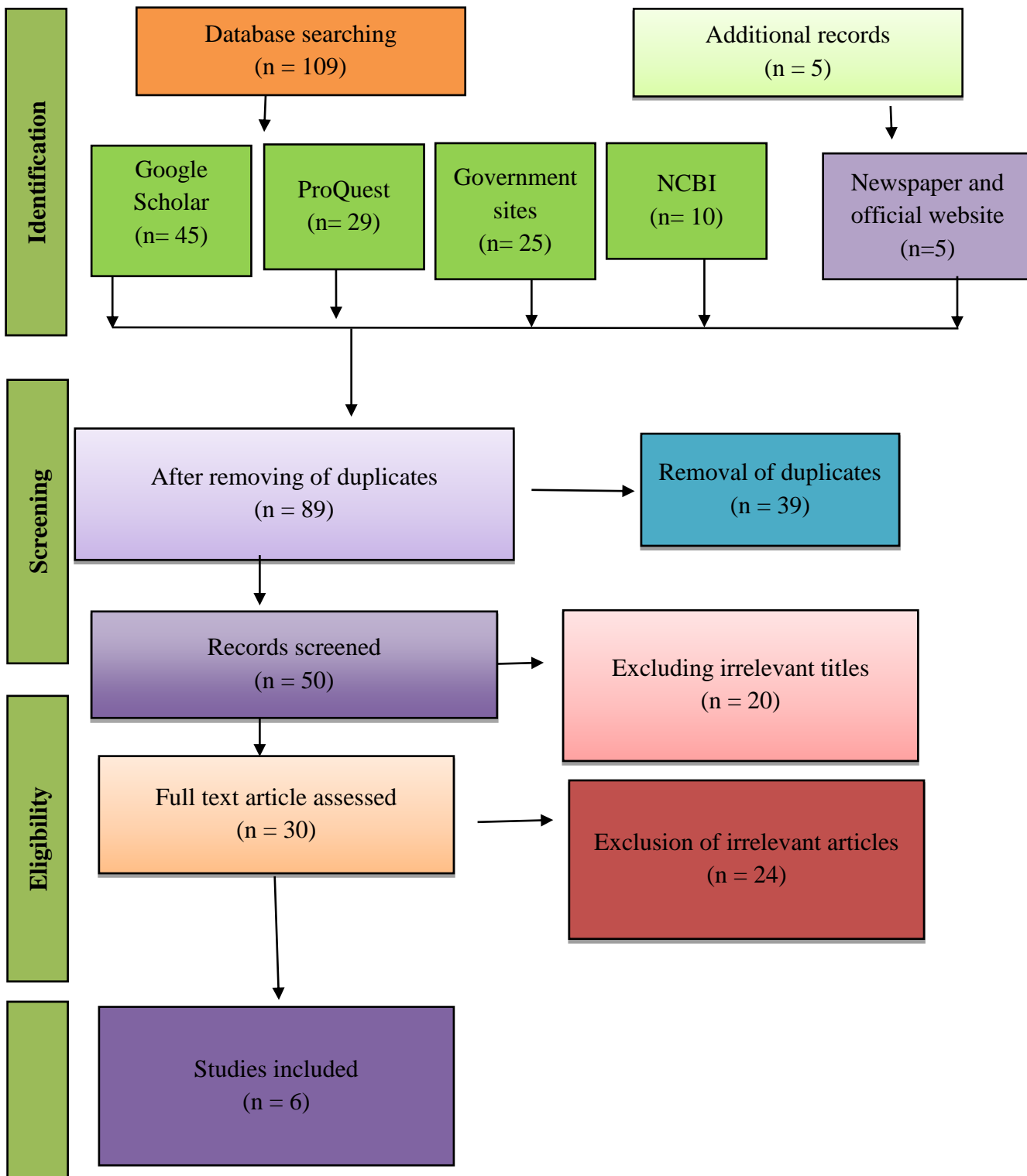


Figure 2: PRISMA framework  
(Source: Self-evaluated)

**3.5 Data Analysis**

The secondary data analysis process or the “Thematic analysis process” has been included in the systematic review (Nuri *et al.* 2020). In that situation, descriptive analysis can be appropriate for the research.

**3.6 Ethical Consideration**

Systematic review can have several ethical disparities and for that, the secondary sources can be protected with confidentiality and that should follow the “Data Protection Act 2018” (Gov.uk, 2020). Ethical approval from the e-libraries can be taken for further propagation of the research.

**4. FINDINGS AND ANALYSIS**

Article	Country	Methodology	Findings
Thakeret <i>al</i> (2022)	India	The related study makes a methodological aspect of the contribution of employees in a “ <i>hybrid machine learning based random forest (RF)</i> ” which is a type of data envelopment analysis (DEA) to examine the proper impact of corporate banks in the country.	As per the study of the chosen article, the basic findings revealed the specific rules of law and also the effectiveness of the government sectors. It is also found that the effectiveness of the government and the effective voice and accountability is influenced effectively in the corporate bank of the country. The empirical findings of the study indicate the productivity improvement of the banking system of the country.
Caradoniaet <i>al</i> , (2019)	Various countries such as the USA, South Africa, Canada, India and also Brazil.	The substance can be obtained from the methodological aspects of the user which are untreated or treated only by the manual aspects and also the mechanical means of the study. The methods can prepare products and access the production process and also the quality control method.	As per the study, the information and the manufacturing process are responsible for the authority of the organization. The corporate sectors mainly evaluate the statistical facts of their working process.
Beshiet <i>al</i> , (2020)	India	The application of the study is based on the total population benefits of the organizational sectors. The urban residents of the country are selected for the sample study. It also overcomes the strength and weaknesses of the sampling study of the organization. This type of collection meets the residents randomly and the responders are covalent in the organization.	As per the study of the chosen article, the basic structure is to analyze the SEM results and the sections also summarize the statistical estimations and the discussion of the interpretation of the article.

Alabdullah <i>et al</i> , (2019)	Bursa Malaysia	The analysis should be verified by the quantitative data which is made by the “ <i>Partial Least Squares (PLS)</i> ” and it is significant the true relationship between the indicators of the researcher. The corporate government can invest in the mechanism of the traditional financial industry of the country.	As per the study of the article, the role of the budget analysis is significant by the positive results and the relationship negatively affects the corporate government's sectors respectively. The investors and the mechanical aspects of the financial condition of the industry.
Scherer <i>et al</i> , (2020)	Global countries	The responsibilities of the political sciences theoretical aspects of the organization. Social and environmental activities also face challenges in the society of the countries in the world. The good and the bad site can innovate the corporate sectors can realize the efficacy of the development of the organizational sectors.	As per the study of the article, the corporate government can innovate the advantages of the potential and also a limitation of the chosen models and the responsibilities of the innovation model of the organization. It can be helpful for the development of the organization's sectors.
Jiang <i>et al</i> , (2020)	China	The study used several fixed effects and also matching methods for the study of corporate government sectors of the country. The significant effects can evaluate the real efficacy of the organizational development and it should usually discuss the “ <i>SOE performance, managerial turnover, and compensation and accounting</i> ”. The political economy can be valid in the organization.	In the chosen article, it is found that the aim and the objectives of the current strategies of development of the corporate sectors of the country. The capital market of the country indicates the efficacy of the organizational development sectors.

**Table 2: Data extraction table**

Source: (Self-developed)

In the above chosen six articles, the corporate government sectors are developed in their different aspects in the organizational sectors. Several countries of the world can evaluate the efficacy of the development strategies of the organization (Al-Ahdalet *et al*, 2020). The developmental efficacy of the organizational sectors has been evaluated by the authors. Corporate governance may be used to determine the complications of operating these sectors and strategic development would be required to evaluate the developmental efficacy. The methodological aspects that have been followed by the authors in these studies have been able to evaluate the strategic development of the country very effectively (Purbawangsaet *et al*, 2020). It may help the strategic development of the country. The methodological aspects can also evaluate the developmental aspects of the corporate government sectors.

## 5. DISCUSSION

The review of the chosen article can evaluate the efficacy of the organization. It may vary for different countries of the world. Each country has its developmental strategies for its organizational development. The selected methods and their real efficacy is evaluated by the CEO of the organization (Matos *et al*, 2020). Every working employee of the organization must be very cooperative in their workplace so that they can develop their organization in the international business market. The organization may be valid for the efficacy of the organizational development in the basic aspects of the organization. It is also related that the development may ensure the real efficacy of the development of the organization. The managers and also the stakeholders of the organization may

work effectively in the organization. The basic strategies can be overcome by organizational development efficacy. The corporate governments of the country may have to evaluate the real efficacy of the developmental aspects of the country. The managers of the organization may have to behave politely and also be friendly with the other workers in the workplace. It can help the developmental aspects of the countries (Gergedet *et al*, 2021). Real efficacy can control the basic differences in organizational developmental strategies.

The developmental aspects can be valuable for the organization in its related steps of organizational development. It can ensure that the chosen methods are helpful in the related aspects of the corporate governance sectors of the country (Puniet *et al*, 2020). The sustainability aspects can be valid for the related aspects of the organization. It can overcome the real effects and development issues of the working place so that the employees are very helpful in the developmental strategies of the organization. The sustainability approaches can be specific to the rules and regulations of the laws of the government. It can help organizational development. Accountancy can be influenced and effective for the corporate bank of the country. The banking system can evaluate the related aspects of the developmental aspects of the country. The government sectors may be hampered by the efficacy of organizational development. Every country has several different aspects of its own that can evaluate the efficacy of the organization's development (Manglaet *et al*, 2019). Every employee of the organization must have to cooperate in their working field. The system can be valuable for the developmental aspects of the corporate sector. The banking sectors can evaluate the real organizational development in the basic aspects of the sectors.

The organization can evaluate the segmental efficacy of the impact and also the productivity through corporate governance. The application is based on generating essential benefits for the organization. It can evaluate the developmental aspects of the evaluation and basic strategies of corporate governance in India (Arya *et al*, 2020). The developmental aspects can evaluate the realistic efficacy of the quality control method of corporate governance in India. The weaknesses and strengths also be analysed in the organization. The organization can be valuable for the developmental aspects of its organizational strategies in the related efficacy of the corporate government. The productivity rates of the organization may be valid for the developmental aspects of the corporate bank. It can evaluate the real efficacy of the organization.

## 6. CONCLUSION

The good corporate governance sectors may evaluate the efficacy of the organization. In that case, the working employees must have to be very cooperative in their working sectors. The economic growth and the essential properties can be valuable for the developmental aspects of the organization (Gergedet *et al*, 2021). The competition analysis may be valuable for the environment sectors and also the company growth in the real efficacy of the organizational development. A special and also dynamic environment can evaluate the system of the working process of the corporate governance sectors of the country. The functional aspects can compose an essential concept of the organization. The Ministry of corporate governance and the Security aspects may include several effective methods of the developmental aspects of the organization. The sustainability approaches can evaluate the managing security and the related aspects of the organization. There are mainly three pillars of corporate governance in the country. They are such “*transparency, accountability, and security.*” The three aspects can critically evaluate the sustainability rate and the running capacity of the organization (Purbawangsaet *et al*, 2020). The professional aspects and the effective relationship between the stakeholders of the organization can improve the sustainability rate of the workplace.

The sustainability rate can ensure the related aspects of organizational development. The working employees of the organization must have to obey the rules and regulations of the organization. It may improve the sustainability rate of their work very effectively (Gergedet *et al*, 2021). Corporate governance may fundamentally behave the utilization of the given resources and it plays a critical role during the mergers of the event management of the country. The sustainability approaches can correlate with the organizational development sectors of the country. It can evaluate the real efficacy of the organization sector very effectively.

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