

“CORPORATE GOVERNANCE PRACTICES IN INDIA”

(A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR ENTERPRISES)

A

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CERTIFICATE

This is to certify that Ph.D. thesis entitled “**CORPORATE GOVERNANCE PRACTICES IN INDIA**” (A COMPARATIVE STUDY OF PUBLIC AND PRIVATE SECTOR ENTERPRISES) has been submitted by **Kalpana Nebhinani** under my supervision and guidance. To the best of my knowledge, this is an original work undertaken by the candidate and has not been submitted elsewhere for the award of any other degree. It contributes to the knowledge on the subject.

Candidate was a full time research scholar and fulfilled the condition of 200 days of attendance every year at approved research center. She has fulfilled all the conditions as required by the university. I recommend the thesis for evaluation.

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CONTENTS

	Page No.
<i>Preface</i>	i-ii
<i>Acknowledgement</i>	iii
<i>List of Abbreviations</i>	iv-v
<i>List of Tables</i>	vi-vii
<i>List of Figures and Models</i>	viii-ix

CHAPTERS

1	CONCEPTUAL FRAMEWORK	1-33
1.1	Concept and Background of Corporate Governance	
1.2	Various Facets of Corporate Governance	
1.3	Interrelationship of Corporate Governance with Related Issues	
1.4	Latest Developments and Amendments Concerning to Corporate Governance in Company Act 2013 and SEBI Guidelines	
2	REVIEW OF LITERATURE	34-46
3	RESEARCH METHODOLOGY	47-75
3.1	Organisation of Research	
3.2	Rationale of the Study	
3.3	Problem Identification	
3.4	Objectives of the study	
3.5	Hypotheses	
3.6	Research Approach	
3.7	Sources of Data Collection	

3.8	Techniques used to analyze the data	
3.9	Parameters of Interest	
3.10	Temporal Coverage of the Study	
3.11	Sampling Design	
3.12	Contribution of the Study	
3.13	Limitations of the Study	
3.14	Organisation of the Study	
4	PROFILE OF COVERED UNDERTAKINGS	76-103
4.1	Preamble	
4.2	National Thermal Power Corporation Limited	
4.3	National Fertilizers Limited	
4.4	TATA POWER Limited	
4.5	Chambal Fertilizers and Chemicals Limited	
4.6	A Comparative View of CSR System in Covered Undertakings – At a Glance	
5	DATA ANALYSIS	104-166
5.1	Demographic Profile	
5.2	Hypothesis Testing	
6	CONCLUSIONS AND SUGGESTIONS	167-206
6.1	Specific Conclusions	
6.2	General Conclusions	
6.3	Specific Suggestions	
6.4	General Suggestions	
6.5	Suggested Models	
6.6	Further Areas of Research	
	BIBLIOGRAPHY	207-213

ANNEXURES			I-XXXI
Annexure I	-	Sample Questionnaire for Employees	I-III
Annexure II	-	Sample Questionnaire for Executives	IV-VIII
Annexure III	-	Sample Schedule for Community	IX
Annexure IV –A	–	Sample Questionnaire for Shareholders (In English)	X-XII
Annexure IV -B	–	Sample Questionnaire for Shareholders (In Hindi)	XIII-XV
Annexure V-A	-	Paper Published in International Journal	XVI-XXI
Annexure V-B	-	Paper Published in National Journal	XXII-XXXI

Preface

“As a honey bee suckles honey from the flower without affecting its charm and beauty, like this honey bee a businessman should benefit from stakeholders without affecting their interests.”

According to above ethical value all corporates should take praiseworthy actions towards stakeholders. Corporate governance in India is developing for the two decades. Corporate governance is a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. Corporate governance is necessary to avoid corporate scams, frauds and irregularities. Thus, sound corporate governance is the need of the hour. In present the scenario of corporate scams, sound corporate governance is critical in enhancing and retaining investor trust. Thus, there is a need to study the principles of good corporate governance viz., integrity, equity, transparency fairness, disclosure, accountability and commitment to values. Corporate governance is ideally based on these principles.

In today's scenario the corporate governance is required as a part of growth strategy. The prime objectives of the business are Survival, Growth and Profitability. Globalization stands on the foundation stone of good corporate governance. The approach “Think Global” for Indian corporate houses will mean business.

To defend the interests of stakeholders - transparency, accountability and best practices are required in all its transactions. The board should consider itself as a **“Trustee”** of its shareholders and should acknowledge its responsibilities towards them for creation and safeguarding their wealth. This should be highly based on **“Gandhian Theory of Trusteeship”**

In this direction, the objective of the study is to know present status quo of corporate governance practices by Indian corporate institutions under the public and private sectors. In addition to that, efforts are made to find out gaps between laws and practices pertaining to governance level. This study also focuses on the expectation level of stakeholders. This study also put forward models of good corporate governance.

This study is an attempt to draw various concepts of corporate governance and analyze their relevance in Indian corporate sector. The present research reveals that objective of corporate governance is enhancement of the long term stakeholders value.

This exploratory and empirical study has been divided into six chapters.

Chapter-1 explains concept of corporate governance. It discusses background, mechanism, need and reforms with some contemporary issues of corporate governance i.e. CSR, e-governance, business ethics, sustainability policy and implication of climate change. **Chapter-2** deals with review of existing literature related to corporate governance aspects. **Chapter-3** presents outlines of research design with complete research methodology. **Chapter-4** highlights the profile of selected public and private companies covered in the study. **Chapter-5** presents the comparative and empirical analysis of public and private sector enterprises in reference to the corporate governance practices under covered parameters. **Chapter-6** projects conclusions and suggestions given by researcher for good corporate governance. It also discusses models of good corporate governance which can be useful for Indian corporate sector to improve their corporate governance practices.

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Preparing a research report is an uphill task of co-operation, consideration and collaboration. It is an outcome of blessings of many. Many professionals and personal liaisons have contributed to the development of this study. I bestow my deep sense of gratitude for my research guide **Dr. B.D. Sharma**, Rtd. Principal, (P.G.) Rajasthan, for his perennial support, speculative supervision, precious comments, constructive and helpful suggestions. In spite of his busy schedule, he devoted his valuable time in completion of this research work. I would like to respectfully acknowledge the role of **Dr. Seema Rathore** for close and careful reading of the research report and for various other contributions.

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(Kalpana Nebhinani)

Kota

List of Abbreviations

BOD's	:	Board of Directors
CD	:	Community Development
CDM	:	Clean Development Mechanism
CEO	:	Chief Executive Officer
CFCL	:	Chambal Fertilizers and Chemicals Limited
CFO	:	Chief Financial Officer
CG	:	Corporate Governance
CII	:	Confederation of Indian Industries
CSP	:	Corporate Social Performance
CSR	:	Corporate Social Responsibility
ED	:	Executive Director
FIU	:	Financial Intelligence Unit
GCG	:	Good Corporate Governance
GHGs	:	Green House Gases
GM	:	General Manager
HRD	:	Human Resource Department
ICAI	:	Institute of Chartered Accountant of India
ICSI	:	Institute of Company Secretary of India
IDs	:	Institutional Directors
IFC	:	International Finance Corporation
IPOs	:	Initial Public Offerings
KMBC	:	Kumar Mangalam Birla Committee
MCA	:	Ministry of Corporate Affairs
MD	:	Managing Director
MNC's	:	Multinational Corporations
NFL	:	National Fertilizers Limited

NGOs	:	Non Government Organisations
NSE	:	National Stock Exchange
NTPC	:	National Thermal Power Corporation Limited
NVGs	:	National Voluntary Guidelines
OECD	:	Organization for Economic Co-operation and Development
RBI	:	Reserve Bank of India
RPTs	:	Related Party Transactions
SEBI	:	Securities Exchange Board of India
SFIO	:	Serious Fraud Investigation office
S.N.V.	:	Standard Normal Variable
Ss	:	Sample Size
WB	:	Whistle Blower

List of Tables

Table No.	Page.No.
1.1 Prominent Scams	10
1.2 A Comparative View of Models of Corporate Governance-At a Glance	16
2.1 Review of Literature – At a Glance	41
3.1 Tabular Presentation of the Entire Hypotheses – At a Glance	58
3.2 Temporal Coverage of Activities	64
3.3 Features of Covered Undertakings –At a Glance	66
3.4 Tabular Representation of Sample Size for Employees and Executives	69
4.1 Financial Highlights of NTPC Limited	83
4.2 Financial Highlights of NFL	88
4.3 Financial Highlights of TATA Power Limited	95
4.4 Financial Highlights of CFCL	100
4.5 A Comparative View of CSR System in Covered Undertakings -At a Glance	101
5.1 Educational Qualifications of Employees	105
5.2 Years of Service	106
5.3 Educational Qualifications of Executives	106
5.4 Years of Service	107
5.5 Age of Investors	108
5.6 Educational Qualifications of Investors	109
5.7 Income Levels of Investors	110
5.8 Years of the Investment in the Company	111
5.9 Gender of Local Community Respondents	112
5.10 Results of Z for HRD Practices	114
5.11 Revision of Compensation Package	115
5.12 Protection to Whistle Blowers	116
5.13 Organization of Training Programme on Code of Ethics	117
5.14 Protection to Whistle Blowers	118
5.15 Results of Z for Transparency Practices	119
5.16 Transparency Practices	120
5.17 Transparency Practices	122
5.18 Results of Z For Employee Volunteering Practice	125
5.19 Employee Volunteering Practice	126
5.20 Results of Z for Environmental Practices	128
5.21 Uses of Solar Power and Wind Power	129
5.22 Practices for Conservation of Natural Resources and Environment Protection	130
5.23 Environmental Protection Practices by Engaging Employees	131

5.24	Green Practices in Companies	132
5.25	Frequencies of Ranks Given by Executives of Public Sector	134
5.26	Frequencies of Ranks Given by Executives of Private Sector	135
5.27	Results of Z on Health and Safety Practices	137
5.28	Health and Safety Practices	138
5.29	Health and Safety Practices	140
5.30	Health and Safety Practices	142
5.31	Health and Safety Practices	144
5.32	Results of Z on Corporate Governance Practices Respective to the Investors	146
5.33	Before Investment	147
5.34	After Investment	148
5.35	Shortcomings Related to Governance of the Company	149
5.36	Attended AGM	151
5.37	Opinions of Shareholders	152
5.38	Results of Z on CSR Practices	153
5.39	Social Welfare and Community Development Programme	155
5.40	Areas of CSR Spend	156
5.41	Areas of CSR Spend	159
5.42	Company Engagement for Community Development	161
5.43	Company Engagement for Community Development	162
5.44	Results of Z for Main Hypothesis (Covering Entire Practices)	165

List of Figures and Models

Figure No.		Page No.
1.1	Mechanism of Corporate Governance	17
5.1	Educational Qualifications of Employees	105
5.2	Educational Qualification of Executives	107
5.3	Educational Qualifications of Investors	109
5.4	Income Levels of Investors	110
5.5	Years of the Investment in the Company	111
5.6	Gender of Local Community Respondents	112
5.7	Revision of Compensation Package	115
5.8	Protection to Whistle Blowers	116
5.9	Organization of Training Programme on Code of Ethics	117
5.10	Protection to Whistle Blowers	118
5.11	Transparency Practices	121
5.12	Transparency Practices	123
5.13	Encouraging Employees to contribute their own Time for Community Development Initiatives	126
5.14	Uses of Solar Power and Wind Power	129
5.15	Practices for Conservation of Natural Resources and Environment Protection	130
5.16	Environmental Protection Practices by Engaging Employees	131
5.17	Green Practices in Companies	132
5.18	Health and Safety Practices	139
5.19	Health and Safety Practices	141
5.20	Health and Safety Practices	143
5.21	Health and Safety Practices	144
5.22	Before Investment	147
5.23	After Investment	149
5.24	Shortcomings Related to Governance of the Company	150
5.25	AGM Attended	151
5.26	Opinions of Shareholders	152
5.27	Social Welfare and Community Development Programme	156
5.28	Areas of CSR Spends	157
5.29	Areas of CSR Spends	159
5.30	Company Engagement for Community Development	162
5.31	Company Engagement for Community Development	163

Model No.

4.1	Parameters of Triple Bottom Line	81
4.2	Parameters of Economic Performance	81
4.3	A Model of Sustainability at TATA Power	93
6.1-A	A Simple Model for Good Corporate Governance	197
6.1-B	A Integrated Model of GCG	200
6.2	A Systematic Model for Formulation, Implementation and Evaluation of CSR	202
6.3	A Model for Shareholders Presenting GCG Curve	204

CHAPTER-1

CONCEPTUAL FRAMEWORK

1.1 CONCEPT AND BACKGROUND OF CORPORATE GOVERNANCE

As the governance of the country is –

“For the People, by the People and of the People”,

Accordingly the governance of the corporate is –

“For the Stakeholders, by the Stakeholders and of the Stakeholders”.

Corporate Governance ensures transparent disclosure and accountability of companies to all its stakeholders. It is a comprehensive expression to include a complete span of corporate actions being just, principled and moral to the benefit of all stakeholders. It has a legislative compliance element and fair compliance element. Corporate governance is about “**complete set**” of legal, intellectual and institutional arrangements that find out what public corporations can do, who manages them, how that management works out, and how the risks and return from the actions they undertake are allocated. Corporate governance is the way by which companies express responsibility to all of their stakeholders. It is no longer detached from society’s awareness. It is of overwhelming concern to the existing generation and the upcoming generation as well.

Corporate interests are so entwined with ecological conservation, societal and climatic interests that companies can no longer step down from the responsibility of the effects of their actions on these vitals of the society. In fact, corporate sector is completely matted with the institutional investors, the small shareholders, and the media besides the regulators.

The aim of CG is to align the welfare of individuals, corporations and the public at large. Corporate supremacy ensures interests of the stakeholders which is the essence of CG.

The demands of corporate governance require specialized and skilled managers to raise their capability and potential levels to meet the expectations of stakeholders. Moreover, CG is the most important facet in managing the enterprise with the highest standards of ethics. It has thus become vital. Good governance carefully balances the complex inter-relationship among the key players of CG (board of directors, audit committee, accounting team, auditors and senior management).

ICSI has defined corporate governance as function of best management practices. Furthermore, CG is related with compliance of law in true letter and spirit. This provides guidelines to follow ethical management practices. Thus, CG is interconnected with discharge of social responsibility for sustainable development of all stakeholders.¹

Cather wood states “Corporate governance to most people means the way company manages its business in a manner that is accountable and responsible to same or usually the shareholder in a wider interpretation, responsibility and accountability is seen to be a broader audience that also includes company’s shareholders such as employees, suppliers, customers and local community.”²

Cadbury Committee states that CG provides a mechanism through which companies are directed and controlled. BOD’s are responsible for the governance of their companies. BOD’s are liable for supervising the company’s functioning, strategic planning and for reporting to the shareholders. The prime duty of BOD’s is to comply with the requirements of laws and regulations for protecting best interest of all stakeholders.³

1.1.1 Transparency and Accountability

The constituents of corporate governance are transparency, disclosure, accountability and integrity. Transparency means explaining the company’s policies to the interest group (stakeholders). Externally, this means utmost proper and correct disclosures without jeopardizing the company’s strategic interest. Internally, transparency is openness in the company’s relationship with its, stakeholders. **Transparency enhances accountability.** Mandatory disclosures and non financial disclosures make a complete picture of transparency.⁴

The primary drivers of accountability and disclosures are described as follows: ⁵

- Trust deficit of companies at local level;
- Stakeholders and shareholders today are more careful about company image;
- Increasing public pressure on bureaucracy and judiciary on companies failing to comply on sustainable practices;

Accountability is about market, compliance, standards, processes and policies as well as it is concerned with stakeholders. Accountability and disclosure are intervals for any company and they need to be integrated with the business processes.

1.1.2 Developments in Corporate Governance at Global Level

In this section selected industrialized countries of the world are covered viz.: The USA, The UK, Germany and Japan to understand the background of corporate governance in these countries. A number of scams and failures were noticed in the corporate sector in the late 1980's and early 1990's.

Consequently these countries set up various committees to recommend code of best practices out of them, chief committees are as follows: ⁶

- Cadbury Committee (1992)
- Greenbury Committee (1995)
- Hampel Committee (1998)
- London Stock Exchange (LSE) Combined Code (1998)
- Blue Ribbon Committee (1999)
- OECD Principles for CG (1999)

Due to the high profile business failures, the Cadbury Committee was set up. The Committee issued a draft report on May 27, 1992 and its final report was published on December 1, 1992. The Cadbury and Greenbury Committees reports were published in the UK. The Cadbury report was primarily concerned with the boardroom and accounting aspects of governance. As the debate on corporate governance was still raging, the Hampel Committee was formed towards the end of 1995. This Committee presented its report in June 1998.

A Committee was set up by the LSE to suggest a set of principles of good governance and codes of best practices for the UK companies for implementation.

World Bank and Asian Development Bank have evinced a keen interest in the subject of corporate governance. An effectual, valuable and rational lead has been given by the OECD.⁷

The Blue Ribbon Committee was set up on October 6, 1998. The Committee submitted its report in early 1999. This Committee was set up at the time when many U.S. companies resorted to unlawful practices in financial reporting to their shareholders. The Committees recommendations are based on two factors; first, an audit committee with actual practices and overall performance. Second a legal regulator and self regulatory framework.⁸

1.1.3 A Scenario of Corporate Governance in India

Corporate India has a long history of its corporate governance system. This started in 1850, under the British rule. Since then the corporate governance system and practice in India have been highly influenced by the British system of corporate governance. India follows the Anglo-American system of corporate governance with a widely held executive board-structure. In fact, CG system in India started changing with the liberalization of Indian economy in 1991. Consequently the changes in CG in many industrialized countries of the world had their share of influence on India's CG system.

The UTI scam came as a great shock to the Indian economy. Consequently the need for good governance was felt. UTI episode made it very clear that serious ruling is required on CG in India. Varied agencies (SEBI, MCA, CII, and Govt. of India) have taken the initiative in framing new rules and laws to strengthen CG.

The record of CG has taken rapidity since 1998 in India. A serious thinking went into reforming corporate governance in India after a spate of scams. In this regard following committees were set up, these committees have been presented periodically –

- CII code of desirable CG (1998)
- KMBC (2000)
- Insertion of New clause 49 of the Listing Agreement by SEBI (2000)
- RBI Report on CG (2001)
- Naresh Chandra Committee (2002)
- N.R. Narayan Murthy Committee (2002)
- J.J. Irani Committee (2005)
- SEBI Board Meeting (2014)

In addition to that, the CII framed a voluntary code of corporate governance for the listed companies.⁹

Following are some recommendations given by CII: ¹⁰

- To report key information,
- Listed companies to have audit committees
- To give a statement on value addition by companies.

Another committee on Corporate Governance was **Kumar Mangalam Birla Committee** set up by SEBI. This culminated in the introduction of clause 49 of the standard listing agreement to be complied by all listed companies.

Recommendations of Kumar Mangalam Birla Committee

A committee was constituted to opine mandatory and non mandatory recommendation on CG under the chairmanship of **CA Mr. Kumar Mangalam Birla**. This committee was formulated to **protect and enhance stakeholder's value including the shareholders as well**. Mandatory recommendations were on quality of financial disclosure, enhancing the responsibilities of audit committees and on IPO proceedings. This committee also necessitated **to release business threats of company in annual reports of company as well as revelation** on position of nominee director and compensation structure of directors.

The desirable recommendations of the committee are :

- To set up a remuneration committee
- Disclosure of half yearly financial performance of company
- To entitle non executive chairman

The Government amended the Companies Act 2000, (relating with CG) for improvement in the companies functioning.

With a view to promote and raise standard of corporate governance in respect of listed companies, SEBI concluded that the easiest and fastest way of enforcing recommendations of KMBC is possible by incorporation of listing agreements clause 49 on corporate governance (inserted in 2000).

Clause 49 has the following codes on corporate governance: ¹¹

- Audit Committee (Qualified and Independent)
- Association with the Subsidiary Companies
- Disclosures and Transparency
- CEO/CFO Certification
- Report on CG
- Compliance Certificate
- Composition of Balanced Board

In March 2001, the **Standing Committee** on RBI submitted their report. The report contained recommendations on corporate governance to be applicable to all companies, especially the public sector undertakings.

In 2002 the Government of India appointed the **Naresh Chandra Committee** to examine and recommend drastic amendments to the law pertaining to auditor, client relationships and the role of the independent directors. The committee's recommendations include:

- To rotate partners of the audit committee in every five years.
- Audit committee to be set up with all independent directors.
- Companies to have at least 50% independent directors etc.

In order to protect the interest of investors, SEBI constituted a committee under the chairmanship of **NR Narayan Murthy** (Chairman and Mentor of Infosys) to review the performance of CG in India and to make recommendation. The key mandatory recommendations of this working group focus on reinforcement the tasks of audit committee, improving quality of financial revelation, including proceeds from IPO, to determine and disclose business risks in the annual reports of companies, the position of nominee directors and approval of stock holder, safeguard to whistle blowers, risk management procedure and performance appraisal of non-executive directors etc.

The **Companies (Amendment) Bill 2003** proposed drastic changes in the provisions of the Companies Act pertaining to corporate governance. Bill included matters related with accounting standards, auditors, directors, board meetings, number of directorships and environment protection etc.

Even after so many efforts during 2002-2003, the MCA did not get success in amending effective company law, so the MCA released the **“Concept Paper”** on company law in 2004. This paper includes a model of codified company law, where invited suggestions and initial comments have been successfully incorporated before finalizing the bill.

The **J.J. Irani Committee** was constituted on December 2, 2004 to evaluate the remarks and submissions received on concept paper and provide recommendations to the government in making a basic contemporary company law. The committee has submitted its report to the government on May 31, 2005.¹²

SEBI Board Meeting 2014

SEBI held a meeting on April 2014 to review CG norms. The purpose of this meeting was to align the provisions of Listing Agreement with newly enacted Company Law 2013. Sebi also recommended some requirements to reinforce the CG system in India. These amendments were made mandatory to all listed company from 1 October 2014.¹³

The board approved the following proposals –

- Compulsory Whistle Blower Mechanism
- Appointment of at least one woman director on board
- Prevention of stock options to independent director
- Strengthened role of audit committee
- Performance appraisal of IDs and BODs
- Agreement from audit committee before RPTs
- Approval for RPT's in AGM from shareholders through a special resolution, from ballot (voting)
- Separate meetings of IDs
- Formulation of SRC (Stakeholders Relationship Committee)
- Increased disclosures on compensation policies
- Excluded nominee director from classification of independent directors
- Obligatory constitution of NRC (Nomination and Remuneration Committee)
- Maximized the limit of board an independent director can hand out (restricted to seven)
- Definition and scope has been widened
- To limit the tenure of IDs

Background of corporate governance in India reveals that India's corporate governance system is influenced by industrialized countries corporate governance system but corporate governance practices in India are below the international standards and practices. Practices by the Indian corporate houses have remained more in paper not in practice.

1.1.4 Status quo of Corporate Governance in India

Various scams happening in India which requires need of Good Corporate Governance in present era. Now legislators, MCA, ICSI, CII, RBI and SEBI are very much concerned with **transparency and accountability of the companies in business activities**. Focus has been increased on good corporate governance which shows the need of good corporate governance. The prime objectives of the business are survival, growth and profitability. To achieve these core objectives a company should follow the best practices of corporate governance which is the need of the hour.

Good corporate governance is significant for attracting capital, to getting strength in competitive market, to increasing justice and human values in corporations, shareholder value and their interests. Ultimately good corporate governance can improve collective effectiveness of Board of Directors as well as shareholders faith in company. It enables the management to take innovative decisions for effective functioning of the enterprise within the legal framework of accountability and transparency. It improves efficiency and effectiveness of the enterprise and adds to the wealth of the economy. Corporate governance is thus, an instrument of economic development.

The following table is the periodical presentation of some notable recent scams:

Table - 1.1
Prominent Scams

Scam	Locality	Year Reported	Liabe Player	Sphere	Cursory / Brief
2-G Scam	National	2008	Nira Radia, M.K. Kanimozhi, A. Raja and many companies Vaishnavi Group companies	1,76,000 Crore Rs.	Communication Band with auctioned for lower than market value.
Satyam Scandal	National	2009	Ramalinga Raju, PWC	7800 Crore Rs.	Scandal in accounting Books of Satyam Computer Services. PWC failed to follow Code of Conduct and auditing Standards. It is a major Accounting fraud. Rajas had been allegedly with drawing Rs.200 million every month for paying 13000 non-existent employees.
					Contd...

Scam	Locality	Year Reported	Liabe Player	Sphere	Cursory / Brief
LIC Housing Finance Scandal	National	2010	LIC Housing Finance CEO Ramchandran Nair and 8 top ranking officials at Public Sector banks and Financial Institutions Banks and Financial officials were from Public Sectors including Book of India, Central Bank of India, Punjab National bank, Secretary of LIC Investment, G.M., Director, deputy manager of Bank	85 billion dollars	Officers of various Public Sector Banks and Financial institutions received bribes from a private Financial Service Company, which acted as mediator for corporate loans and other facilities from financial Institutions.
Sahara Scam	National	2010	Subrata Roy	24,000 crore	Issue of illegally optionally fully convertible debentures (OFCD), Which deceived investors. The case is about OFCD that two of Sahara Groups unlisted Companies – Sahara India Real Estate and Sahara India Housing Investment issued during 2008–2011
					Contd...

Scam	Locality	Year Reported	Liabile Player	Sphere	Cursory / Brief
					The collection was not in compliance with requirements applicable to the public offerings of Securities. Deposits were not refunded to investors.
Indian Coal Allocation Scam	National	2012	Comptroller and Auditor General of India, many Pvt. Companies and The Coal ministry	185591 crore Rs.	Coal blocks allotted without auction.
Saradha Group Financial Scandal	West Bengal	2013	Kunal Ghosh, Sudipta Sen, Madan Mitra	2400 Crore	This financial scam was caused due to failure of Ponzi Scheme.
Mumbai International Airport Ltd. Scam (MIAL)	Mumbai	2014	GVK Conglomerates and Airport Authority of India officials	5000 Crore	The project was willfully / purposively delayed by 3 year to pass 5000 crore undue benefit to GVK (Conglomerates).
Air India Family Fare Scheme Scam	National	2014 (looked into the record from 2007)	Travel Agencies, Government and Non Govt. Agencies, Travel Operator	6 Crore	Under FFS (Family Fare Scheme) Concession is given to employees of the Contd...

Scam	Locality	Year Reported	Liabe Player	Sphere	Cursory / Brief
					Airline in which they can take their family to a domestic once a year at subscribed cost. Travel operator started fraudulently altering the fare on the basis of these coupons.
Corporate Spy Gate Scandal / Spy Gate Probe	National (Noida)	2015	Former Journalist Santanu Saikia, Energy Consultant Prayas Jain, and Shailesh Saxena, Vijay Kumar, Subhash Chandra, Rishi Anand, K.K. Nayak are officials of Reliance Energy, Essar Group, Jubilant, ADAG Reliance, Cairns Energy respectively. Some ministry officials and employees are also involved. CBI has so far arrested six persons including an Under Secretary in the Department of Disinvestment and Grievances A.K. Singh, Assistant in FIPB section R. Niwas, Section Officer in the	10,000 crore Rs.	Crucial/ Sensitive information has been leaked out of various ministries i.e. oil ministry, Coal ministry, Power ministry, Defence ministry. Case is under official secrets Act because important documents are stolen of above ministries. This water tight case has taken Corporate Giants under scanner. Contd...

Scam	Locality	Year Reported	Liabile Player	Sphere	Cursory / Brief
			Department of Economic Affairs L. R .Sharma, UDC D. Singh, CA K. Gandhi and Chitale's partner P.C. Buddhadeb.		Govt. policy has been leaked out. The entire stolen information, which could have benefited various industrial houses as well.

On taking a review of above scams in India, it can be said that there is an urgent need of good corporate governance. In the economy of liberalization and globalization, the markets have become highly competitive and the economy requires more transparency and accountability into the working of organizations. The ultimate purpose of corporate governance is to create **self driven, self assessed and self regulated** organizations.

1.2 VARIOUS FACETS OF CORPORATE GOVERNANCE

At this point two issues have been discussed i.e. models and mechanism of corporate governance. There are so many forms of corporate governance; these have been highlighted here to understand various types and structures of corporate governance.

1.2.1 Models of Corporate Governance

There is no universal model of corporate governance. Varied models are exists in the world of corporate governance. Main models of corporate governance are as follows: ¹⁴

Anglo American Model : This model is used as basis of CG in UK, USA, Canada, and Australia. It is also known as “Anglo – Saxon model” it has separation of ownership and control. According to this model shareholders appoint directors who in turn appoint the managers to manage business entity. In This type of model, board usually consists of executive directors and few independent directors with limited ownership stakes in the company. This model also holds position of CEO and chairman of the board. This model works an effective communication between shareholders, board and management.

Japanese Model: Usually this model has banks, financial institutions and corporate with cross-shareholder as shareholder. There is a supervisory board which is made up of board of directors and a head, which are mutually selected by Shareholders and Banks/Financial bodies. Most of the directors are heads of different division of the company. Independent directors are rarely found in the board.

German Model : There are two boards in this type of model. They are Supervisory board and the Management board. It is used in the German, France, and Holland etc. Usually a large majority of shareholders are banks and financial institution. Shareholders can appoint 50% of member to constitute the supervisory board. The rest is appointment by employees and labour unions.

Table: 1.2
A Comparative View of Models of Corporate Governance-At a Glance

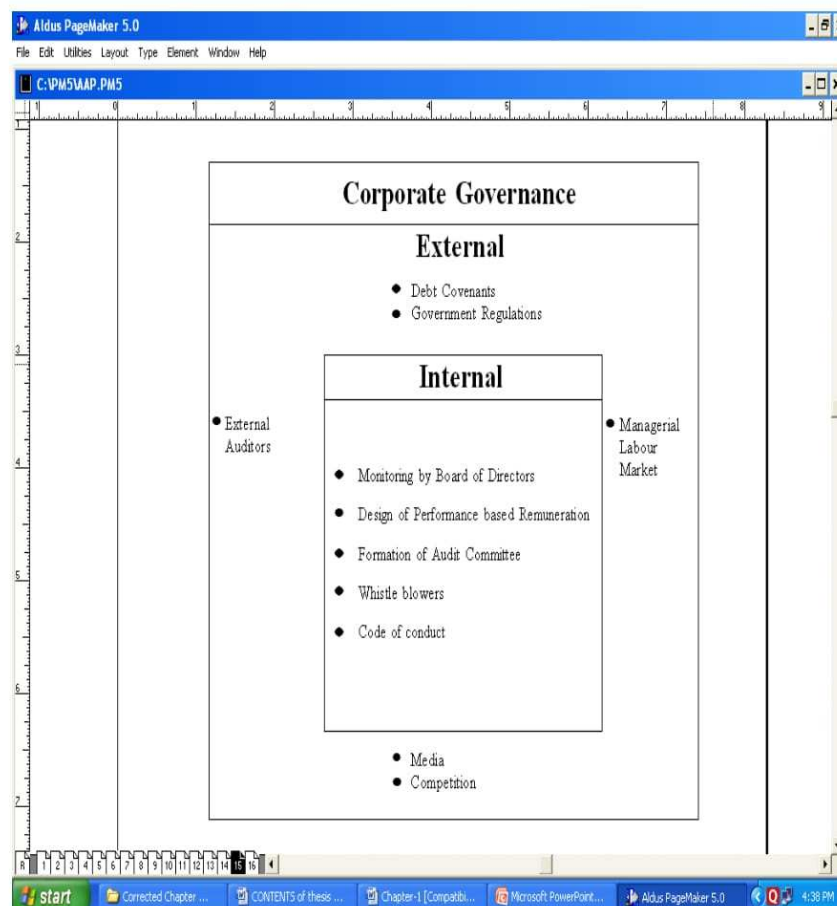
Model Name Features ↓	→ Anglo American Model	Japanese Model	German Model	Indian Model
Oriented Towards	Stock Market	Banking Market	Banking Market	Stock Market
Shareholding Structure	Dispersed	Concentrated (Cross Possession of Shares)	Concentrated	Dispersed
Control System	External	Internal	Internal	Both
Known as	Shareholder centric model of corporate governance	Focuses on Business Relationship	Stakeholder centric model of corporate governance	Influenced by a history of powerful family ownership
Company Management	By officers (managers) appointed by BOD	Main Bank provides managers and by Executive management	By Management Board (including labour relation Board) appointed by supervisory board	Mix of German and Anglo American model
Election of Board of Directors (Supervisors)	Shareholders elect Board of Directors	Shareholders and main Bank or Financial Institution	50% by Shareholders and 50% by Employees and Labour Unions	By Shareholders

Indian Model: This model is mix of Anglo-American and German models. In India there are large public and private sector enterprises including statutory corporations, banks and financial institutions. Each of the companies has a distinct feature of shareholdings. The widely spread shareholding and the related conflicts interest between managers and shareholders, lead to the liberal and active market of corporate control. This model gives priority to market regulation. The German model of CG is followed in private companies.

1.2.2 Mechanism of Corporate Governance

The mechanism and control is a blend of internal and external control systems. Effective corporate governance depends on mechanism and control of CG. To meet strategic goals and to satisfy stakeholders need corporate governance mechanism is essential. The researcher has made an attempt to show this mechanism in following figure:

Figure: 1.1
Mechanism of Corporate Governance



This mechanism of corporate governance has two facets-Internal as well as External which are dealt here with: ¹⁵

A. Internal Corporate Governance

Internal corporate governance monitors the activities and then takes corrective action to accomplish organizational goals, if needed. Internal control covers all organisational levels. These are:

The Board of Directors are responsible for organising and maintaining adequate and effective internal control. The BOD's safeguards invested capital. And the ability of the board to monitor the firm's executives functions its access to information. Directors are bound to comply with the provisions of the companies Act and to perform the general and specific duties imposed on them by the articles of associations. The performance of BOD's is the deciding factor for the corporate governance. While preparing annual accounts the BOD's must mention whether accounting standard have been followed or not. In this way BOD's controls board functioning's.

Performance based remuneration is designed to relate same proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options or other benefits. This mechanism put responsibility on individuals to behave ethically without doing any mistake.

Audit committee is another control mechanism of corporate governance. Audit committee is like a watchdog. Its role is to ensure that the auditors of the company perform their duties satisfactorily and to the best interest of the stakeholders. The concept of Audit Committee create a climate of financial discipline and control by overseeing financial reporting process, monitoring accounting policies, principles and internal control process.

Whistle blower is an employee who openly and freely alleges or informs to government agencies and audit committees about wrongdoing of his own company in the hope of preventing it.

Code of conduct establishes policies and actions that are deliberated to direct employees, officers and directors in the performance of their duties and responsibilities and make sure the compliance with legal conduct. These policies are applicable to all employees, executives and directors.

External Corporate Governance

This mechanism is related with external environment of business. External corporate governance encompasses the influences from outside the firm on the governance of the firm. These have originated from number of external sources. These are as follows:

Debt covenants are contract between a company and its creditors that the company should function within certain restrictions. This contract provides certain limits, within which company has to operate. If any company is in risk of violating its debt covenants then this gives indication to creditors and investors to be careful about financial position of company as well as to take corrective action.

In government regulations, Government has concern to prohibit fraudulent and unfair trade practices. By making various laws government tries to regulate and administer trade practices to protect stakeholders.

Corporates are facing global fierce **competition**, threatening their survival resulting in continuous pressure to find adequate profitability by any means. So companies are forced to follow principles of good corporate governance to survive in fierce competition.

External Auditors and Managerial External Labour Market is control systems of CG. The external auditors play a vital role in corporate governance by examining financial statements of business entity.

Media enquiry and analysis of the workings, developments and procedure of a company make certain that company is working properly or not. Close observation by media expert ensures every activity of the company. Moreover media also provides platform to whistleblowers to blow the whistle against wrong doings of the company, if any. Observation and analysis of media expert provide important knowledge and information to the stakeholders.

1.3 INTERRELATIONSHIP OF CORPORATE GOVERNANCE WITH RELATED ISSUES

In the new environment of corporate world, corporate governance has represented cross connects of interfaces between corporate social responsibility and corporate governance, corporate governance and sustainability, business ethics and corporate governance. Therefore this head seeks to cover these interrelationships. Corporate governance is not entirely effective without business ethics and sustainable CSR drive.

1.3.1 CSR and Corporate Governance

Corporate Governance and CSR towards society are interlinked and inseparable from each other. A corporate house is expected to provide good governance to its stakeholders and society at large. It is because it enjoys many facilities from the society.

Therefore, it is a well conceived fact that good CG itself is part and parcel of corporate responsibility towards society. In fact environmental issues are also part of good corporate governance. It is well known fact that the present environmental problems are serious. The environment protection and pollution prevention have been recognized as the essentials for good CG practices.

The concept of CSR originated in the 1950's in the USA but it became prevalent in early 1970.

CSR focuses on the wealth creation for the optional benefit of all stakeholders-including shareholders, employees, customers, environment and society.

Every stakeholder is connected with the company and wants it to be well managed. The company has a responsibility towards stakeholders. Many leading companies have taken up commendable CSR activities, but still large numbers of listed companies have not done any major work on their CSR front.¹⁶ The MCA, which introduced voluntary CSR Norms in December 2009, has not received a favorable response from India Inc at large. Earlier, the voluntary guidelines had said that companies should allocate money towards CSR in proportion to their profits after tax. The reasons for an unfavorable response may be that the

guidelines were non mandatory. Now, the MCA has agreed that the Bill now includes provisions to mandate that every company having net worth of 500 crore or more, or more turnover of 1000 crore or more or a net profit of 5 crore or more during a year shall be required to formulate a CSR policy to ensure that every year at least 2% of its average net profits during the three immediately preceding financial years shall be on eligible CSR activities as may be permitted and précised by the company.¹⁷

The directors would be required to give revelation in their report, If any such company does not have sufficient profits or is not in a situation to expend prescribed amount on CSR activities.

It is observed that as a part of transformation process govt. of India has commenced number of legislative reforms and radical changes in the Company Act and corporate governance (Listing agreement). **If India tries to reform legislative framework of corporate world to improve corporate governance then sky is the edge.** This new Company Act and new norms on corporate governance may give positive consequences for Indian sector.¹⁸

CSR today is synonymous with accountable and liable business performance. The newly evolved concept of CSR (after making it mandatory) has been changed the orientation of corporate sector. Now point of reference and action of companies has been changed from shareholders centric to stakeholders centric. In fact, release of the **“National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business”** is considered as one major step by the Ministry of Corporate Affairs towards channelizing corporate conduct of a company to corporate social responsibility.¹⁹

NVG's on Social, Environmental and Economic Responsibilities of Business –

- Business should be conducted ethically with transparency and accountability.
- Business should consider the well being of all its employees.
- Business should give value and uphold human rights.
- Business should take proper steps to protect environment.
- Business should respect civil rights.
- Business should provide safe goods and services to customers and consumers.
- Business should focus on interest of all stakeholders.
- Business should maintain its compliance status with regulatory framework.
- Business should support inclusive growth of economy.

Business should work to improve the quality of life of people, promote wellbeing of employees, be responsive towards all stakeholders, protect environment, and support inclusive growth and equitable development. CSR is the core of corporate citizenship.

Obligations towards Stakeholders

Companies should look after the interests of all those who are affected by their policies and practices. All those who are affected are known as stakeholders. To develop the culture of good corporate governance, corporates have various obligations towards various stakeholders. Obligations are briefly shown as follows–

- *Obligations to Society at large:*
 - Honest and ethical conduct
 - Legal Compliances
 - Political non-alignment
 - Corporate citizenship by improving quality of life of people of communities.
 - Social concerns by not polluting
 - Environment friendliness

- Healthy and safe working environment
- Trusteeship and accountability
- Timely responsiveness
- Companies should uphold the fair name of country.
- *Obligations to Investors :*
 - To enhance shareholder value and comply with laws and regulations
 - To promote measures of transparency and informed shareholder participation
 - Transparency in financial disclosures and reports
- *Obligations to Employees :*
 - To adopt fair employment practices
 - To provide equal opportunities to all employees
 - To encourage whistle blowing
 - To do Humane treatment
 - To provide participation in decision making
 - To provide empowerment and collaborative environment.
- *Obligations to Customers :*
 - To provide good quality of product and services
 - To provide product at affordable price
 - Unwavering commitment to customer satisfaction
- *Managerial Obligations :*
 - To protect company's assets
 - Credible behaviour towards government agencies, having control and being consensus oriented
 - To distinguish between direction and management
 - To devote their whole time to the affairs of the company.

1.3.2 Sustainability and Corporate Governance

The term sustainability is related with “to maintain” “to continue”. If we correlate this term with corporate governance then this refers to the interests of stakeholders, which should be considered in present and future. Here sustainable development consists of environmental safety, economic growth and fair dealing with community, these vitals should be considered while business activities, growth and profitability.²⁰

Conducting business in responsible manner is essential for sustainability. Today corporate houses are emphasizing on corporate citizenship or responsible business or sustainability rather than just CSR. No business can survive for long time without focusing on vitals of sustainability. Contemplation for sustainability is aspect of good corporate governance because corporate governance is not whole without consideration on sustainability.

1.3.3 Business Ethics and Corporate Governance

Ethics offer a sure path to improve business practices. The ethical principles are the rules of conduct those are imitative from ethical values viz. honesty, esteem, accountability, justice, helpful and citizenship. Good corporate governance is an integral part of business ethics.²¹ These ethical values present direction to follow the path of good corporate governance. Thus business ethics is foundation of good corporate governance. Devoid of business ethics corporate governance cannot be thought in right spirit.

For good corporate governance ethics is required in all functional areas of management such as finance, human resources, marketing, production etc. It also ensures sustainability of business as well as stakeholders.

1.4 LATEST DEVELOPMENTS AND AMENDMENTS CONCERNING TO CORPORATE GOVERNANCE IN COMPANY ACT 2013 AND SEBI GUIDELINES

For promoting good corporate governance, many developments have taken place in corporate world of India. Revised listing agreement and new Company Act 2013 is now important milestone in contemporary Indian corporate regulation. These developments and amendments aim to align the SEBI requirements with the provisions of the Company Act 2013 and adopt best practices on corporate governance.

Following is a summary of developments and key changes:

1.4.1 Developments Concerning Corporate Governance

Some new developments have been adopted in India to ensure more transparency and accountability in business behaviour. These developments have been aimed to develop the sense of more responsible business behaviour towards stakeholders. Following are some new developments which have been very significant for Indian corporate world.

E - Governance

MCA and government of India has initiated MCA-21 program for making easy access to the services of MCA. This service will enable companies to easily report and easy of doing business. Consequently this will improve responsible business behaviour of companies.

MCA 21 project provides the key benefits via- online incorporation of companies, simplifies and easy mode of filing of forms, any time and any where registration, inspection of public documents of companies, enhances customer relationship building, transparency and timely redressal of investors grievance.²²

The **Ministry of Finances Financial intelligence Unit (FIU)** has awarded an IT contract to WIPRO INFOTECH to develop Financial Intelligence Network viz- **FINNET**. FINNET will enhance capacity to collect financial information, analyze it and disseminate actionable information to intelligence and law enforcement agencies. This is a step towards accessing more financial information of corporate houses to know the disclosures practices.

E-IPO Mechanism

Sebi is looking into herald the global best standards on corporate governance practices of listed companies. To revitalize the primary market regulator Sebi has notified a new norm to sell shares through electric Initial Public Offers (e-IPOs). Through e-IPOs investments in public offerings can be done online without signing any physical document. E-IPO will **help investors to buy shares online without bulky documentation process.**²³

This move is a part of efforts to simplify the process of IPOs, lowering their costs and helping companies to reach more investors to reach small town.

Initially investors would be able to place bid through online process. Investors would also get SMS/e alert for allotment under the IPO, similar to alert being sent to investors for secondary market transactions. For this mobile app has been developed for bidding of shares.

Awareness Development Programmes by Prominent Agencies

ICSI strives to create ethos for good corporate governance. ICSI has taken a number of initiatives to promote standards of corporate governance. ICSI's vision is **"To be global leader in promoting good corporate governance."**²⁴

ICSI has taken a lead step for promoting corporate governance by organizing programmes on Directors Development and Capacity Building. Institute also organises transnational conference on CG. ICSI has taken initiatives for Joint Programmes with OECD, GCGF, GRI, INSOL International, Cass Business School (London) etc.

On the other hand, IICA has synchronized with Thomson Reuters to hold orientation programmes for companies and regulatory bodies. The objective behind this initiative is to raise awareness on corporate regulation and governance. These programmes covers sector specific orientation programme on corporate governance, board effectiveness and industry trends, among others.

Implication of Climate Change

Today's world is CO₂ regulated world. Now it's a big challenge for companies how they can reduce their Carbon Footprints to win in carbon regulated world. Now concentration for carbon footprints is a tool of competitive advantage.

If a company tries to reduce their carbon emissions to decrease level of carbon footprints then it shows that companies are concerned with eco-friendly environment and are serious for sustainable development which shows culture of good corporate governance.²⁵

In India, to cut energy costs and emissions diversified **ITC plans to shift to wind energy in several of its businesses. Mahindra and Mahindra plans to value the rising electric vehicle market in India.** Infosys now plans to offer a solution that gives companies a 360 degree view of their energy use, which will help them to bring down power consumption and reduce costs.²⁶

After analyzing above practices, if we see another side of coin then it can be said that companies are also adopting practices of good corporate governance by trying to reduce carbon emissions which is the need of the hour.²⁷

Even companies can also get Carbon Credit, the concept of Carbon-Credit come into existence as a result of increasing awareness of the need for controlling emissions.²⁸ C-Credit is a permit that allows the holder to emit one tone of CO₂ which can be traded in the international market. C-Credit is any tradable Certificate or permit representing the right to emit CO₂ or other Green House Gases (GHGs) equivalent to CO₂. The basic unit is one tone of CO₂ per year.

Green Initiatives

The MCA has taken a “Green Initiatives” in CG by allowing paperless compliances by companies through electronic mode. Companies are now required to use electronic mode to deliver documents. This tramp is in the direction of e-governance.

Corporate Philanthropy

The concept of philanthropy is related with charity or donations. Indian Corporate houses have started to give charity for philanthropy foundations to help underprivileged class of the society. Philanthropy is related with **“Act of Giving”**. These initiatives should be taken in right spirit and direction to pass a message to Indian business community to contribute for charity of their wealth to help people, which is the act of kindness of corporate houses.

Corporate Governance Rating

It is also decided to introduce a new concept of “Corporate Governance Rating” by independent agencies to monitor the level of fulfilment by the listed companies, in addition to regular inspection by SEBI and Stock exchanges.

FICCI Established Centre for Corporate Governance

Industry body FICCI has set up in house centre to raise CG practices in Indian corporate houses. This body is also helping to develop professionalism in woman because now it is mandatory for companies to appoint at least one woman director on corporate board.²⁹ **This exclusive programme will get better gender equilibrium.** This centre is also working for academic research on CG and providing scholarship.

1.4.2 New Norms on Corporate Governance

The new Companies Act has several additional provisions to enhance corporate governance standards in India. The new corporate governance code would require listed companies to follow the requirements as stated below:³⁰

Revised Clause 49 of the Listing Agreement

This head is discussed earlier under the head of developments taken place on Corporate Governance in India (in sub - head - SEBI Board meeting 2014) So there is no need of repetition of Revised clause 49 of listing Agreements.

CSR Agenda

Corporate Social responsibility Agenda every company having net worth of **500 crore or more or turnover of 1,000 crore or more or a net profit of 5 crore or more during any financial year will have to comply with the CSR provisions as laid down under Act. These provisions are -**³¹

- The qualifying company is mandatorily required to constitute a CSR committee and to spend at least 2% of the average net profit made during three preceding financial years on precise areas of CSR activities.

- The committee will consist of three directors including at least one ID.
- The CSR committee will formulate CSR policy.
- CSR committee will oversee CSR policy and this committee will propose spending on CSR projects.
- If a company fails to spend such amount, the board will specify the reasons for unspent amount.
- The company will give preference to local area (Around plant operational area)
- CSR policy should comprise details about programs and projects to be undertaken.
- The board will approve the CSR policy and disclosure about CSR projects will be given in company annual report as well as on website of company.
- The specified activities under CSR Spend (As described in Schedule VII of the act) are:
 - Reduction of poverty and removing hunger
 - Reducing child mortality and improving maternal health
 - Education
 - Environment Sustainability
 - Empowering women and promoting gender equality
 - Imparting of vocational skills
 - Social business projects
 - Improvement of health
 - Imparting of vocational skills
 - Contribution towards central and State government funds for socio economic development and relief
 - Others

Presently SFIO has been set up by central government under new Company Act 2013 to evaluate the CSR projects. SFIO assess that expenditures made by companies for CSR are qualified as eligible CSR expenditure or not.

Compulsory Whistle Blower Mechanism

Whistle blower policy has been made mandatory for listed companies under new norms of CG. If any personnel detects any unethical behaviour in company (not only violation of law) then he/she may inform audit committee about this. This Whistle blower policy will provide safeguard to whistle blower from unfair employment practices and also provide **direct contact to the chairman of audit committee in extraordinary cases**. Earlier this requirement was not mandatory. Due to growing number of scams there was urgent need to make this requirement mandatory. This mechanism may enhance transparency and accountability.³²

In India, many corporate houses have already formulated this policy before the new act was enacted on this requirement.

Mandatory Nomination and Remuneration Committee

Sebi also mandated that all companies should have nomination and remuneration committees. This committee's objective is to recommend appointment and removal of directors/Senior management and remuneration policy and to evaluate performance of directors.

Setting up of Stakeholders Relationship Committee

The SRC will consider **and resolve the grievances of security possessor of the company**. This committee is aimed to look into the redressal of shareholder and investors complaints.

At the same time, new norms also talk about:

- Higher Auditor Accountability
- Wider Director Responsibility
- Code for Independent Directors

In a nutshell, Company Act focuses on corporate governance, beyond the financials. But still there is a long way to go. Countless initiatives need to be taken to bridge the gap. Even top companies in India are not taking corporate governance in true spirit. Institutional investors and regulators are demanding better practices from promoters and company management. The new Companies Act and initiatives from SEBI to improve CG are steps in the right direction. Now Corporations in India cannot ignore this development.

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CHAPTER-2

REVIEW OF LITERATURE

Review of literature is an important aspect of any research because it gives exact picture about the research conducted in particular area and indicates about the need of future research. Review of literature enables us to know the status quo of particular area of the researches conducted by the academicians and research scholars. Moreover, this helps the research scholars to have deep knowledge of the required field. In addition to that it also helps to decide thrust area. In a nutshell, review of literature reflects what has been done so far in the area of particular topic.

To discover the importance of present problem of study the review of literature has been done. Existing literature has been reviewed to learn the ropes of research questions and eyeball the repetition of the research topic.

It is imperative to review existing literature on corporate governance. The reviews which have been carried out by different researchers are presented in chronological order.

The basic objective of review of literature is to provide a solid theoretical foundation for the study. Specifically to know “What is already searched (known)” and “What is needed to be researched.” This may justify the problem of the study, after finding research gap from literature review. Review of literature helps in framing the research methodologies, research approach, and research goals. In this way review of literature provides foundation for research.

Business Today - AIMS (1997)¹ in their survey of the best board of directors among the country's 100 most valuable corporates on the basis of four parameters of corporate governance, i.e. accountability, transparency, quality and independence found that the best five boards in India are Hindustan Lever Limited, Telco Limited, Bajaj Auto Limited, HDFC Limited and Larsen and Turbo Limited.

Balasubramanian (1998)² in his study stated that implementing rules of good governance and following best practices in business will completely

eliminate undesirable/ mal-practices of corporate or substantially protect the shareholders interest. Rather it is internal audit function that contributes towards better governance of the enterprise. He also found that independence of board of directors could be compromised by a number of factors like their allegiance, loyalty and friendship with the management group or even lack of time to devote to company affairs.

Cadbury (1998)³ in his work emphasized that there is an increasing need among growing companies to tap global international capital markets for their funds. As they compete to attract investment and raise capital worldwide, high standard of governance is demanded by investors. Hence, corporate governance is emerging as an important issue in international business.

Kathuria and Dash (1999)⁴ conducted empirical study on board structure and financial performance. They found that the size of the board plays an important role in influencing the financial performance of corporations. A marginal board member does not increase performance of the company.

Center for Monitoring Indian Economy (2001)⁵ in its survey of major unlisted companies observed that unlisted companies report poor profit margins, pay lower salaries and wages, and lower dividends. It is also being argued that due to considerably higher level of corporate governance, listed companies are better performers and hence have greater access to additional capital. Center has strongly suggested that there is a necessity to have good corporate governance in sizeable unlisted companies for the protection of the interests of other stakeholders.

Mehra Madhav (2001)⁶ in his study mentioned that according to a millennium survey of 25000 people across 23 countries and six continents for the year 2000, 56 percent of the sample size reveals that the brand equity of the company depended on its corporate citizenship while 40 percent respondents reported that it was because of excellence. Only 4 percent opined that it was because of their organizational practices.

Business Standard (2002)⁷ quoted that a report has been prepared for an investor's forum in Malaysia. The report has examined and ranked 495 companies in 25 markets on their corporate governance scores. The report found that better governed companies have higher return on equity (ROE), higher economic value added and higher price to book premium.

Mckinsey (2002)⁸ in its survey of 30 leading family-owned business found that most of the family-owned businesses are facing threat because of conflict of interests among members of families. Such businesses are moving towards third generation ownership. However, their counterparts in the west had been wiser in this regard and had introduced best practices. The study also depicts that only seven percent of the family-owned businesses will survive beyond the third generation. It also stressed the importance of establishing a clear and valid role for the family in a business, equal treatment of professionals and remuneration family members. The report suggested that family owned businesses must introduced best practices and lay down clear rules on governance and leadership.

Dwivedi (2003)⁹ in his study found that most of the companies in India and at the global level are following the corporate governance norms/code. They are just trying to comply with the code in letter and not in spirit. He suggested that directors should be made personally liable for corporate wrong doings. Indian companies should come out of the practices of following the law in letter and strives to raise the standard of corporate governance to global benchmarks.

Gunasingh D.S. (2003)¹⁰ in his study stated that in order to regulate and ensure good corporate governance practices in the companies different bodies are functioning like Securities and Exchange Board of India, Department of Company Affairs, Stock Exchange and Professional Bodies. But there is problem of coordinating all such bodies. So he suggested that instead of different regulating bodies a separate body in India for corporate governance should be established which would take care of only corporate governance matters. This will help in saving time and financial resources of the government.

Mckinsey (2003)¹¹ a research-based company in its Investor Opinion Survey of 200 institutional investors showed that three-quarters of investors polled regarded board practices to be as important as financial performance. Study concluded that companies with good governance can get share premium instead of companies with weak corporate governance.

Vijaya Murthy (2006)¹² his study on Corporate Social Disclosure Practices of Top s/w firms in India examines the Corporate Social Disclosure practices of the top 16 software firms in India. Annual reports were used for

content analysis to identify the practice of companies for reporting on CD (Community Development), environment, HR (human resource). The study concluded that reporting on human resources in annual reports of the company is on prime importance than environment reporting. On the other hand some companies are reporting on such issues in separate sections in the annual report of the company.

KPMG (2008)¹³ in its survey on “The State of Corporate Governance in India” observed that spirit and practice of governance regulations and performance need to be discussed. There is significant scope for improvement exists in clause 49. To address the concerns of the majority shareholders appropriate protection is required. Poll suggested that there is a need for stronger regulatory review and exemplary enforcement, risk management practices need to be improved, remuneration of CEO should be significantly linked to company performance, and there is a significant need to enhance integrity and ethical values. Quality of management discussion and analysis in annual reports is moderate and CSR is not high on the agenda of Indian companies and boards should be responsible for sustainability.

Myriam Rabbath, Asem M. Safieddine and Dima Jamali (2008)¹⁴, in their paper on” Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships” explored the interrelationship between corporate governance and corporate social responsibility .They find that there is a correlation between CG and CSR. They revealed that due to growing awareness of their interdependencies there is a need to move beyond CG conformance toward voluntary CSR performance. Their study suggested that there is a salient two-way relationship and increasing overlap between CG and CSR.

Thomas and David (2010)¹⁵ in their study on “Human Resource Development and Society: Human Resource Developments Role in Embedding Corporate Social Responsibility, Sustainability and Ethics in Organizations” argues that societal HRD (SHRD) can make an important and long lasting contribution to CSR. However, it must also be cognizant of its business function.

Gautam Richa Singh and Anju (2010)¹⁶ conducted study on “CSR Practices in India: A study of Top 500 Companies”. The objective of this study was to scrutinize how India’s top 500 companies vision and perform their CSR. The main findings of the study are that CSR is now presented as a broad concern.

Companies CSR policies depends on turnover and profit. Out of top 500 companies, 229 did not detail information on CSR activities. 49 % of the remaining 271 companies were reporting on CSR. Few companies have a structured and planned approach. In India, still CSR is on their learning curve.

PWC Annual Corporate Director Survey (2011)¹⁷ in the summer of 2011, 834 corporate directors responded to PWC's 2011 Annual Corporate Director survey. The survey revealed that directors are working conscientiously to meet the increased expectations of stakeholders. They are serious about transparency and accountability practices of company. For the sustainable development of business they have started thinking on good corporate governance practices.

Jorge A. Arevalo and Deepa Arvind (2011)¹⁸ conducted study on "Corporate Social Responsibility Practices in India: approaches drivers and barrier". The objective of this proper is to examine how corporates in India infer CSR. In this study they opined that Indian firms are now more concerned with the approach of stakeholders rather than only shareholders. However there are so many problems in India to implement projects on CSR. The basic problem is identification of proper CSR activities for local community.

Dr. Urvashi Ghai Khosla (2012)¹⁹ in her article on "An Empirical Study of Corporate Governance Practices By Companies of India" revealed that corporate governance is based on the ethics of truthfulness, justice, evenhandedness, transparency, responsibility and commitment to values and over the years, governance processes and systems have been strengthened in the selected companies i.e. CMC Ltd., FTS Ltd., HCL Ltd., Hinduja Ltd. She further opined that there is still some scope for improvement in the levels of CG standards and disclosures to be practiced in the company.

Ravi Meena (2012)²⁰ in his article on "Status of Corporate Social Responsibility in India : A Gender Perspective" reviewed that corporate social responsibility towards women empowerment can become spark of expectation in many ways right from changing attitude towards women in the society to making women self-sufficient financially , physically and communally and enabling them to stand on their feet. He further revealed that business houses can amply supply finance to run activities on women empowerment projects .

Meenakshi Verma (2012)²¹ in her paper on “CSR and Its Impact on Women Empowerment” explored the various activities planned and carried out for women empowerment viz. formation of Self Help Groups, Group Developments, Capacity Building, Income Generation Activities.

Dr. R. Srinivasan (2012)²² in his article “Role of Audit Committee on Corporate Governance” discussed about objectives and importance of Corporate Governance. He persist that Indian corporate sector need skilled and professional resource person as independent director to make a good governed company. He also highlighted the role of auditors as supervisor of company’s ethical conduct and reviewer of financial statements to ensure transparency, which is the important part of good corporate governance.

Corporate Social Responsibility (CSR) in Asia- A seven country study of CSR website Reporting Wendy Chapple and Jereny moon (2012)²³. Through their scrutiny of website reporting of 50 companies in seven Asian countries (India, Indonesia, Malaysia, Phillipines, South Korea, Singapore and Thailand) they found that MNC’s are more concerned with initiating CSR projects in other countries than in their own domicile country. Their practice of CSR also depends on the factors of the country in which they are operating. Moreover CSR practices of MNC’s vary country to country.

Frank and Stoelhorst (2013)²⁴ in their study on “The Role of Governance in Corporate Social Responsibility” extends the Corporate Social Performance (CSP) model by studying the role of governance structure and governance arrangements in shaping corporate social responsibility. They carried out study on Dutch Banks, to discover the supporting mechanism of corporate governance for initiating CSR projects by these organizations. Further, they examined the restraint which may affect CSR projects and performance. They tried to uncover the CSR under the phenomenon of corporate governance. Their study revealed that corporate governance system and structure affects the implementation of CSR activities and projects.

Ganga S. Dhanesh (India 2014)²⁵ examined CSR as a probable relationship management strategy that could strengthen relationships between organizations and their employees. The sample size of the study was 244. This constitutes employees of public listed companies of India. The purpose of the study was to know the relationship between CSR performance and employee

relationship with organization. They found that there is a positive correlation between CSR and employee relationship. In this study they covered only employees from all other stakeholders. They suggested that CSR can be used as a Relationship Management Strategy in context of employee relations.

Sachin Dave (2014)²⁶ in his article on “Companies tweaking staff contracts to manage whistle-blowers” articulated his views on whether companies are really providing protection to whistle blowers or not. He found that still companies are not taking care of whistle blowers from unfair employment practices. The new law on protection to whistle blowers is not sufficient to provide safeguard to the whistle blower. Still companies are not serious about this mechanism. In India this law is just as a **Box Ticking Exercise** in corporate houses. Even after formulating policy on protection to whistle blowers, employees are not feeling free to report unethical conduct in their company.

Dun and Bradstreet (2014)²⁷ in their survey titled “CSR be made integral part of companies core strategy: Study” revealed that around 28 percent of companies they are facing a big challenges to fulfill their corporate social responsibility. These challenges are identification of proper social projects on the basis of the community need and identification of beneficiaries. They further advised that CSR should be considered on the high agenda of the board. CSR is a major part of CG, so Indian companies should pay a unique attention on it to develop sustainable responsible business sense.

Rahu Rishi and Milind Antani (2014)²⁸ in their article titled “India: Some Changes Made to Clarify CSR Expenditure Norms” they presented their views on CSR practices in India, after making this requirement mandatory. They stated that Indian companies are implementing their CSR projects through proper CSR policies. To implement CSR projects properly there is a need of skilled CSR personnel and CSR professionals with specifically skilled NGO’s.

Table: 2.1
Review of Literature – At a Glance

Researcher/ Study By	Das²⁹
Year	2005
Title	Corporate Governance In India- An Evaluation
Objectives	To know the areas wherein further improvements are required for Corporate Governance.
Hypothesis	Not Available
Sample Size	30 Companies for computing BSE Sensex and 50 companies Computing NSE Sensex.
Statistical Tools Used	Scaling technique, Percentage method, Rank method, Averages and Scoring method.
Findings	Researcher found that there is a big gap between “governance requirements and governance practices in India. Private companies are more concerned with disclosures on stakeholders interest than Public Sector. Further, Listed public sector companies have failed to comply with CG requirements.
Suggestions	Recommended for optimum combinations of executive and non-executive directors as well as suggested to appoint skillful, knowledgeable professional directors. In addition to this there is a need to set up a separate framework to protect shareholders interest.
Researcher/ Study By	Bhayana³⁰
Year	2007
Title	Corporate Governance Practices in India
Objectives	To identify the compliance level with the mandatory recommendations of KMBC, in reference to the Indian corporate houses.
	Contd....

Hypothesis	Ho- There is no significant difference between the CG practices of covered undertakings and the recommendations of KMBC.
Sample Size	N-30
Statistical Tools Used	t test and Chi-square test
Findings	Only few companies are complying with the mandatory recommendations of KMBC.
Suggestions	Study suggested the need of non-financial disclosures, IT consultants (to provide all timely adequate information to stakeholders) and Director's training. Additionally investors should take active interest in the composition of the Board of directors.
Researcher/ Study By	Kaur³¹
Year	2014
Title	Corporate Governance in Public and Private Sector Banks- A Comparative Study of SBI and ICICI Bank
Objectives	To analyze the status quo of CG in public and private banks.
Hypothesis	There is no significant association between CG effectiveness in public and private sector banks.
Sample Size	N-300
Statistical Tools Used	One way ANOVA, Likert Scaling, t test, Chi-square test
Findings	There is lack of awareness about CG in public and private sector banks. CG is more effected in private sector banks than in public sector.
Suggestions	Board functioning should be given prime importance. There is a need of programmes and discussion on CG with all stakeholders. Contd...

Researcher/ Study By	Rana³²
Year	2014
Title	Corporate Governance in Telecom Sector
Objectives	To overview CG practices in telecom industry and to study co-relation between ownership pattern and performance of company.
Hypothesis	H ₀₁ - There is no considerable relationship among ownership pattern and corporation performance. H ₀₂ - There is no noteworthy association between board features and corporation performance.
Sample Size	N-35
Statistical Tools Used	Panel Regression Model, Tobin's Q and Return on Assets (ROA).
Findings	In reference to the promoter's possession (shareholdings) when it increases, performance of company first increases and then decreases. Ownership pattern of shareholding and board characteristics considerably affects the performance of firm. Further, CG compliance revelation completely contributes to performance. Additionally board independence and board size have positive association with performance.
Suggestions	There is a need of minority shareholder director on board as well as companies are required to be self governed by going beyond mandated regulations. Moreover, regulatory authorities should rethink on the limit of number of directorships.
Researcher/ Study By	Marsh, Mercer and Wyman³³
Year	2014
Title	CSR Makes Business Sense
Objectives	To know whether Indian companies have CSR policy to initiate Contd....

	CSR activities and to identify the CSR initiatives in Indian Companies.
Hypothesis	Not Available
Sample Size	N-40 (40 Indian Organizations)
Statistical Tool Used	Percentage Method
Findings	73% Indian companies do not have CSR policy. Companies In India are running CSR projects without CSR Policy. Moreover 10% companies do not run any CSR activity. Whereas 81% identified CSR as important component for business strategy. 58% of participating organizations have an annual centralized budget for CSR. To initiate CSR projects, 78% organizations have partnership with independent non-profit organizations, whereas 17% organizations work with their company's own non - profit organizations.
Suggestions	Indian Companies should redefine their CSR programmes more strategically. They should have a CSR policy and proper framework to initiate CSR activities.

After a study of 'Review of Literature' it has been observed that no comparative study has been carried out on corporate governance practices in chemical and fertilizers industry and in power industry from public and private sector undertakings. The researcher realized that a integrated approach of corporate governance is large ignored by previous researchers and a industry specific comparative study in India, covering power and chemical and fertilizer industry, is still uncovered by existing literature. So this research gap justifies the present study on **“Corporate Governance Practices in India” (A Comparative Study of Public and Private Sector Enterprises).**

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CHAPTER-3

RESEARCH METHODOLOGY

Research methodology begins with the context which provides basis of study. This methodology furnishes intensive knowledge of all aspects of research. This chapter presents chosen philosophy of research as well as its adopted approaches in setting up and carrying out study. Research methodology also spells out the tools and techniques of data collection, presentation and interpretation. The aim of this methodology is to provide blue print of the work to be carried out, before starting the work.

Research methodology is about defining- What is to be studied? What is the worthiness of study? When the study will be carried out? How and by What means? The research methodology presents and designs ontology and logical reasoning with concept of research problem. In recent times, the methodology is highly based on logical and scientifically sequenced pattern. An attempt has been made in this direction.

3.1 ORGANISATION OF RESEARCH

The research design¹ is a specific presentation of the various steps in the process of research. Research design is a plan of action or blueprint for collective analysis and interpretation of data. The final blueprint for the research work has been shown as follows:

- Rationale of the Study
- Problem Identification
- Objectives of the Study
- Hypotheses
- Research Approach
- Sources of Data collection
- Techniques used to analyze the data
- Parameters of Interest
- Temporal Coverage of the Study

- Sampling Design
 - o Sampling Frame
 - o Sampling Units
 - o Sample Features
 - o Sampling Technique
 - o Determination of Sample Size
- Contribution from the Study
- Limitations of the Study
- Organisation of the Study

3.2 RATIONALE OF THE STUDY

In recent years, attention for corporate governance has not only increased but the notion has also broadened considerably. Nowadays CSR has become an extension of good corporate governance. In India, in the last one decade or so, corporate governance has evolved. Two developments have played a vital role to focus more on good corporate governance i.e. introduction of clause 49 by SEBI in 2004 and the Satyam fraud in 2009.

The recent scams in India have put the spotlight on corporate governance practices of Indian corporates. Good corporate governance is necessary to avoid corporate scams, frauds and irregularities. Major scams like Reebok India Case², Kingfisher Airlines losses, Sahara scam, Hero motors scam, Satyam scam³, Spy Gate Scam have shaken the confidence of public in corporate investments. Thus, in this backdrop there was a need to study in this area and to suggest a road map for good corporate governance for Indian corporate houses.

As well as good corporate governance is a vital determinant for investment decision. Therefore, present study examines, whether the investment decision is connected to corporate governance. In today's scenario, it is important to know the level of awareness in shareholders regarding their investment decisions.

This study extends the corporate governance practices by studying the CSR performance of public and private sector companies. Interlink of CG and CSR seem particularly relevant for corporate houses. CSR and corporate governance are the issues of company's management practices. CSR is part of CG. Corporate governance is concerned with holding the equilibrium between individual and community goals.

To make the study more specific one, focus has been made on some practices of HRD, Transparency, Health and Safety, CSR and Ecological in reference to the executives, employees and community. Moreover, some manifestation of investors has been covered in the study to know what attributes of corporate governance matters most in investment decision. This study is an attempt in this direction, to know the practices of corporate governance in public and private sector enterprises for chemical and fertilizer and power industries of India.

Therefore, the rationales to commence the study are:

1. Some gaps have been observed after reviewing studies by various authors mainly in terms of two things **first**; there was lack of coherence drawn between various parameters i.e. **Human resource development practices, Health and safety practices , Transparency practices, CSR practices and Environmental practices**. This made the concept of corporate governance to be specifically addressed in an integrated manner. Researcher found that there is lack of coherence between the above five practices. So this study tried to cover above parameters extensively.

Secondly, less research has been done on **Corporate Governance and CSR practices**. The literature review was conducted under three parameters i.e. corporate governance, CSR and shareholders. A considerable amount of research has been conducted on how corporate governance matters to investors but a comprehensive review of the present study revealed a significant information gap on awareness level of shareholders. Present research also focuses on the specific corporate governance issues related to shareholders, specifically on before and after making investment decision. These issues were chosen on the basis of importance provided by legal and regulatory framework and by leading newspapers.

2. The motive behind opting **Power and chemical and fertilizer Industry**, unlike many other industries in India, Power industry is the base of all industries which are involved in production. These industries comprise of both public sector and private sector.

Both covered Industries offer range of covered parameters of interest under study. These industries also provided direct access to the people with whom researcher need to be in touch with.

3. The third rationalization for preferring **employees, executives, community and investors, is to make study more specific and purposive.** These are prime stakeholders of a company compared with other stakeholders (customers, distributors, government, creditors etc) and covered stakeholders are directly associated with company. Justification behind selection of only four stakeholders for study is to present more comprehensive view of such stakeholders. These selected stakeholders have immense importance and contribution towards corporate governance practices.

Employees and executives contribute a lot to the firm. As well as they are important active resources of the firm. Nowadays companies are bound to do humane treatment with employees. Enactment of new act on whistle blowers highlights the importance of employee stakeholder. Thus, the adoptions of fair employment practices have become need of the hour. Therefore, it was felt crucial to select employees and executives as sample group.

On the other hand, another stakeholder covered is community. Validation behind this is that, after enactment of new law on making CSR mandatory, community stakeholder is vital nowadays⁴. CSR is directly connected with community stakeholder. This requires healthy and safe working environment by environment friendliness. Furthermore, to improve quality of life of community people is now duty of corporate houses by running various CSR activities.

Consequently, these requirements make it an optimum choice to study the employee, executive and community stakeholders. The motto behind selection of employees, executives and community was to make study more specific one as corporate governance is a wide subject itself.

After scanning today's scenario it has been identified that executives, employees, community and investors are now source of competitive advantage. As corporate governance subject is very crucial, contemporary and immense in nature. Its coverage is wider one because this covers the interests of all stakeholders. If researcher covers all stakeholders then study may turn into a layer study and may not be meaningful in our motto. To extensively make study more meaningful, comprehensive and purposive researcher has preferred only four stakeholders. For this general to specific approach has been adopted.

This study is a modest attempt to examine the present practices of corporate governance. If there is some deficiency, in that case to explore and suggest the

valuable practices for road map of good corporate governance. The study has extensive coverage of various contemporary issues on corporate governance. Therefore, the study was justified due to the need of the good corporate governance in present era. Furthermore, good corporate governance is a significant factor in emerging and competitive market investment decision also.

The study will present the actual level of performance of corporate governance in Indian corporate houses. In addition to this the study will provide guidelines to improve corporate social performance, investor activism and corporate governance. Moreover, suggested models in the study (last chapter-6) will help corporates to establish better corporate governance in organizations which may enhance their corporate image as well as competitiveness.

3.3 PROBLEM IDENTIFICATION

Corporate governance and CSR are receiving increasing attention now a day, after enactment of new companies act 2013 and Revised Clause 49 of listing agreement. Moreover, there is a need of good corporate governance to make India more attractive investment destination. Furthermore recent financial crisis have elevated the magnitude of excellent corporate governance.

In today's circumstances the notion of corporate citizenship is very imperative to corporate world for sustainable development of business.

As economy will grow, the importance of corporate governance and CSR will keep on increasing. As well as, there is a correlation between corporate governance and investment decision. Moreover, corporate governance is now key consideration issue for shareholders, before and after making investment decisions.

After reviewing the literature it has been found that impact of corporate governance and CSR in Indian Power industry and in Chemical and Fertilizer industry is yet to be explored. After setting the background of these industries researcher found interest in sector specific evaluation in Chemical and fertilizer industry and in Power industry from public and private sector enterprises.

The earlier studies on corporate governance comprehensively present only mandatory aspects of corporate governance. So the present study is an exhaustive study on integrated approach of corporate governance and CSR, which also concerns very few aspects on HRD, Health and Safety Transparency and

Ecological practices. These issues are directly related with the interest of employees, executives and community. On the other hand, the study also presents investors perception to reflect significant aspects of corporate governance which matters most for their investment decision.

Even after introduction of new company bill 2013 the agenda of corporate governance and CSR has been completely changed. And now CSR has been received extensive attention of scholars. Hardly a few studies have looked at CSR and corporate governance in developing countries like India. New rules of corporate governance are shaping CSR practices. So in today's scenario this issue is very blazing.

As corporate governance is a pillar of CSR and the aim of the corporate governance is to align the interest of individuals, corporations, society and investors⁵.

CSR is as a dimension of corporate governance. CSR is based on self regulatory principles linked to internal and external management of the company. On the other hand, the term corporate governance indicates to an idea of company's governance issues related with transparency and accountability⁶.

Recent corporate failures and scams involving poor governance and unethical behaviour on the part of corporates agonize the corporate sector all over the world, flourish the investor confidence in stock markets. These incidences diminished the reputation and goodwill of even those corporates who enjoy the trust and confidence of public at large like Satyam Computer Services, 2G Scams, Reebok India fraud⁷ and recent Spy Gate Probe. Hence, this study of corporate governance sheds light on issues of investors also. Present study reveals that to raise capital from investors, public and private sector enterprises should care deeply about corporate governance.

In the new global environmental milieu, good corporate governance is a necessity to line up with **“Make in India”** drive of **PM Narendra Modi** to make India more striking investment target. While there are number of examples of poor corporate governance, examples of good corporate governance are on counting tips.

Therefore the problem of present study has been identified to know the practices of corporate governance in Indian corporate sector with orientation towards public and private sector enterprise. Today, good corporate governance is

needed to create a culture of self driven, self assessed, and self regulated organization. Good corporate governance is need of the hour to all the interest group. Thus, after scanning present corporate environment and due to the interest of researcher in contemporary issues of corporate governance, the present study has been carried out.

In this study, the researcher was interested to work with the public and private sector to gauge connection between corporate governance and investment decision, in addition to corporate governance and current CSR trends.

Before finalization of research topic, preliminary study through pilot survey was conducted by researcher. Researcher has also done scanning of literature on corporate governance to be familiar with the concept. Along with a group discussion was done with the persons having knowledge on corporate governance to understand the relevance of topic.

At the time of Pilot survey, after receiving an initial approval from the organizations, researcher communicated with the investors and with HR division to organize meetings with management and to know the relevance of research topic in current scenario of corporate citizenship approach. Researcher focused on new issues as they arose in discussion and conversation. This discussion with shareholders, management, employees, workers and local community helped researcher to identify the present problem of study.

3.4 OBJECTIVES OF THE STUDY

Objectives are the declarative statements for research. They provide directions to investigate the problem of study. These represent the main focus of the study. The present study is undertaken with a view to emphasize on the present status quo of corporate governance practices by Indian corporate institutions, in public and private sector. These objectives are classified in main objectives and secondary objectives.

Main objectives

These objectives exhibit broad goals to be achieved by the study. These are stated as follows:

- To determine the present status quo of corporate governance practices by Indian corporate institution, in public and private sector.

The present study successfully achieved this objective specifically in reference to the covered parameters of the study.

- To know the expectation level of stakeholders.

This study has achieved the above objective by knowing the expectation level of stakeholders.

- To find out the gaps (if any) between laws and practices pertaining to governance level.

Above stated objective has been moderately achieved because it was observed during survey that few issues of corporate governance were not freely dealt by respondents.

- To explore and suggest a model/ models, if required, to fill up the gap between expectation and fulfillment level of stakeholders.

The objective of suggesting model has been accomplished fairly. In this context the researcher has suggested four models i.e. Simple Model for Good Corporate Governance, Integrated Model of GCG, Systematic Model for Formulation, Implementation and Evaluation of CSR and Model for Shareholders Presenting GCG Curve.

Secondary Objectives

Secondary objectives systematically address various aspects of problem and define specific purpose of research. Following objectives are related to the practices on HRD, transparency, health and safety, CSR, environmental, community and shareholders:

- To know whether organizations are providing protection to whistle blowers.

This objective has been accomplished entirely because all covered undertakings have their own policy on protection to whistle blowers.

- To ascertain whether organizations are having proper comprehensive system with reference to the health, safety and compensatory measurement in respective to their employees, executives and community.

Above objective has been achieved utterly. As both covered manufacturing industries have their hazardous operation plants. So health, safety and

compensatory measurements issues are very crucial one to deal properly by these companies.

- To assess the different areas of CSR projects (like education, infrastructural, health care campaigns, women empowerment, ecological awareness, support to NGO's and relief in natural disaster) in which public and private sector organizations are contributing.

Objective of identifying areas of CSR projects by both sectors has been achieved partly because Chemical and Fertilizer Company from public sector (NFL) was not qualifying norm of mandatory CSR. However company has taken some initiatives for running CSR programmes for community development.

- To identify whether organizations are encouraging their employees for volunteering in community development initiatives.

This objective on employee volunteering was moderately achieved because this practice is more implemented by private sector enterprises than public sector.

- To determine various eco-friendly practices in organizations.

The objective was accomplished fully, because every covered undertaking has followed plantation, recycling and some other ecofriendly practices.

- To identify corporate sustainability factors and their improvisation.

Above objective was fully achieved, as all covered undertakings have taken measures for sustainability.

- To know the awareness level of shareholders and corporate governance practices of companies towards shareholders.

This objective was partially attained because many investor respondents were not concerned about attending annual general meetings.

- To know the status quo of CSR practices for community development by covered undertakings.

The above stated objective was fully achieved because CSR spend has become mandatory for qualifying companies.

3.5 HYPOTHESES

Hypotheses are the foundation for any research. A hypothesis is a testable statement.⁸ These are the assumptions about research. Present study aims to explore the present status quo of corporate governance practices practicing in Indian corporates, in public and private sector. To establish these assumptions researcher took it in the hypothetical way as *“No significant difference exists in corporate governance practices on the basis of HRD, transparency, health and safety, implementation of CSR, ecological issues and issues related to shareholders practices in the surveyed organizations”*.

The following section describes the testable hypotheses which have been formulated for the purpose of this research. These hypotheses have been formulated separately for each covered practices and issues under study.

Testable Hypotheses

A. HRD Practices

H₁: There is no significant difference between ethical practices of HRD in public and private sector enterprises.

H_a: There is a significant difference between ethical practices of HRD in public and private sector enterprises.

B. Transparency Practices

H₂: There is no significant difference between accomplishment of laws and radical requirements in public and private sector companies.

H_a: There is a significant difference between accomplishment of laws and radical practices in public and private sector organizations.

C. Employee Volunteering Practice

H₃: There is no significant difference between level of CSR project implementation in public and private sector organizations.

H_a: There is a significant difference between level of CSR project implementation in public and private sector organizations.

D. Ecological Practices

H₄: There is no significant difference between the implementation of ecological protection and improvisation in surveyed organizations.

H_a: There is a significant difference between the implementation of ecological protection and improvisation in surveyed organizations.

E. Health and Safety Practices

H₅: There is no significant difference between empirical and pre-emptive enactment of health, safety and compensatory measurements in surveyed organizations.

H_a: There is a significant difference between empirical and pre-emptive enactment of health, safety and compensatory measurements in surveyed organizations.

F. Respective to Shareholders

H₆: There is no significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.

H_a: There is a significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.

G. CSR Practices

H₇: There is no significant difference between projected practices for community development and execution of projects on root levels by surveyed organizations in their associative local communities.

H_a: There is a significant difference between projected practices for community development and execution of projects on root levels by surveyed organizations in their associative local communities.

Presentation of Entire Hypotheses – At a Glance

A brief assessment has been given of all covered hypotheses in tabular form to provide a complete picture at a glance to the reader.

Table: 3.1

Tabular Presentation of the Entire Hypotheses - At a Glance

S.No.	Particular	Result
	Primary	
1	No significant difference exists in corporate governance practices on the basis of HRD, transparency, health and safety, implementation of CSR, ecological issues and issues related to shareholders practices in the surveyed organizations.	Alternate Hypothesis Accepted
	Secondary	
2	There is no significant difference between ethical practices of HRD in public and private sector enterprises.	Null Hypothesis Accepted
3	There is no significant difference between accomplishment of laws and radical requirements in public and private sector organizations.	Alternate Hypothesis Accepted
4	There is no significant difference between level of CSR project implementation in public and private sector organizations	Alternate Hypothesis Accepted
5	There is no significant difference between the implementation of ecological protection and improvisation in surveyed organizations.	Null Hypothesis Accepted
6	There is no significant difference between empirical and pre-emptive enactment of health, safety and compensatory measurements in surveyed organizations.	Alternate Hypothesis Accepted
7	There is no significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.	Null Hypothesis Accepted
8	There is no significant difference between projected practices for community development and execution of projects on root levels by surveyed organizations in their associative local communities.	Null Hypothesis Accepted

3.6 RESEARCH APPROACH

Research approach spell out the plans and procedure for the research, this specifies the method of data collection, analysis and interpretation. To provide a more complete understanding of research problem a **mixed research approach** has been used by researcher. This involves both qualitative and quantitative approach. This approach of research is also known as **pragmatic approach**. Researcher has used different forms of data collection and analysis. So under quantitative research approach, researcher has used survey research to get quantitative or numeric description of attitudes and opinions through questionnaire, interviews and schedules. Researcher has used close ended questions to get quantitative information. Concurrently, researcher has used qualitative research approach by using open ended questions. Mixed Research approach has been used with the intent of generalizing from a sample to a population.

Descriptive research has been used to describe interrelationships of corporate governance with covered parameters.

Exploratory research⁹ has been used to explore the performance of surveyed companies in reference to the HRD practices, Health and Safety practices, Transparency practices, CSR performance, Environmental practice, practices towards Shareholders and Community. Exploratory perspective of study is based on hypotheses on HRD Practices, Health and safety practices, transparency practices, CSR performance, ecological practices, community and shareholders. Researcher has developed and tested hypothesis on these practices to explore and present status quo of corporate governance in public and private sector enterprises in India.

Nature of the present study is **explanatory sequential mixed, exploratory, empirical and descriptive**. In **explanatory sequential mixed aspect** of study, researcher has first conducted quantitative research then analyzed the results to explain them in detail with qualitative research. The in hand study is considered explanatory because the initial quantitative data results are explained further with qualitative data.

Empirically, the study also takes base of observations during survey work. Under the covered undertakings as researcher has verified some aspects through observations during survey work. This practice has been done by researcher to draw some general conclusions. Empirical research has been carried out to

examine the present status quo of corporate governance practices in Indian corporate institutions in covered units.

3.7 SOURCES OF DATA COLLECTION

Any social science research cannot be completed without data. On the basis of the nature of data sources can be divided in two broad categories i.e. secondary and primary¹⁰.

For data collection from each selected units of the study, researcher contacted with concerned persons and expressed an interest in engaging them for this study. Researcher contacted with the HR department to collect qualitative data and co-ordinate meeting and with executives and employees. When meetings attended, researcher went through prepared questionnaires (copy attached in Appendix) and focused on new issues as they arose in discussion and conversation.

Researcher contacted with workers at plant level to collect information about health and safety, social security benefits and Industrial relations through discussion during lunch period. As well as researcher also did conversation in company's township with community and outside the township with local community nearby plant operation area. During plant visit researcher also observed some important issues i.e. health and safety of workers and emergency management system.

Communication with HR department was on going for support to get more information with respect to background, additional information and statistics. Even researcher also collected data from employees and workers after completion of their duties working hours. During this mode of primary data collection respondents were feeling free to discuss. Researcher also tried to collect information through telephonic call but sometimes responses were not received from respondents. And some of the responses were personally administered by researcher on the basis of observation.

Secondary Sources of Data Collection

The following sources are used in the collection of secondary data

- (i) Annual Reports and Accounts of NTPC Ltd., TATA Power LTD.,NFL and CFCL,
- (ii) Published materials of Ministry of Power and Ministry of Chemical and Fertilizer in India,

- (iii) Publications of the International Finance Corporation (IFC),
- (iv) Leading Journals and Newspapers (The Economic Times, Times of India, Business Standard, The Hindu, The Financial Express),
- (v) Research Publications of KPMG in India – A Audit Committee Institute,
- (vi) Sustainability Report of Individual Companies,
- (vii) Extensive use of internet has been made covering websites of the selected companies and surveys on various websites.

Primary Sources of Data Collection

Every research is unique itself which requires first hand data (primary data). The following methods were used in the collection of primary data –

- (i) **Questionnaire¹¹**: Questionnaires were designed separately for executives, employees and shareholders, which has close ended and open ended questions. The questionnaire was aimed to cover all the essential questions to discover the problem of study.
- (ii) **Interview¹²**: Personal contacts were made with senior management, employees, workers, community related to the corporate sector to find out the clues on governance issues in the sphere of corporate sector. Face to face interview and telephonic interview modes were used for collection of data.
- (iii) **Schedule¹³**: schedule was framed to collect data from community to know the community development programmes by covered enterprises.
- (iv) **Observation¹⁴**: Some of the responses were personally administered by researcher on the basis of observation during plant visit and field work.

3.8 TECHNIQUES USED TO ANALYZE THE DATA

The data is more related with qualitative one, so researcher has converted qualitative data into quantitative data to analyze adequately and present them in quantified manner. In this study, various statistical techniques have been used by researcher to test the hypotheses under study and to present collected data in required mode. The mixed method qualitative as well as quantitative has been

adopted. The techniques used in the research to test the hypothesis and to analyze the data has been shown as under:-

Statistical tools used in the study are as follows:

- Tabulations
- Percentages
- Mean
- Scaling Technique (Likert Scale)
- Graphical Presentations(Bar chart)
- Rank Concordance Method
- Z (Standard Normal Variable) ¹⁵

To test the hypothesis researcher has used Z (s.n.v). And critical value of Z has been used. Calculated value of Z has been compared with critical value of Z for interpretation. The value of Z is used for testing the difference between the means. To identify that the obtained difference between the two samples mean represent a true different between their populations. Reasons behind using Z¹⁶:

- Samples are larger (n>30)
- Covered variables under study are independent in nature.
- Present research involves a comparison between two populations.
- The difference between them may be studied by comparing their sample means.
- Here the mean of two different samples (i.e. from public and private sectors) have to be compared.

The formula for calculating Z for two independent samples is as follows:

$$Z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

where \bar{x}_1 and \bar{x}_2 are the means of the two samples, Δ is the hypothesized difference between the population means (0 here since testing for equal means), σ_1 and σ_2 are the standard deviations of the two populations, and n_1 and n_2 are the sizes of the two samples.

The above formula has been applied in MS Excel to calculate the value of Z.

3.9 PARAMETERS OF INTEREST

The study was focused on the following parameters for all covered stakeholders:

For employees and executives:

- HRD Practices
- CSR Practices
- Transparency Practices
- Environmental Practices
- Health and Safety Practices

For shareholders:

- Factors of consideration for shareholders before investment decision¹⁷
- Opinions (feedback) of shareholders after investment decision

For community:

- Various programmes and projects initiated by companies for community development under CSR practices of companies.

Company visits were made before the new company Act 2013 was enacted. According to the new law, now some issues covered in the study have become mandatory. These are whistle blower mechanism and formulation of CSR committee.

At the beginning of this research, the issues on whistle blower policy and CSR were not mandatory. In 2013 the new Company Act was enacted and then these issues became mandatory.

3.10 TEMPORAL COVERAGE OF THE STUDY

Present study is confined to period of 1 April 2011 to 30 June 2016. During this period many radical changes were made in the disclosure mechanism and reshuffled CG and CSR to overcome from the corporate frauds. The newly enacted act is robust in the manner of corporate governance and CSR activities. Review of clause 49 has harmonized the provisions of clause 49 with relevant sections of companies Act 2013. This new Act has been applicable from 1 October 2014. For good corporate governance some new provisions have been introduced such as compulsory whistle blower policy, woman director on board, expanded role of audit committee, mandatory CSR for qualifying companies (2% of average net profit of last 3 years), compulsory constitution of CSR committee for qualifying companies etc. **MCA and SEBI have tightened corporate governance norms to**

raise the standards of corporate governance and to promote good corporate governance during the period of study. The selected units were visited before the new Companies Act 2013 was enacted.

Following table depict the activity schedule followed by researcher during research.

Table-3.2
Temporal Coverage of Activities

S.No.	Activity	Period
1.	Conceptual Study	8 Months
2.	Preparation of Questionnaire and Schedule	3 Months
3.	Pilot Survey	3 Months
4.	Survey	18 Months
5.	Analysis, Interpretation and Tabulation	4 Months
6.	Final Report Writing	6 Months

3.11 SAMPLING DESIGN

Sampling Frame

The universe of the study is related with the power industry and chemical and fertilizer industry of India including both public and private sector companies. As the problem of the study is “Corporate Governance Practices in India – A Comparative Study of Public and Private Sector Enterprises”, accordingly to justify the title of the problem which is at Indian level, researcher has selected four states of India i.e. Maharashtra (Chembur), Delhi (Badarpur), Rajasthan (Gadepankota District and Anta District) and Madhya Pradesh (Vijaipur-Guna District). In this way selected four companies are from four different-different states of India.

As Maharashtra is a well organized state and this is known as India’s economic power house. Mumbai is provincial capital of India and located at southeastern region of India. This city is main commercial centre of India. Many well diversified manufacturing industries are there. Mumbai is commercial hub as well as economic and financial centre of India. After concerning these attributes of Mumbai (MH) researcher has selected this state.

Simultaneously, Delhi (Badarpur) is the largest commercial centre in northern part of India and Delhi is National Capital Region of India. Its population today reveals the distinctiveness of almost every constituency. Delhi truly reflects the prosperity and diversity of India. And power industry is very important industry of city's economy.

On the other hand, Rajasthan state represents the northwest part in the study, under covered companies. Rajasthan is among leading investment destination in India because of investment friendly policies and excellent infrastructure. Area wise, Rajasthan is largest state of India. Rajasthan region has vast latent for electricity generation through renewable power sources and wind power. CFCL is one of the leading companies in chemical and fertilizers industry situated in Rajasthan. Considering these attributes researcher has selected this company for study.

Another selected state, Madhya Pradesh is top most state in terms of GDP of India. MP is "stick" economy of India. MP represents central India and second preferred state for the corporate world to get industries set up. MP is new fastest growing state of India. Many key industries are situated in MP. Covered sample unit NFL is large scale industry from public sector undertakings in MP state.

Therefore, researcher rationally selected above four states after recognizing and deliberating peculiarity and characteristics of these four states.

Sampling Units

This study seeks to cover the corporate governance practices in Indian corporate sector. It is noteworthy that there are large numbers of corporates in country. The main focus of the study is on public and private enterprises of India representing chemical and fertilizers industry and power industry. Being a specific study in approach of sector, industry and stakeholders (employees, executives, community and investors), two companies from each sector and each industry were considered for inclusion in the study. A comprehensive list of all power and chemical and fertilizer companies was constructed. For preparing list of all power companies Indian power sector website and ministry of power website were used and for constructing list of all chemical and fertilizer companies two sources were used i.e. department of fertilizers website and ministry of chemical and fertilizers website. Indian listed public and private sector companies were considered for inclusion in the study.

The sample selection criterion was based on following attributes of sample units:

- To cover leading companies from associated covered industries.
- To cover listed Indian public and private sector companies.
- To cover at least three states and one NCR region to represent Indian level.
- To cover manufacturing industry.
- To cover only those companies in which parameters of interest under study can be covered.

Therefore, researcher rationally selected following 4 companies because these companies were found vital in the above mentioned criteria. Two companies are from public sector and two companies are from private sector. The comparison has been made between public and private sector to make study more justified. The geographic sphere of sampling units covers four states i.e. Maharashtra, Delhi, Madhya Pradesh, and Rajasthan.

Following selected units fulfill the requirements for the study and appropriate for the research for aforementioned sectors. The table 3.3 represents the geographical sphere as well as characteristics of sample units.

Table 3.3
Features of Covered Undertakings –At a Glance

Total No. of Executives	Total No. of Non-Executives	State	Company Name	Unit Covered	Industry	Owner-ship	Reason for Selection
374 (48)	406 (52)	Maharashtra (Southeastern Region)	TATA POWER	Trombay Unit	Power	Private	Listed, Leading and Manufacturing company
326 (41)	462 (59)	Delhi (National Capital Region-NCR)	NTPC POWER	Badarpur Unit	Power	Public	Listed, Leading and Manufacturing company
110 (49)	114 (51)	Rajasthan (NorthwestRegion)	NTPC	Anta Unit	Power	Public	Listed, Leading
415 (53)	370 (47)	M.P. (Central India)	NFL LTD.	Vijaipur Unit	Chemical and Fertilizers	Public	Contd... and anufacturing companies
330 (49)	338 (51)	Rajasthan (NorthwestRegion)	CFCL LTD.	Gadepan Unit	Chemical and Fertilizers	Private	Listed, Leading and Manufacturing company

Sample Features

Demographic profile of the respondents of all strata represents the sample features. Demographic profile of employees and executives is based on designation, level of educational qualification and years of association with their respective company. Shareholders respondents profile is based on age of investors, level of educational qualification, income level and years of investment in the company. Moreover, community respondent's features are classified on the basis of age group and gender. The detail description of the whole demographic profile is shown in **chapter-5 (Data Analysis and Interpretation** under Part-A Demographic Profile).

Sampling Technique

The sample for a particular study represents “**who will be surveyed**”. Here sampling means “**how sample to be chosen**”. The study is comprised of the heterogeneous population. The population is divided in strata for increasing a sample's statistical effectiveness. Researcher has obtained a representative sample across many population attributes. The present study is based on **Probabilistic Samples and Non Probabilistic Samples**¹⁸ because samples have been chosen at random basis from entire population. This study is based on **Stratified Random Sampling with Convenience Sampling**¹⁹.

Stratified Random Sampling is used because population is heterogeneous. Heterogeneous population of this study is composed of unlike elements, such as shareholders, executives, employees and different levels of management personnel and community. The bases of the stratification are the key variables under study. Here respondents are executives, employees, shareholders and local community from public and private sector undertakings. This method of sampling is based on obtaining information randomly from those respondents who were easier to reach and easier to access information. The purpose of selection of this sampling technique is to make study more reliable and representative in nature. This technique provides a scientific technique of drawing samples from the universe.

Convenience sampling method was more relevant for community population because list of population was not available for local community respondents. Thus token respondents from local community were randomly interviewed to cross verify the responses concerning CSR issues. In reference to

the individual shareholder population this method was appropriate because there is very big universe of shareholders. Then due to the limit of time and efforts, researcher included conveniently available individual shareholders in the sample. While selecting the samples through both techniques, the cautious approach of the researcher was to select representative units from population for the study and researcher has not been compromised with this fact.

Determination of Sample Size

In reference to the all stratum disproportionate stratified random sampling has been applied for sample sizes. This method does not give proportionate depiction to stratum. However proportions of all strata in their respective total population vary, but equal weight has been given to the respondents under disproportionate stratified random sampling method of strata sample size.

Sample size for Executives and Employees

Researcher mailed the questionnaires to the all executives and employees respondents. All respondents are from literate group. Researcher mailed 125 questionnaires to each covered undertakings.

Out of 125, researcher got 115 filled questionnaires from NTPC out of these 7 were partly filled and 5 were technically incorrect. Researcher finally got 103 correct questionnaires from NTPC.

113 questionnaires were received from TATA POWER, 12 respondents did not reply. 4 questionnaires were incorrect and 8 questionnaires were not completely filled. Here finally 101 questionnaires were received from TATA Power.

114 questionnaires were mailed by respondents from NFL out of these 8 were partly filled and 4 were inadequately filled. Lastly researcher received 102 correct questionnaires.

Out of 125,113 questionnaires were received by researcher from CFCL, out of these 7 questionnaires were not fully filled and 5 were technically incorrect. Researcher got 101 completely and adequately filled questionnaires from CFCL.

The questionnaires which were not received, partly filled and improperly filled were mostly from the employee respondents.

In total, 407 questionnaires were found correct. To avoid fractional calculation researcher selected 400 questionnaires out of 407. This exercise resulted in a final sample of 400 respondents to make study representative. Results of the sample study can be applied in general, for the universe with 5 % level of confidence. Description of the sample size is shown in the following table:

Table 3.4
Tabular Representation of Sample Size for Employees and Executives

Company	Industry	Sample Size of Executives	Sample Size of Employees	Total (iii)+ (iv)	Sector Wise Total	Sector
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
TATA POWER	Power	50	50	100	200	PRIVATE
CFCL Ltd.	Chemical and Fertilizers	50	50	100		
NTPC	Power	50	50	100	200	PUBLIC
NFL Ltd.	Chemical and Fertilizers	50	50	100		
Total		200	200	400	400	

There is no major variation in strength of the employees and executives (As shown in table 3.3) between above mentioned sample units. Therefore, researcher decided to take an equal sample size from all the units. The equal sample size from all four units is meaningful for comparison, analysis and from calculation point²⁰ of view. Thus researcher has taken sample size of 100 from each unit and in total 400²¹. And there is not big variation between strength of employees and executives of each selected unit, so researcher has again divided sample size of 100 equally between executives and employees i.e. 50 (As shown in above table 3.4)

Sample size for Shareholders

There is very big universe of shareholders. Due to the limitation of time, efforts and money researcher decided to cover only individual shareholders of selected companies. These individual shareholders are part of public non-institutional shareholdings. Again total number of individual shareholders was very large and typical to cover. Hence researcher decided to take only identical sample size of shareholders.

Researcher mailed 35 questionnaires to the shareholders of each selected company. From NTPC shareholders respondents 5 respondents did not responded 2 filled questionnaires were found inaccurate and 3 were partly filled. 30 filled questionnaires were received from shareholders of NFL Company. Out of these 2 were not completely filled and 2 questionnaires were found erroneous. Shareholders of TATA Power Ltd. mailed 31 filled questionnaires. Out of these, 2 questionnaires were identified erroneous and 3 were partly blank.

Lastly, 32 questionnaires were received from respondents of CFCL remaining did not respond. Two questionnaires were wrongly filled and two were partly filled. Finally, 104 questionnaires were found completely filled and correct. Thus researcher decided to take total sample size of 100 respondents to avoid fractional values during analysis. Therefore, this complete exercise took the sample size of 100. Consequently, researcher decided to take equal respondents from each company to make study representative from each covered undertaking. To present the reflection of individual shareholders perceptions, an identical sample size of 25 shareholders respondents from each company has been taken.

Sample Size for Community

Researcher has selected token respondents from local surrounding community, nearby plant area of covered units from public and private sectors. The strength of local community was very extensive and it was impossible for researcher to contact with every citizen, due to limitation of time and efforts. Therefore researcher decided to discover 25 token respondents from each sector (public and private) from local community, to discern community development initiatives taken by associated company. This took the final sample size to 50.

Covered respondents belong to service, business classes as well as few were illiterate and other was literate from different –different age groups and gender. On the other hand, selection of these respondents was based on their beliefs, values, culture, religion and income group.

3.12 CONTRIBUTION OF THE STUDY

This study will provide information to the contemporary researchers, students of post graduate courses, general readers and to the professional community (i.e. senior executives, board members of corporate houses, policy makers and regulatory authorities, industries association) who are seriously involved in improving the quality standard of corporate governance in India.

The study gives fresh and original expositions of the issues relating to corporate governance in Indian context. The present study has examined various contemporary issues of corporate governance in India. This study also presents some practical suggestions with suggested models, if these suggestions will be implemented then good corporate governance and enhanced corporate image can be achieved.

The study has presented the actual level of performance of corporate governance in Indian corporate houses and also provides some guidelines to improve the corporate governance framework in India. The study is highly important and relevant in the changing scenario of business world, which is going to be more competitive than it is now.

3.13 LIMITATIONS OF THE STUDY

The study focuses merely on activities of leading Indian companies from Power, Chemical and Fertilizers industry, thus restricting one's knowledge of corporate governance practices of other industries.

In undertaking this study researcher was confronted by several challenges, some of which reflected the adversity towards the topic and others included concerns about confidentiality. It was important while engaging with the companies to emphasize two things:

- (i) Researcher faced some resistance in acquiring information; some companies were very resistance to us for meeting with their staff independently of the HR department. However post several

discussions, the companies approved and agreed to have an open hand free environment for conversation which was key to the success of this study.

- (ii) During interaction with local community, sometimes they were not able to co-operate due to their literacy level. However researcher prepared schedule for community considering this problem.

Some other limitations are-

Firstly, as it is natural that the study is bound to have few limitations. Efforts have been made to collect primary data in concern with various aspects contained in study. Since collection of primary data is a difficult task and it is possible that many respondents have not presented their views sincerely and independently. So the conclusions may not be fully correct.

Secondly, Researcher has adopted questionnaire, observation and interview method and schedule to collect primary data. Where in it is possible that the persons interviewed or responding the questionnaire has not shown deep interest with a view to not disclose the secrets of their particular company. Respondents were feeling hesitation to co-operate adequately because issue of corporate governance is very sensitive itself and due to the fear of disciplinary action by management.

Thirdly, researcher has faced the problem of human limitations of an individual in undertaking inability to understand and interpret correctly the subject matter of the study. However, questionnaires were designed in simple form by using easy words.

The researcher also faced problem in getting the responses in an adequate numbers with complete responses, this is witnessed in sample size selection in earlier part. And it is also possible that respondents of the corporate have presented only a very rosy picture instead of true picture.

In addition to the above, some common limitations faced by most of the researchers in the manner of resources i.e. lack of money because researcher was not getting funds from any agency and using own funds, lack of time because the topic is large one and Ph.D. programme is a time bound programme. Addition to that, there was no specialized survey team to assist in conducting the survey-work. Researcher also faced the problem of specialized technical hand to help in data analysis and interpretation.

However, the study had made an intense attempt to carry out the research project in its true approach. Researcher had tried to make fresh and original exposition of corporate governance practices of Indian corporate sector and thereby drawn certain important conclusions for corporate governance practices in India. Further findings of this study provide some useful suggestions for implementation purpose with recent issues of corporate governance in Indian Inc.

3.14 ORGANISATION OF THE STUDY

The present study has been divided into six chapters. A brief review of each is provided as follows to explain the reader each chapter at a glance:

Chapter I discusses the conceptual framework of corporate governance along with interrelationship of corporate governance with related issues. A scenario on evolution of corporate governance has been presented. Thereafter, an overview on present status quo of corporate governance in India is discussed. Some new developments and amendments related to corporate governance have been discussed.

Chapter II reviews the literature to identify the research to be carried out and to understand the concept of the problem. Review of existing literature justifies the present research after identifying the research gap.

Chapter III, Research methodology has been presented in this chapter. This chapter introduces the problem under study along with the rationality, objectives, hypotheses to be tested, sampling design, parameters of interest and the significance of the study. As well as chapter also introduces the research methodology that has been used to understand the problem as stated in the light of defined objectives. It also enumerates the limitations of the study and finally provides the organisation of the study.

Chapter IV provides profile of covered sample units under study. A brief introduction has been given covering organisational system of companies as well as organisational set up of CSR system of NTPC Limited., NFL, TATA Power Ltd. and CFCL Limited along with financial highlights of these companies.

Chapter V empirically investigates the status quo of corporate governance in the Public and Private sector enterprises in India. The result of the study is discussed which is based on surveyed data collected from executives, employees, community and shareholders. This result is presented in seven broad categories i.e.

HRD Practices, Transparency Practices, Employee Volunteering, Ecological Practices, Health and Safety Practices, Practices respective to Shareholders and CSR Practices.

Finally, **Chapter VI** concludes the summary with specific and general conclusions of the study. Some suggestions have been given to the Indian corporate world to strengthened corporate governance practices. Suggested models of corporate governance have been given to promote good corporate governance. A direction has been given to suggest further areas of research to the researchers for further research.

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20. Here Calculation of Ss is:

$$n = \frac{3245 \times 1.96^2 \times 0.25}{[0.05^2 \times 3244] + [1.96^2 \times 0.25]} = 343.44 \text{ or } 343$$

So, a representative sample of 343 would be sufficient to satisfy the risk level. To avoid fractional calculation Ss has been taken 400 (It covers calculated Ss of 343).

opcit, Sarangi, P., p.-79.

21. *Ibid.*

CHAPTER 4

PROFILE OF COVERED UNDERTAKINGS

4.1 PREAMBLE

The basic purpose of this chapter is to provide the outline of covered Public and Private sector companies. It is an endeavour to highlight the essential facets while describing the profile of covered undertakings. These are Introduction, Organizational set up with Organizational structure of CSR system, Committees of the board, Policies on corporate governance, Sustainability, Product portfolio and Financial highlights.¹

To justify the title of the study, researcher has first sketched the profile of public companies and then private companies. The outline of the covered companies has been presented in following order:

- A. National Thermal Power Corporation Limited (NTPC Ltd.)
- B. National Fertilizers Limited (NFL)
- C. TATA Power Limited
- D. Chambal Fertilizers and Chemicals Limited (CFCL)

Firstly, the Power industry, then Chemical and Fertilizers industry has been studied in order to discover the profile of companies.

4.2 NATIONAL THERMAL POWER CORPORATION LIMITED



1. Introduction

NTPC has been given the dignified “Maharatna Status”. Its sound corporate governance practices made NTPC the first company to exercise the maharatna powers. Company has 22 stations of power generation in 5 Regions crosswise India. With 43109 MW, NTPC is the largest electricity generator and the largest purchaser of coal in the country.

NTPC incorporated on Nov.7, 1975. On 8 Dec.1976, the Govt. of India cleared NTPC’s first pithead super TP project at singruli in UP. The authorized capital of company was Rs. 125 crore. In 1978, NTPC take over management of Badarpur project. In 2004 NTPC became a listed company and in 2005 company have changed to NTPC Ltd.

To accelerate power advancement in India NTPC was set up. NTPC positioned 337th in the 2012, Forbes Global 2000 ranking of the world’s largest companies. NTPC plans to become a 1, 28,000 MW company by 2032. Company is going to actualize new 23 projects in various states of India by including 22,444 MW capacities.

Company has eight key corporate **objectives**:

- Business portfolio development
- Customer focus
- Agile corporation
- Performance leadership
- Human asset development

- Financial soundness
- Sustainable power development
- Research and expansion

Vision

Vision of the company is –

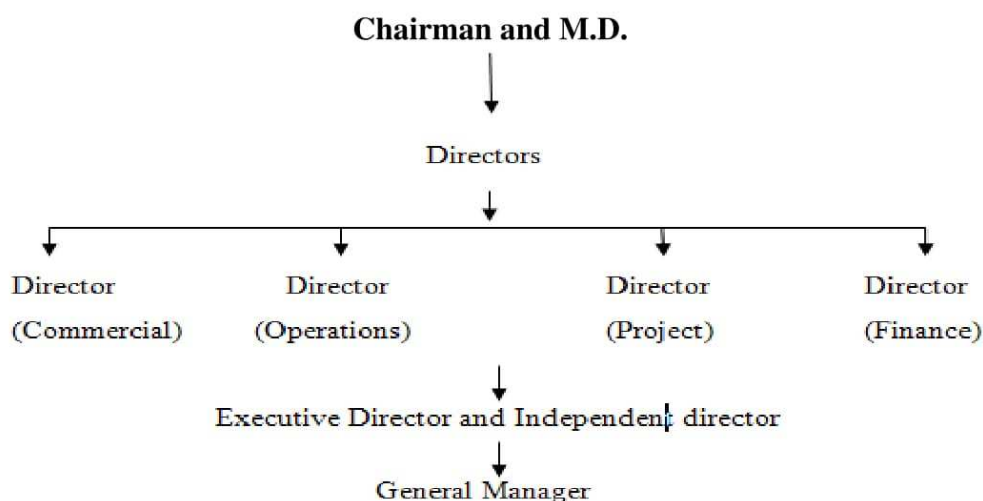
“To be the world’s biggest and best power manufacturer, powering India’s growth”.

Mission

Organization has mission to develop and provide reliable power, related items and services at competitive prices, combining various energy sources with modern and eco-friendly technology and contribute to society. Company is following core values of **“BE COMMITTED”**.²

2. Organisational Set-up

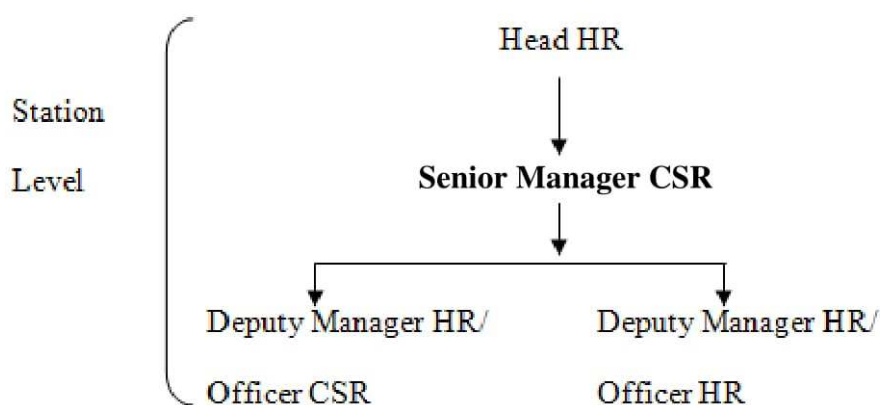
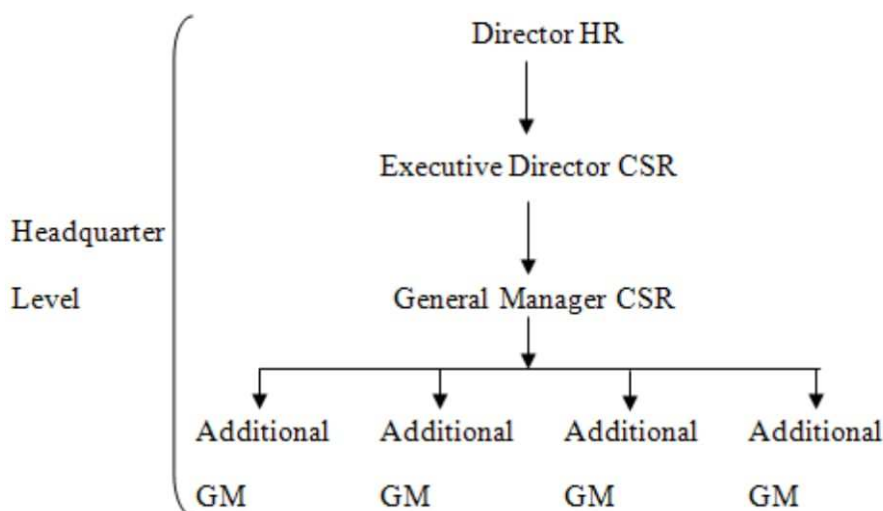
Here, organizational set up of NTPC is given:-



The **manpower strength** (officers and staff) of the company stood at **22496** in financial year 2014-15. At last year this strength was 23,411.

Organisational Structure of CSR System in NTPC Ltd.

At headquarter level company has given up obligation on Human Resource Director. Executive director oversees the responsibility of CSR under director HR. Specifically at plant level, ED give project wise charge of CSR on General Manager or on additional manager or on deputy general manager of Human Resource department. This responsibility of CSR is as an additional responsibility on HR department.



3. Committees of the Board

Generally a board critically evaluates strategic direction, management policies and effectiveness of a company. For this the Board of NTPC established the following committees:

1. Audit committee
2. Shareholders/investors grievance committee
3. Remuneration committee
4. Committee on management controls
5. Contracts sub-committee
6. Project sub-committee
7. Investment/contribution sub-committee
8. Committee of the board for allotment and post allotment activities of NTPC's securities
9. Committee of functional directors for contracts
10. Corporate social responsibility and sustainability committee
11. Committee for vigilance matters
12. Committee for review of coal mining activities
13. Committee of directors for inorganic growth
14. Committee for review of coal import policy
15. Exchange risk management committee

4. Company's Policies on Corporate Governance

Company follows some policies to carry out duties in ethical way. These policies act as enablers to carry out duties. Following are some policies of company:

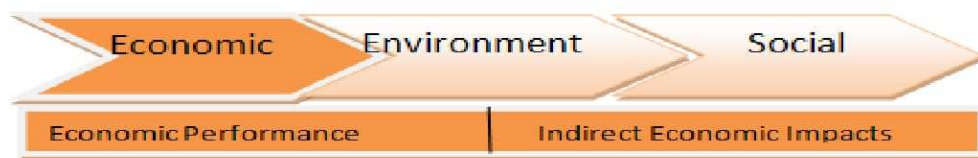
- Training to board members
- Policy to evaluate non executive board members
- Whistle blower policy
- Policy for insider trading
- Fraud prevention policy
- Policy for RPT's

5. Sustainability

NTPC commit them to generate and provide reliable power in sustainable manner by use of multiple renewable energy resources. Company is also working for community development by taking many CSR initiatives.

Triple Bottom Line Performance of Company

Here companies TBL performance is given in three parameters i.e. economic, environmental and social. Following figure shows aspects of TBL.

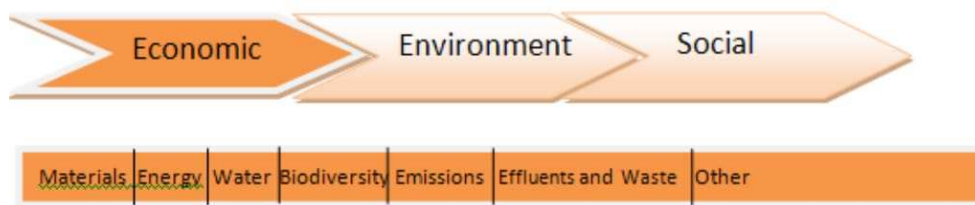


Model no. 4.1 Parameters of Triple Bottom Line

Source: Company Website

- **Economic Performance**

Economic performance of company again includes seven aspects which are shown as follows in figure:



Model no. 4.2 Parameters of Economic Performance

Source: Company Website

NTPC has also adopted clean development mechanism (CDM) with their economic growth path for sustainable development. In striving to low carbon future NTPC is aligning its “economic growth with sustainable development”.

- **Environmental Performance**

The company has proactive approach for environment management and sustainability. Company has effectively used ash for environment protection as

well as developed green belts around surrounding areas of operation. NTPC is using conventional and non- conventional sources of energy. For this company has initiated renewable energy projects.

Its vision statement on sustainable energy development is **“Going higher on manufacturing as well as dropping GHG magnitude”**.

NTPC is also enforcing **Green Infrastructure**. NTPC has separate Environment Management Department to manage disposal of waste, ash management, for ash utilization and for taking other environment preventive activities etc.

- **Social Performance**

NTPC is a leader not just in power production but also in people performance. It strongly believes in “citizens first” approach. It also provides an adequate healthcare to local community. With the purpose of community development NTPC provides health centre in affected villages as per community need.

6. Product Portfolio of Company

Business Areas of the company are -

- Power generation, distribution and transmission
- Consultancy services
- Power trading
- Ash utilization
- Coal mining
- Equipment manufacturing

7. Financial Highlights – At a Glance

Financial highlights at a glance for the period of 7 years (2008-09 to 2014-15). The key highlights of performance perspective of NTPC are shown below:

Table: 4.1
Financial Highlights of NTPC Ltd.

Year Sales	PAT	EPS	DPS	Sales (in Crores)	Generation (in Mu's)
2008-2009	8201.30	9.95	3.60	417913	206939
2009-2010	8728.20	10.59	3.80	461687	218840
2010-2011	9102.59	11.04	3.80	54705	220536
2011-2012	9223.73	11.19	4.00	61002	222068
2012-2013	12619.39	15.30	5.75	64910	232028
2013-2014	10975	13.31	5.75	71490	233284
2014-2015	10291	12.48	2.50	72528	241261

4.3 NATIONAL FERTILIZERS LIMITED



1. Introduction

NFL, a schedule 'A' and a Mini Ratna (Category-1) company incorporated on 23rd August 1974. Its corporate office is at NOIDA (U.P.) NFL is under the administrative control of Ministry of Chemicals and Fertilizers. NFL has an authorized capital of 1,000 crore and a paid up capital of 490.58 crore out of which Government of India has 90 percent share and 10 percent is held by FIs and others.

NFL has five gas based Urea Plants viz. Nangal and Bathinda in Punjab, one at Panipat in Haryana and two at Vijaipur (MP). Total annual urea installed capacity of the company is 35.68 LMT.

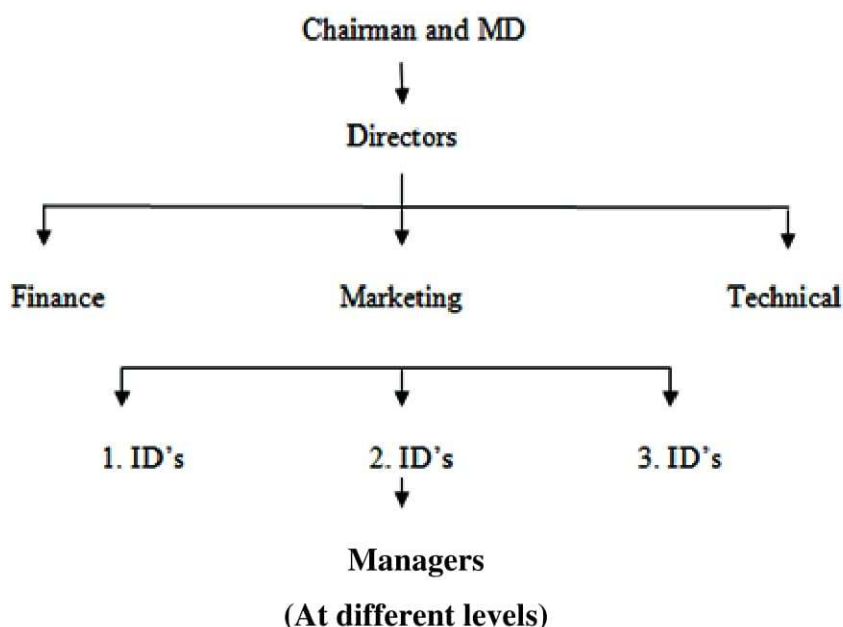
NFL is India's largest Central Public Sector Enterprise in fertilizers sector with a turnover of over Rs. 7300 crores. NFL is also engaged in manufacturing and marketing of Industrial products, trading of complex fertilizers and other Agro Products.³

Mission

NFL's central goal is to be a business sector pioneer in manures and a significant player in all its different organizations, presumed for consumer loyalty, sensible prize to shareholders and sympathy toward environment and the group.

2. Organizational Set-up

An organizational set up of a company including board of directors provides strategic road map for the future growth of the company. Organizational set up of NFL is shown as follows:

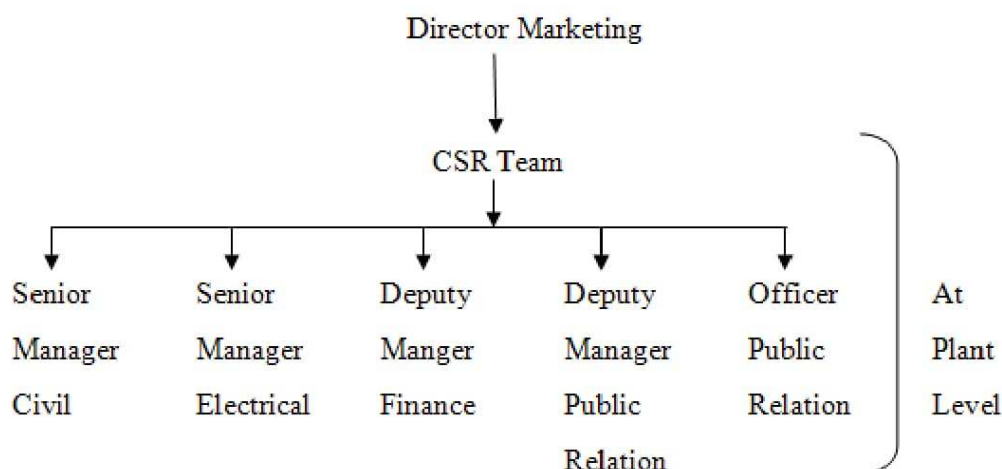


The **manpower** strength of the company as on 31-3-2015 was **3798** as compared to 4068 in previous year.

Organisational Structure of CSR System in NFL

Company has team to initiate CSR projects in the local community. This CSR group is comprised of Public Relation Manager, Senior Manager Civil, Senior Manager Electrical, Deputy Manager Public Relation and Deputy Manager Finance. This team coordinates to implement CSR programmes in local community nearby plant area.

Hierarchy of Organisational Structure of CSR System in NFL is shown:



3. Committees of the Board Directors

Company has set up following stated committees-

- Stakeholders relationship committee
- Audit committee
- Nomination and remuneration committee
- Health and safety committee
- Committee on corporate social responsibility and sustainable development
- Committee on business development and strategic planning

4. Company Policies on Corporate Governance:

Company has adopted some policies to conduct business in a responsible manner. These policies are:

- Whistle Blower Policy
- Risk Management Policy
- Legal Compliance Policy
- Insider Trading Policy
- Health Safety and Environment Policy
- Remuneration Policy
- Research and Development Policy
- Policy on RPT's
- Ethics Policy

5. Sustainability

NFL has taken various initiatives in adopting best practices i.e. environment management, energy conservation and social upliftment.

Following are some initiatives taken by NFL for sustainable development:

- Use of cleaner and greener fuel by utilizing Natural Gas to reduce carbon footprints.
- Improved energy efficiency and increased throughput by implementing energy saving schemes and maintenance practices.
- Development of sustainable products i.e. Neem coated Urea fertilizer, liquid Bio fertilizer.
- Safety and environment consciousness by afforestation NFL has planted 79729 trees in and around various units.

For inclusive and sustainable development NFL has taken above initiatives due to increasing climatic changes.

6. Product Portfolio

NFL produces and supplies big range of industrial and agro products, which are as follows:

- Urea (kisan urea, Neem coated urea)
- Industrial Products (Methanol, Nitric Acid)
- Bio- fertilizers (liquid and solid)
 - (A) Nitrogen Bio-fertilizer
 - (B) Phosphorous Bio fertilizer
- Agri business (Seeds, compost, Beutonite, sulphur and pesticides)

7. Financial Highlights-At a Glance

Information on financials of company is given here:

Table: 4.2
Financial Highlights of NFL

Year	Sales (cr.)	PAT (cr.)	EPS	DPS (as % of Equity)	(Lakh MT) Production (area)	Employee Nos.
2008-2009	1697	97	1.99	6.00	33.44	4868
2009-2010	1704	172	3.50	10.50	33.30	4760
2010-2011	1886	139	2.82	8.50	33.80	4699
2011-2012	1978	127	2.58	7.80	34.01	4515
2012-2013	1727	-171	-	-	32.11	4291
2013-2014	1995	-90	-	-	36.36	4068
2014-2015	2092	26	.53	1.70	36.39	3798

4.4 TATA POWER LIMITED



1. Introduction

Tata power was established by **Darabji Tata** in 1910. The company leads the way for generation of electricity in India nine decades ago. Before 1st April, 2000, The Tata Electric companies comprised of The TATA Hydro Electric Supply company Limited (1910), The Andra Valley Power Supply Company Limited (1916) and The Tata Power Company Limited (1919).

With collision from 1st April, 2000, Andhra valley and Tata Hydro merged into Tata Power. Today, Tata Power is India's largest incorporated power utility. It has an established generation capacity of 8521 MW in India and has a noteworthy existence of thermal, hydro, solar and wind power. It is one of the largest renewable energy company in India. Company plans to increase generation capacity from green energy resource. Tata Power has gross installed capacity of 912 MW from clean energy sources of which 447 MW comes from hydropower and 465 MW comes from renewable sources of energy.

The company is on a multi-fold growth path and is going to implement 8 projects in various states. Tata power is a leading player in renewable energy resources. Company is going to build the first hanging solar plant in India. Company is more focusing on clean energy. Company is operating its business at 23 plants in India and 2 in abroad. TATA is committed to 'responsible growth'. Company is tumbling carbon footprint to join global initiatives to combat climate change; company is lashing for energy conservation and creating sustainable employment for society. TATA is focusing on green legacy.

Vision

Vision of the company is **“Integrated play for stakeholder value creation”**.

Mission

To become the most admired and responsible power company delivering sustainable value by safe execution of projects, Achieving company’s sustainability intent of **“Leadership with care”**, by having best practices on Care for the surroundings, Care for the public, Care for the clientele and investors, and Care for the people.

Values

Company’s values are stated by acronym SACRED, which means-

Safety - Safety is a core value

Agility - Swiftiness, awareness and being practical

Care - Care for stakeholders

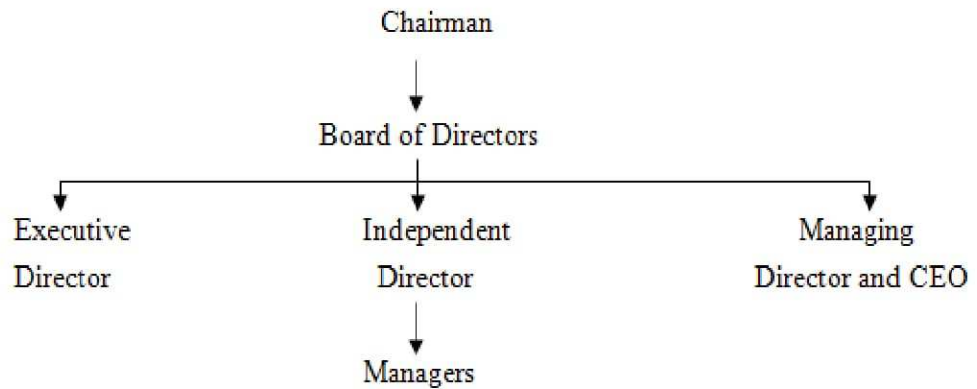
Respect - Treat all stakeholders with esteem and poise

Ethics - Achieve the most admired standards of moral values

Diligence - Do everything with a meticulousness that delivers quality and excellence.⁴

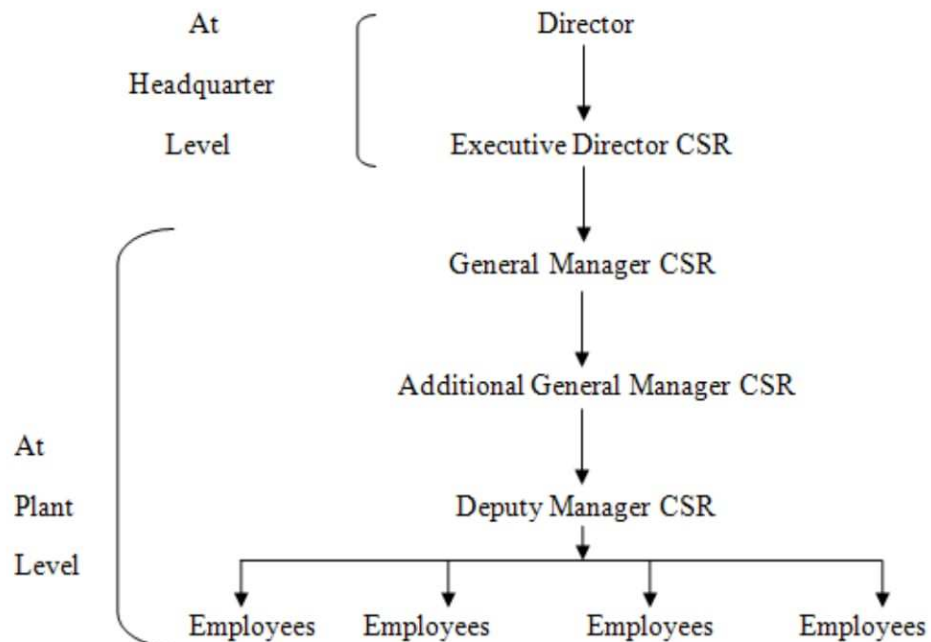
2. Organisational Set up

A brief structure of organization setup of TATA Power is shown in the following figure:



The **manpower strength** (officers and staff) stood at **4310** as compared to 4244 at the end of the last financial year (2014).

Organisational Structure of CSR System in TATA Power Ltd.



3. Committees of the Board

To look into the various matters and to ensure effectiveness of business functioning, company has formulated following committees:

- Audit committee of directors
- Risk management committee
- Remuneration committee and nomination committee
- CSR committee
- Stakeholder relationship committee
- Executive committee of the board
- Ethics and compliance committee

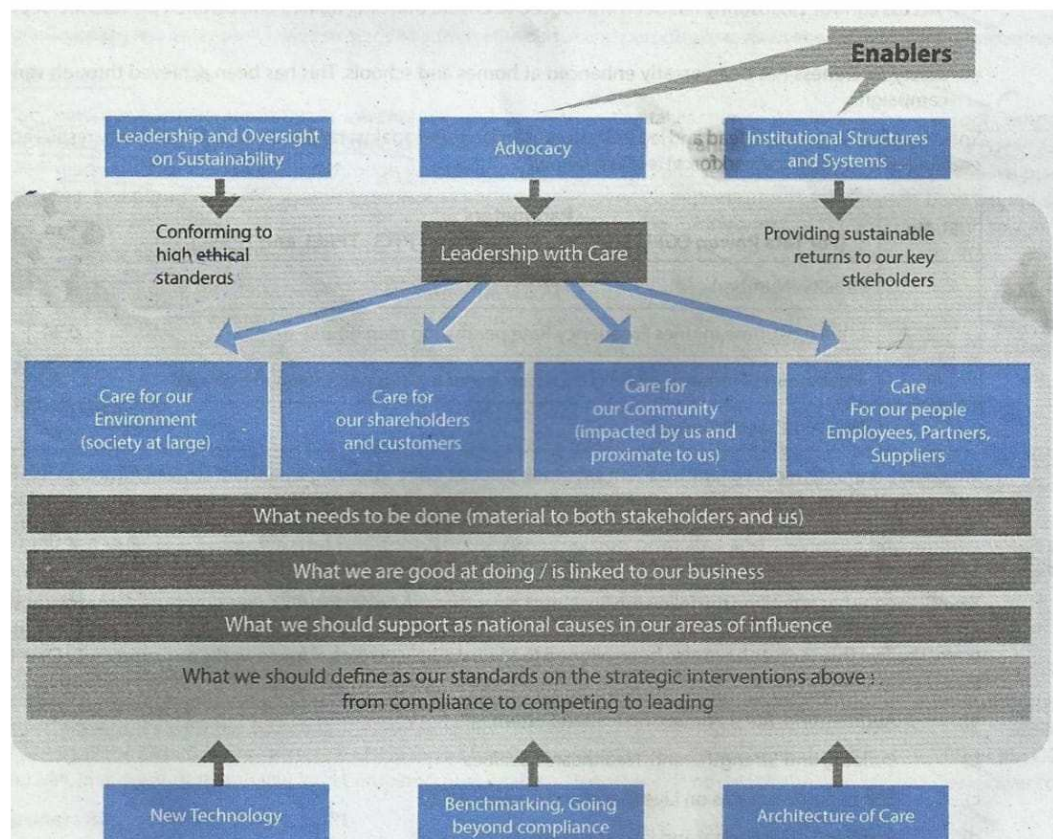
4. Company Policies on Corporate Governance:

To promote ethical behavior in all its business activities and practices, company has formulated following policies:-

- Ethics policy
- Remuneration policy for directors
- Risk management policy
- Internal policy
- Policy on RPT's
- Policy for board of directors
- Insider trading policy
- Whistle blower policy
- Sexual harassment policy
- Human rights policy

5. Sustainability

The TATA Power Sustainability Model confines the thought process across economic, environment, social and cultural dimensions.



Model No. 4.3 A Model of Sustainability at TATA Power

Source: Annual report of the company

The Tata Power Sustainability Model covers the whole range of stakeholders (customers, shareholders, community, employees, society at large). Company's efforts towards Care for People, for Community and for the Environment are detailed below:

Care for people - Safety

Company has declared safety as a core value. Consequently, emphasized its intent for maintaining a healthy and safe environment in and around its operating facilities as well as at project sites.

Care for Customers

Company has “24 x7Sampark Kendras” which has integrated, software based complaint management process. Company regularly commences energy audit for industrial and commercial customers.

Care for Community

Company has identified the following five thrust areas that can help it focus its community relations:

- a) Augmenting rural primary education system
- b) Building and strengthening healthcare facilities
- c) Attractive programs on employment
- d) Building social infrastructure
- e) Developing sustainability for inclusive growth

Company is pursuing initiatives across all the identified thrust areas. Presently, Community Relations Initiatives are optimistically impacting lives of 0.3 million people across 208 villages. Around 7,200 hours of volunteering for social reasons was created by employee participation.

Care for Environment

For Tata Power, "Care for the Environment" implies targeting outcomes in compliance with laws and regulations, minimizing GHGs, water re using and reducing, minimizing waste and discharges, preserving the bio-diversity and increasing the green cover in the surrounding area of its operations.

Club Enerji

This is an initiative that takes energy preservation away from company. Tata Power Club Enerji arrives at school children through various interactive mediums and sensitizes them on the need to accumulate power. It has contacted more than 400 schools in India and has sensitized over 5.2 million general public.

Affirmative Action

Company has centered its efforts towards 4Es - Education, Employability, Employment and Entrepreneurship programs for the development of underprivileged communities, particularly SCs and STs.

6. Product Portfolio

Types of products and services in each business segment of TATA Power are:

Power - Generation, Transmission, Distribution and Trading of Electricity

Coal - Mining and Trading

Others - Defense Engineering, Solar Equipment, Project Contracts/
Infrastructure, Management Services, Coal Bed Methane, Investment,
Shipping and Property Development.

7. Financial Highlights -At a Glance

Financial Highlights at a glance for a period of 7 years (2008-2015).

The key highlights of performance perspective of Tata power are shown:

Table: 4.3
Financial Highlights of TATA Power Ltd.

Year	Rs. Crore				
	Sales (in crore)	PAT	EPS	DPS (%)	Generation (in Mus)
2008-2009	7236	968	43.69	115	14807
2009-2010	7098	948	40.77	120	15946
2010-2011	6918	941	41	125	15325
2011-2012	8496	1170	4.53	125	15230
2012-2013	9567	1025	3.44	115	15770
2013-2014	8627	954	3.50	125	42809
2014-2015	8681	1010.29	3.30	130	272 GW

4.5 CHAMBAL FERTILIZERS AND CHEMICALS LIMITED



1 . Introduction

CFCL is one of the largest private sector fertilizer producers in India. It was promoted by Zuari Industries Ltd. in the year 1985. Its two nitrogenous urea plants are located at Gadepan in Kota district of Rajasthan. The two plants manufacture about 2 million MT of urea per annum. The first plant was commissioned in 1993 and second plant in 1999.

The company was founded by Dr. K.K.Birla, one of the most respected industrialists. In the year 1985 Zuari Industries limited promoted Chambal Fertilizers and Chemicals Limited. With the passage of time, CFCL has consolidated its position in Agri-business. Chambal fertilizers cater to the need of the farmers in eleven states of India. CFCL is the lead fertilizer provider company in the state of Rajasthan.

Today, the company has attained a leadership position in the pesticide business in North India.

CFCL is promoting sustainable farming practices through its “Uttam Bandhan” programme. Under this programme, the company organizes harvest seminars, product and field exhibition and farmer meets.

Vision

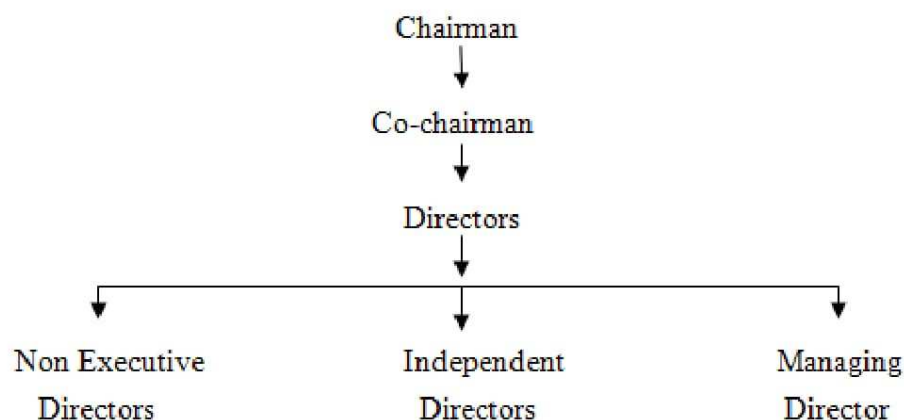
Company’s vision is “To be the leader in the fertilizer industry by providing high quality fertilizers, create value for all stakeholders of company, and play a catalytic role in delivering food security for India”.

Mission

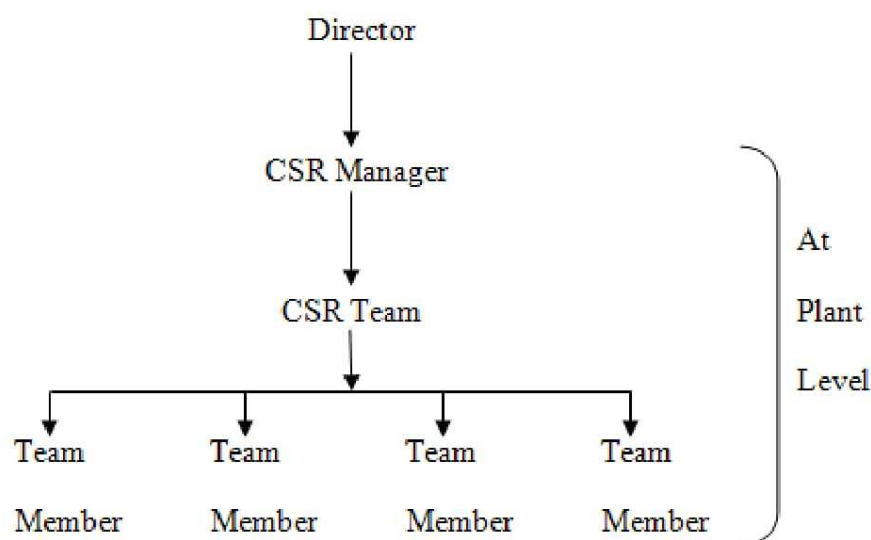
Company’s mission - “Growth and success of the company will be achieved by sustainable agricultural practices and by creating sustainable rural development in India.”⁵

2. Organisational Set-up

A brief of organizational set up of Chambal Fertilizers and Chemicals is shown in following figure:



Organisational Structure of CSR System in CFCL Ltd.



3. Committees of the Board

CFCL has some committees at board level to oversee quality and integrity of business activities of company, these are:

- Audit committee
- Project monitoring committee
- Remuneration committee
- Banking and finance committee

- Investors grievance committee
- Quarterly result review committee
- Compensation committee

4. Company Policies on Corporate Governance

Following policies are formulated by CFCL to prevent unethical behavior within company, these are:

- Whistle blower policy
- Code for insider trading

5. Sustainability

Chambal is committed to be a sustainable enterprise for the benefits of all stakeholders. The company has integrated conscientious practices into its production strategies, to manage the three confronts - financial viability, social improvement and ecological veracity. Being a sustainable enterprise company balances financial strength with social and environmental responsibilities. Company is promoting sustainable farming and improving the quality of life. Company has taken so many initiatives for health care, infrastructure and education. Company is promoting equal opportunity for all employees by empowering them.

Triple Bottom line performance of company

• Economic Performance

Being a leading player in fertilizer industry, CFCL has a biggest challenge to maximize agriculture income while adopting sustainability strategy.

CFCL is using a part of economic profits of the company towards the development of neighboring areas for improving quality of life. To initiate and sustain meaningful actions, company has formed K.K.Birla Memorial Society to consolidate all CSR activities.

• Environmental Performance

Chambal is committed to investing in eco-friendly technologies and practices across the business value chain. The key objectives of environment preservation and regeneration programme are optimizing resource efficiency, controlling toxic waste and effluence, renewing ground water and using green energy.

Company has initiated various technological and operational changes for resource optimization and for reducing carbon footprint. Company has also strategy to reduce energy consumption, utilize waste heat, strive for renewable energy options and use energy efficient products.

The fertilizer industry contributes directly and indirectly to emissions of GHGs particularly CO₂ and N₂O, through the production. For Climate change issues, company has strategy for reducing GHG emissions which is focused on increasing energy efficiency in short term and incorporating proven energy emission-reducing technologies. All the CO₂ formed during ammonia production is reused in urea production. The greener cover around plant premises helps in sequestering CO₂.

Company has responsible effluent management, spill management system, responsible waste management. Also Company has vision to conserve biodiversity. In this way, company has a pro-active attitude and enthusiasm towards environment protection.

- **Social Performance**

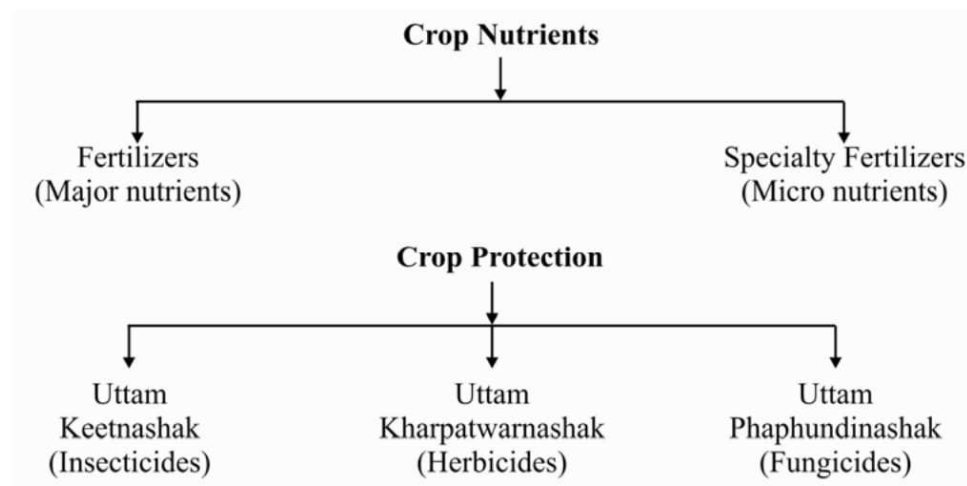
Chambal values human capital and empowering the workforce. Chambal believes that well trained manpower is the key to the company's success. Company has various employees benefit schemes to secure the financial future of staff.

Chambal has a strong safety management system to ensure workplace safety. Company has a well defined emergency handling system, safety training, safety review system, safety of contract workers, association with world class safety institutions are some initiatives taken by Chambal to encourage proactive safety behavior.

Chambal is playing a catalytic role in creating sustainable development in rural India through its two programmes- Uttam Roshani and Uttam Bandhan. **KK Birla memorial society** of chambal initiates and sustains CSR activities. This society is now responsible for implementation of all Uttam Roshani programmes. Uttam Roshani programmes includes programmes for primary education, technical education, entrepreneurial skill development, health care, women empowerment, agriculture services, facilitation of various government schemes, rural infrastructure improvement.

6. Product Portfolio

There are five basic products of company crop nutrients, crop protection, herbicides, seeds and farmer advisory services. These basic products of company are diversified as shown in figure:-



- Seeds (Uttam kranti)
- Herbicides
- Farmer Advisory Services(Uttam Bandhan)

7. Financial Highlights - At a Glance

Financial performance of company from year 2008-2015 has been shown in following table:

Table: 4.4
Financial Highlights of CFCL

Year	Sales(in crore)	PAT	EPS	DPS	MT (in lakh) Production (area)
2008-2009	4595.54	23056 Lac	5.54	1.80	19.18
2009-2010	3574.50	24905 Lac	5.98	1.90	20.31
2010-2011	4647.43	325.18 crore	7.81	1.90	21.00
2011-2012	6455.13	247.29 crore	3.80	1.90	21.46
2012-2013	7337.48	305.61 crore	5.73	1.90	20.92
2013-2014	7981.89	372.00 crore	7.28	1.90	18.52
2014-2015	7976.00	303.00 crore	7.28	1.90	18.85

4.6 A COMPARATIVE VIEW OF CSR SYSTEM IN COVERED UNDERTAKINGS – AT A GLANCE

A summary has been presented in following table, to give a complete picture of CSR system in covered undertakings of public and private sector.

Table: 4.5

A Comparative View of CSR System in Covered Undertakings – At a Glance

Parameters	NTPC Ltd.	TATA Power Ltd.	NFL	CFCL
1. CSR Department	Company has Separate CSR Dept. at plant level and HR manager overseeing activities of CSR with some other employees of company, designated at different levels.	Company has Separate CSR Dept. and separate CSR manager to handle projects.	Company has no separate Dept. for CSR; Public relation Dept. is handling CSR activities.	Company has separate CSR Cell with a CSR manager, to oversee CSR activities with a team of four persons.
2.Prime Focus Area	Vocational Training (Tailoring and beautician classes for women skill up gradation)	Livelihood enhancement and women empowerment	Infrastructural development nearby plant area.	Education with employability. Contd....

3.Unique Activities	Creation of mountains with ash waste at Dadar Plant, organizing yoga camps, movie visits arrangements for orphanage children.	Beach cleaning drive at Dadar Choupaty (Mumbai), Employee volunteers to support Swachh Bharat Abhiyaan and promoting employee volunteering worldwide.	Generating awareness about sanitation and arranging dust bins in villages and local community for cleanliness.	Employee volunteers working for helping to fill pension forms and helping to avail govt. schemes. As well as Interview skill development by employees in youth.
4.Area of Coverage for CSR Activities⁶	Local Area ⁷ (Near Plant Operation)	Wide coverage not only at local area	Local area	Local area
5. Separate Group for CSR Activities	Separate Group for running CSR programmes and projects – but as an added responsibility on HR department.	Separate Group with Separate employees for running CSR projects and activities – Not as an added responsibility.	No separate group – As an added responsibility on Public Relation Department.	Separate Cell with a separate CSR manager – not as an added responsibility.

REFERENCES

1. Profile of all covered undertakings has been prepared from websites of companies, annual reports and sustainability reports of the companies for the year 2011- 2015.
2. www.ntpc.co.in
3. www.nationalfertilizers.com
4. www.tatapower.com
5. www.chambalfertilizers.com
6. CSR activities are referred for health, education, infrastructure, poverty reduction, sanitation, skill development, empowering women, environment, etc.
7. Local Area means only near plant location and only for local community.

CHAPTER - 5

DATA ANALYSIS AND INTERPRETATION

Introduction

This chapter is focused on research objectives. An attempt has been made through a survey to attain these objectives. This chapter involves the presentation of primary data, which have been collected through questionnaires and schedules from respondents namely employees, executives, shareholders and community. Later on hypotheses have been tested. Results of the survey have been presented in two parts, these are:

- First part consists of demographic profile of the respondents.
- Second part consists of testing of hypothesis by calculating value of Z.

Part A

5.1 DEMOGRAPHIC PROFILE

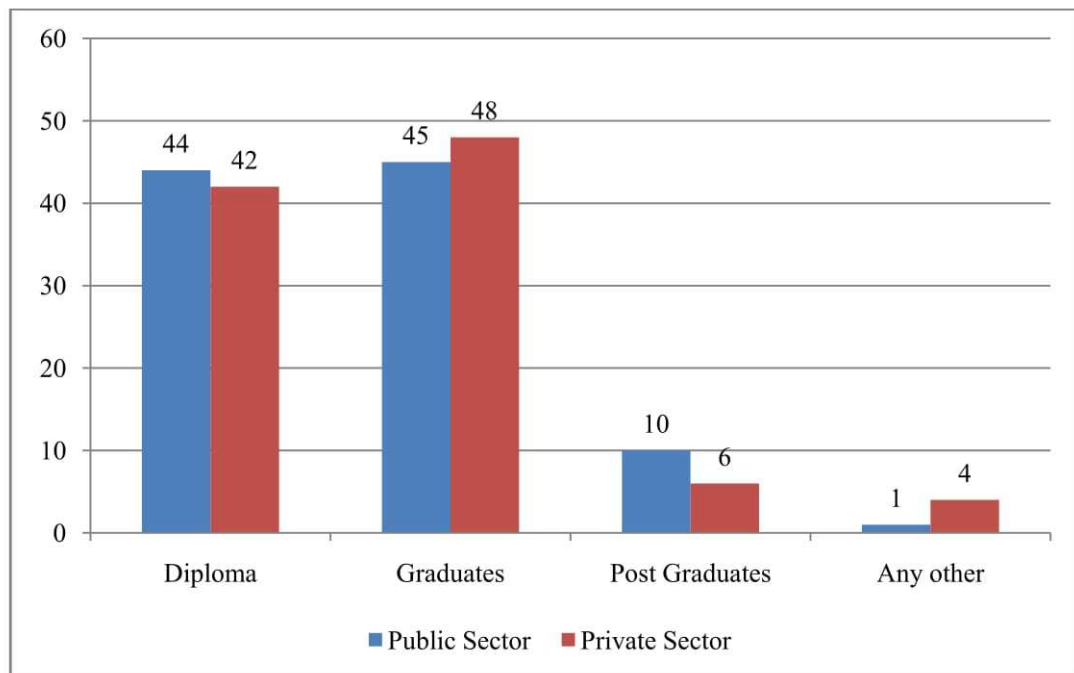
In this research work, four companies have been taken for this comparative study. Two companies are from public sector and two companies are from private sector namely National Thermal Power Corporation Limited (NTPC), National Fertilizers Limited (NFL), Tata Power Limited and Chambal Fertilizers and Chemicals Limited (CFCL). Three types of structured questionnaires (For employees, executives and shareholders) and one schedule for community were prepared. These questionnaires were provided to the respective respondents of public and private sector enterprises.

5.1.1 Demographic Profile of Employees

Table 5.1
Educational Qualifications of Employees

Educational Qualifications	Public	Private
	Sector	Sector
Diploma	44	42
Graduates	45	48
Post Graduates	10	6
Any other	1	4
Total	100	100

Figure 5.1 Educational Qualifications of Employee



Analysis:

From above chart it can be observed that most of the respondents have possessed Diploma and Graduate in both sectors. On the other hand, 10 percent and 6 percent respondents from public and private sector respectively, are from Post Graduate. And remaining possesses other degrees.

Table 5.2
Years of Service

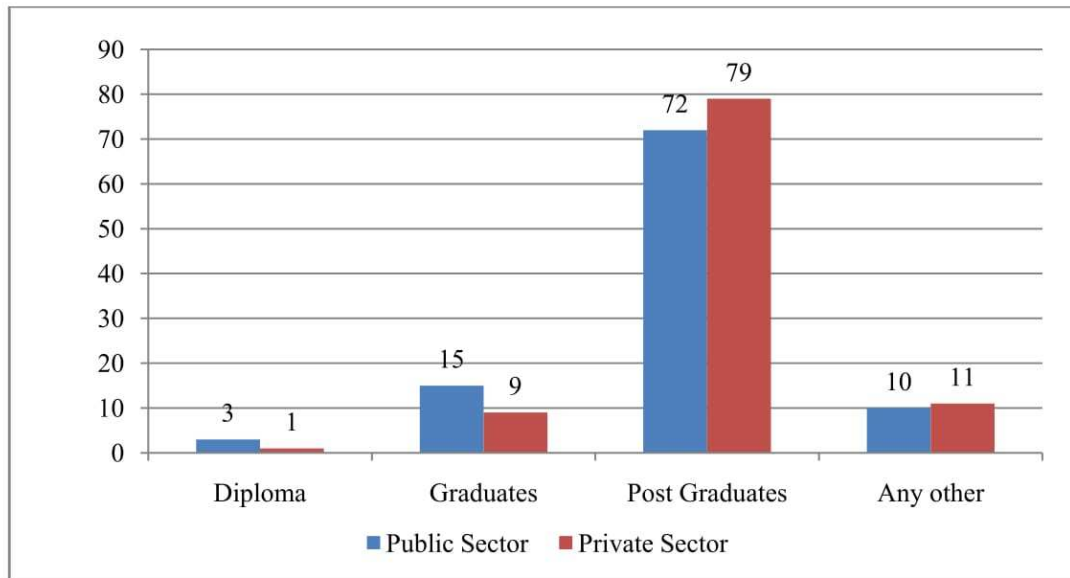
Years of Service	Public	Private
	Sector	Sector
0-5	10	24
6-10	27	38
11-15	20	24
16-20	25	8
21-25	8	3
25+	10	3
Total	100	100

Analysis:

Table depicts that six categories have been formed to analyze the question of years of service of respondents, with associated company. It is found that most, i.e. 27 percent from public and 38 percent from private sector respondents have been worked for 6–10 years in their respective organizations. Very few respondents' length of service is above 25 years. It shows that timely promotions are going on in all units of public and private sectors.

Table: 5.3
Educational Qualifications of Executives

Educational Qualifications	Public	Private
	Sector	Sector
Diploma	3	1
Graduates	15	9
Post Graduates	72	79
Any other	10	11
Total	100	100

Figure 5.2 Educational qualification of Executives**Analysis:**

From the above table it can be observed that most of the respondents from public and private sectors are from Post Graduate. The qualifications are mostly professional in nature i.e. M.Tech., MBA etc. It is also justified because they are enjoying higher positions; so they require more conceptual, technical, behavioural and decision making skills.

Table: 5.4
Years of Service

Years of Service	Public	Private
	Sector	Sector
0-5	5	10
6-10	7	54
11-15	30	33
16-20	15	2
21-25	18	1
25+	25	0
Total	100	100

Analysis:

Table No. 5.4 reveals that in public sector, majority of the respondents with 30 percent are related with 11 -15 years of service. However, in private sector the majority of respondents with 54 percent, are related with 6 – 10 years of service and 33 percent are from category of 11-15 years. To enquire such factor of years of service of executives was important for the survey because their years of association with related company can reflect more experience about corporate governance practices.

5.1.3 Demographic Profile of Investors

Table: 5.5
Age of Investors

Age	Public	Private
	Sector	Sector
20-30 yrs	0	0
30-40 yrs	5	9
40 and above	45	41
Total	50	50

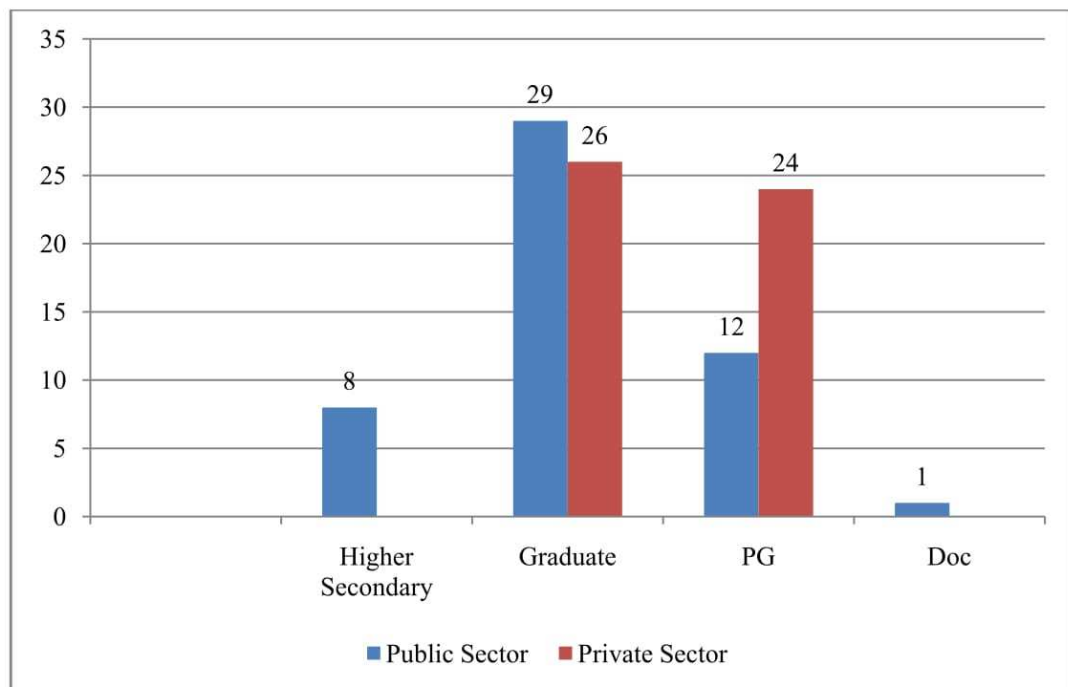
Analysis:

Age of investors reveals that, majority of respondents in public and in private sector, 45 and 41 respondents are in the category of 40 years and above in age respectively.

Table: 5.6
Educational Qualifications of Investors

Educational Qualifications	Public	Private
	Sector	Sector
Metric	0	0
Higher Secondary	8	0
Graduate	29	26
Post Graduate	12	24
Doctorate	1	0
Total	50	50

Figure 5.3 Educational Qualifications of Investors



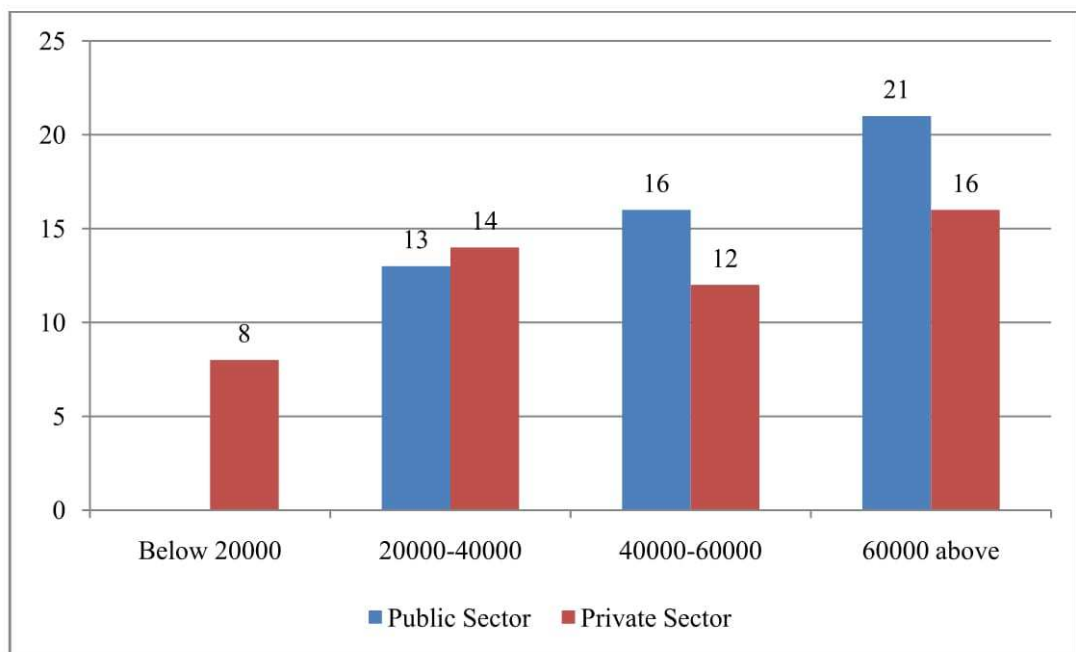
Analysis:

Out of 50 respondents from public sector, 29 respondents are Graduate and in private sector 26 respondents hold Graduation degree. The data shows that investors are moderately educated.

Table: 5.7
Income Levels of Investors

Income Level (In Rs.)	Public	Private
	Sector	Sector
Below 20000	0	8
20000-40000	13	14
40000-60000	16	12
60000 above	21	16
Total	50	50

Figure 5.4 Income Levels of Investors



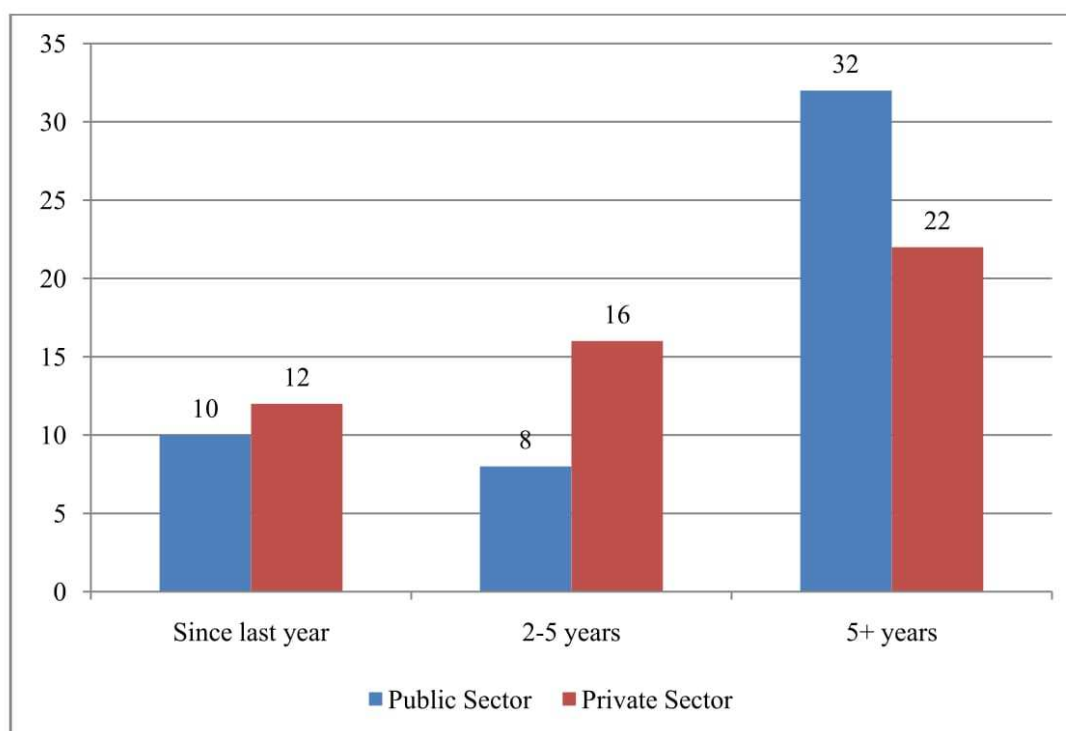
Analysis:

Table 5.7 depicts that majority of the respondents in public and private sector belongs to the income level of rupees 60000 and above. This shows that this income level of investors have more interest in investing their money in corporate houses due to surplus of money in their hands. So it was imperative for survey to cover this group to know their views on corporate governance practices of their associated company.

Table: 5.8
Years of the Investment in the Company

Years of the Investment	Public	Private
	Sector	Sector
Since last year	10	12
2-5 years	8	16
5+ years	32	22
Total	50	50

Figure 5.5 Years of the Investment in the Company



Analysis:

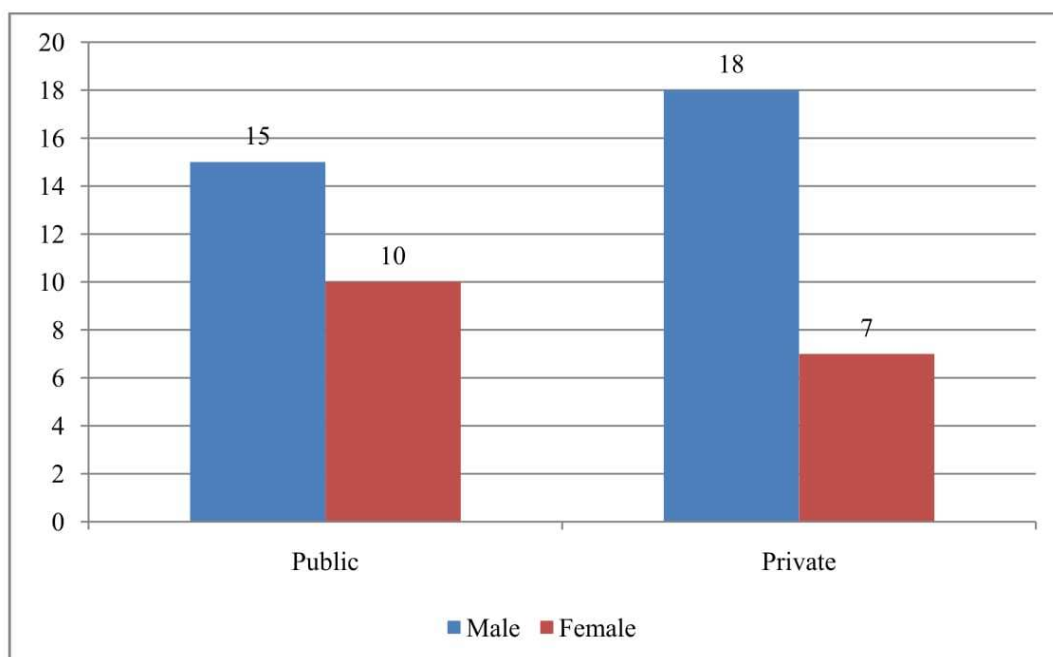
In respect of years of investment in public and private sector companies, majority of shareholders are related with the category of 5 and above years of investment. This factor was important to know because views of this group of investors were very important for analysis of corporate governance practices towards shareholders.

5.1.4 Demographic Profile of Community Respondents

Table: 5.9
Gender of Local Community Respondents

Gender	Public	Private
	Sector	Sector
Male	15	18
Female	10	7
Total	25	25

Figure 5.6
Gender of Local Community Respondents



Analysis:

Gender of respondents from local community has greater impact on the study because issues related to the CSR programmes on woman empowerment are closely connected to the women. After analysis, researcher has found that most of the respondents are from male group in both sectors.

Part B

5.2 HYPOTHESIS TESTING

The basic objective of this section is to study the corporate governance practices in public and private sector companies, on the view of some practices on:

HRD

Transparency

Employee Volunteering

Environmental

Health and Safety

Shareholders

Corporate Social Responsibility

This section has been concentrated on testing the entire hypotheses. The hypotheses of the study have been tested as follows:

5.2.1 HRD Practices

The questionnaires on employees and executives comprises questions related to the HRD practices specifically in reference to the revision of compensation package, protection to whistle blowers and training programme for employees to follow code of ethics. After obtaining the responses from survey data has been tested on HRD practices of public and private sector companies as follows under hypothesis 1:

Hypothesis 1

H₁: There is no significant difference between ethical practices of HRD in public and private sector enterprises.

H_a: There is a significant difference between ethical practices of HRD in public and private sector enterprises.

Table: 5.10
Results of Z (s.n.v.) for HRD Practices

Particulars	Sector	N	Mean	Z
Employees				
Revision of Compensation Package	Public	100	0.62	-2.85
	Private	100	0.8	
Protection to Whistle Blowers	Public	100	0.87	0.97
	Private	100	0.82	
Executives				
Training Programmes for Employees	Public	100	0.9	-2.40
	Private	100	0.98	
Protection to Whistle Blowers	Public	100	0.83	-1.22
	Private	100	0.89	
Overall Average				
	Public	200	0.805	-1.375
	Private	200	0.873	

Analysis :

In the above hypothesis, value of Z for two independent samples has been calculated since the distribution is normal distribution and sample size is greater than 30.

The formula for calculating z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

where \bar{x}_1 and \bar{x}_2 are the means of the two samples, Δ is the hypothesized difference between the population means (0 here since testing for equal means), σ_1 and σ_2 are the standard deviations of the two populations, and n_1 and n_2 are the sizes of the two samples.

The above formula has been applied in MS Excel and the z calculated value is -1.375.

As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < -1.96$ or $z > 1.96$. In the above table the calculated z value of -1.375 is greater than the tabulated value of -1.96, hence ***null hypothesis is accepted and alternate hypothesis is rejected.*** In other words, there is no significant difference between ethical practices of HRD in public and private sector enterprises.

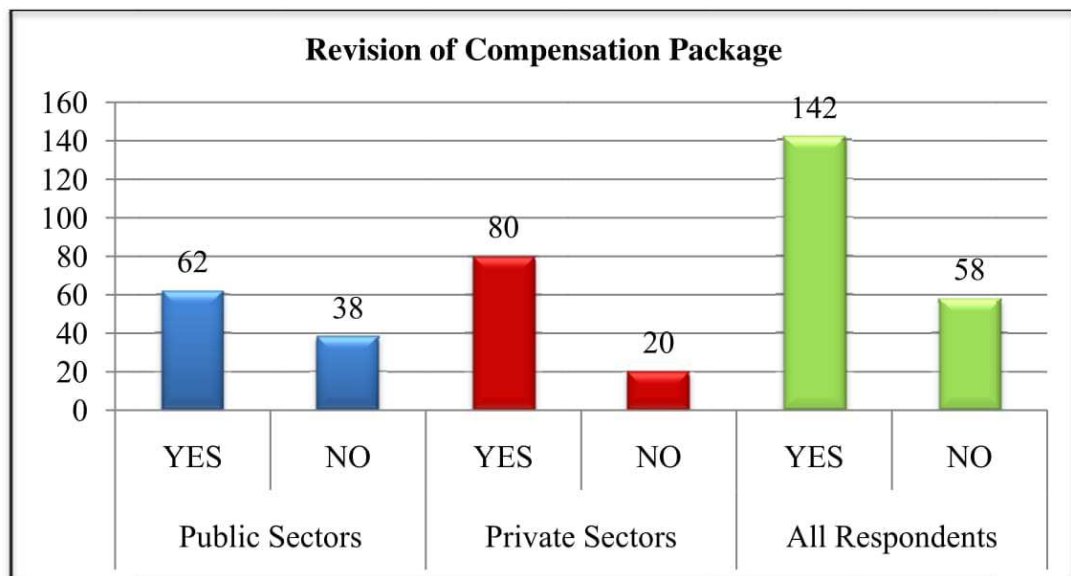
Graphical Presentation of Employees Responses on HRD Practices

Table 5. 11

Revision of Compensation Package

Sectors	Responses		Total Responses
	YES	NO	
Public	62	38	100
Private	80	20	100
Combined	142	58	200

Figure – 5.7 Revision of Compensation Package



Analysis:

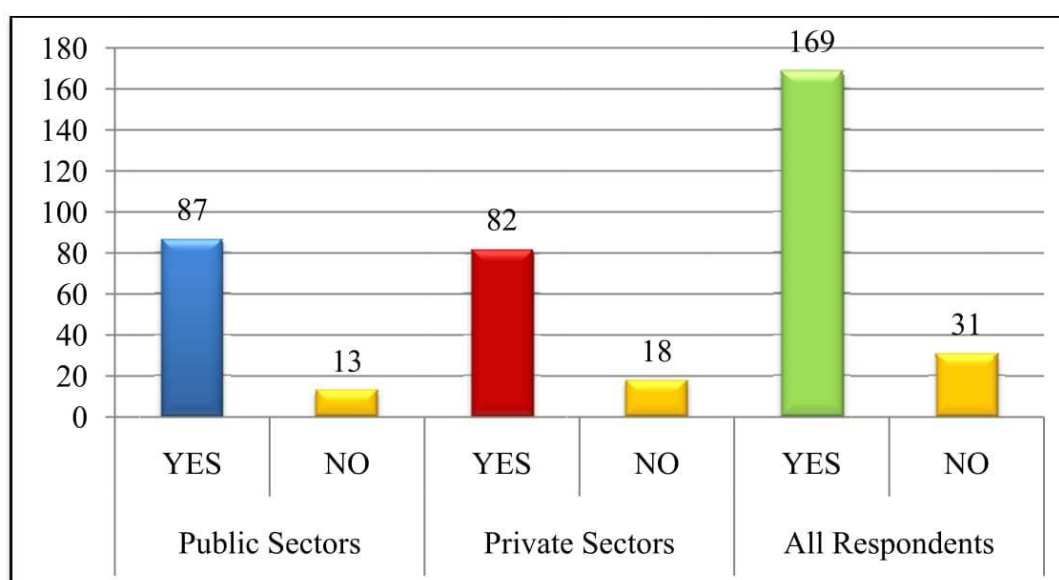
From the above surveyed data on the issue related to ***“Revision of Compensation Package”***, among the 100 respondents from the public sector enterprises (NFL, Vijaipur, MP and NTPC Anta, Kota, Raj. And Badarpur, NCR) 62 respondents says “Yes” and 38 responses are “No”, similarly among the 100 respondents private sector enterprises (CFCL, Gadepan, Raj. and Tata Power,

Chambur, Maharashtra) 80 respondents agreed and replied “Yes” and only 20 respondents comes with “No”. Comparatively, it can be said that private companies are more concerned with revision of compensation package of employees than public sector companies.

Table: 5.12
Protection to Whistle Blowers

Sectors	Responses		Total Responses
	YES	NO	
PUBLIC	87	13	100
PRIVATE	82	18	100
COMBINED	169	31	200

Figure – 5.8 Protection to Whistle Blowers



Analysis:

From the above surveyed data on the “*Protection to Whistle Blowers*”, among the 100 respondents from the public sector enterprises 87 respondents agreed with “Yes” and only 13 respondents comes with “No”. Similarly among the 100 respondents from the private sector enterprises 82 respondents says “Yes” and 18 responses were “No”. Public sector companies are more concerned with providing protection to whistle blowers rather than private sector. However, there is no major difference between responses from both sectors.

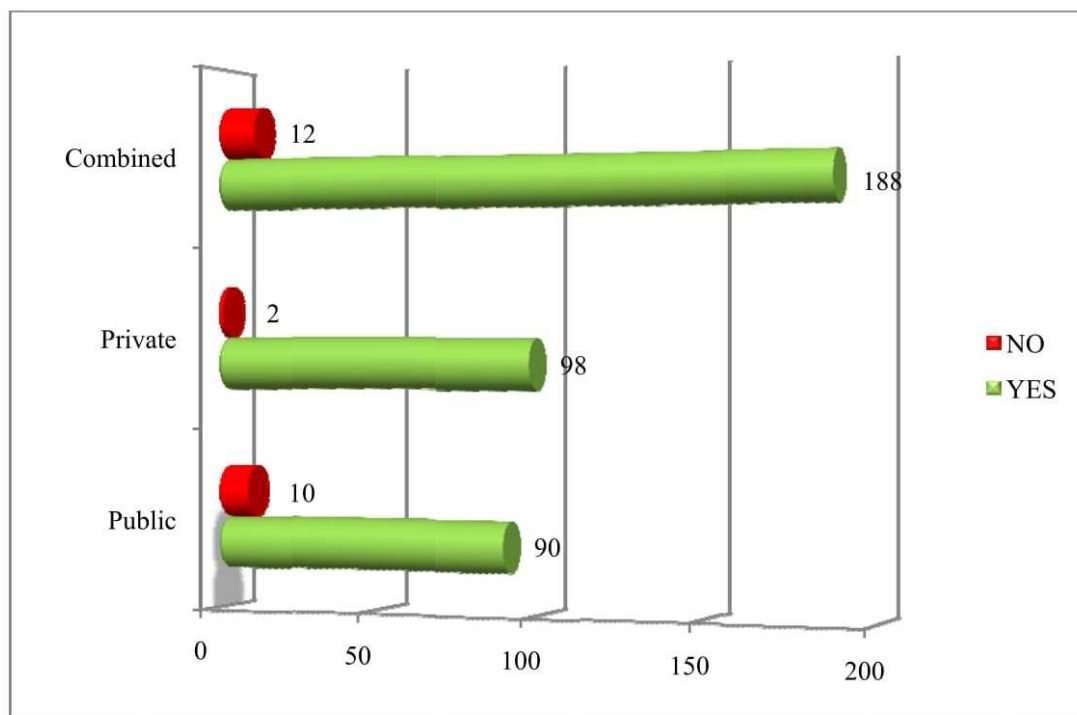
Graphical Presentation of Executives Responses

Table: 5.13

Organisation of Training Programme on Code of Ethics

Sectors	YES	No	Total Responses
Public	90	10	100
Private	98	2	100
Combined	188	12	200

Figure - 5.9 Organisation of Training and Programme on Code of Ethics



Analysis:

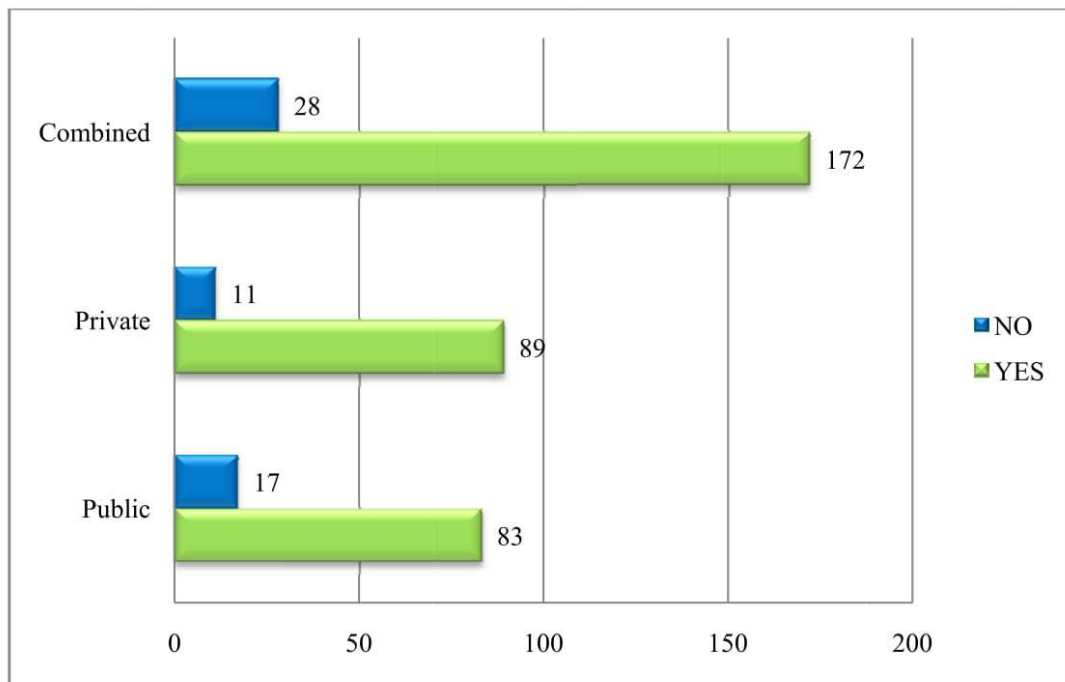
Above table depicts that among 100 respondents from **public sector** company, 90 percent respondents said that their company takes active interest to **organize Training Programmes to Follow up Code of Ethics**. But In **private sector** 98 percent of the respondents were in the view that their company basically organizes these programmes at time of their induction and orientation programme. Here private sector employees were found more trained than public sector employees.

Table 5.14
Protection to Whistle Blowers

Sectors	Yes	No	Total Responses
Public	83	17	100
Private	89	11	100
Combined	172	28	200

Figure – 5.10

Protection to Whistle Blowers



Analysis:

It can be noted from table that, this question evoked a similar response from respondents. 83 percent respondents from public and 89 percent in private sector companies noted that their company is **providing protection to whistle blowers**. To some extent, rather than public sector, executives of private sector companies believe that their company provide protection to whistle blowers from unfair employment practices. However there is no significant difference between practices of both sectors.

5.2.2 Transparency Practices

Another important facet of corporate governance is transparency practices. This aspect has been dealt only in executive questionnaire, because this issue is more associated with them with their policy making and execution. In this section issues related to disclosure on non compliance, penalties, industrial relations, carbon emissions and non-financial information have been analyzed.

Hypothesis 2

H₂: There is no significant difference between accomplishment of laws and radical requirements in public and private sector organizations.

H_a: There is a significant difference between accomplishment of laws and radical requirements in public and private sector organizations.

Table: 5.15
Results of Z for Transparency Practices

Particulars	Sector	N	Mean	Z
Executives				
Disclosures of non-compliance of any legal requirements.	Public	100	3.8	-4.14
	Private	100	4.37	
Disclosure of penalties imposed by any regulatory body regarding non-compliance.	Public	100	3.91	-3.67
	Private	100	4.36	
Disclosure of industrial relations	Public	100	4.15	-0.29
	Private	100	4.19	
Disclosure of carbon emissions	Public	100	4.19	0.78
	Private	100	4.08	Contd..
Disclosure of non-financial information i.e. environmental and CSR issues.	Public	100	4.46	-2.78
	Private	100	4.75	
Overall Average				
	Public	100	4.102	-2.02
	Private	100	4.35	

The formula for calculating Z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is

-2.02

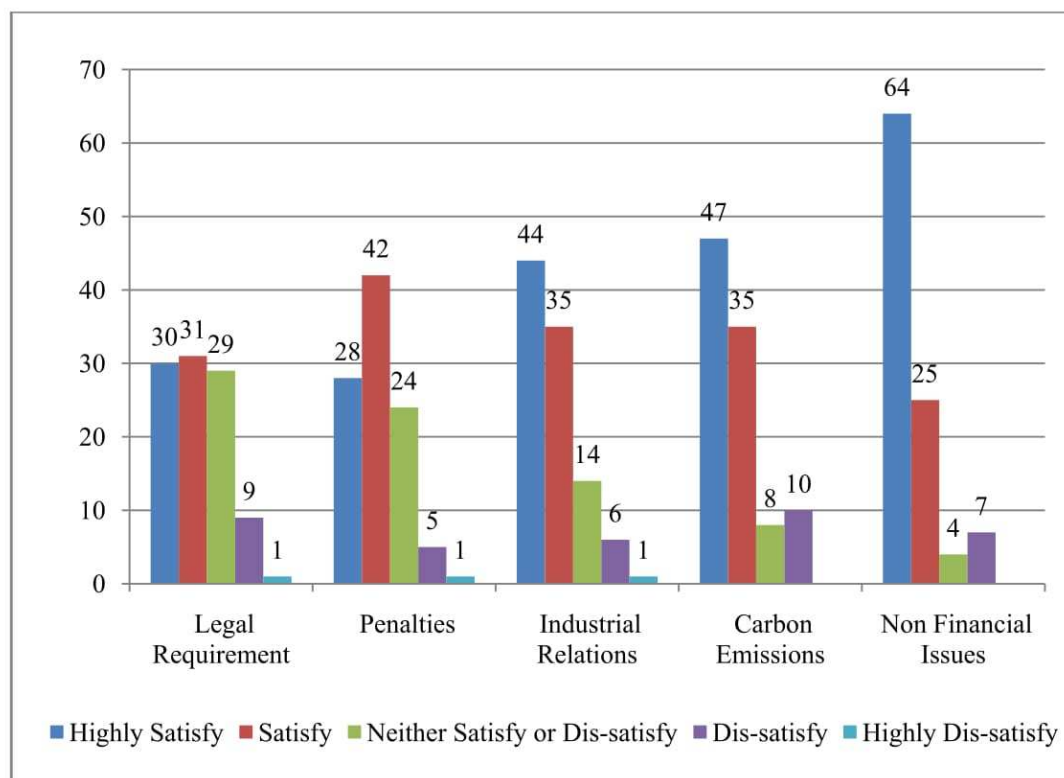
As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < \text{or} = -1.96$ or $z > \text{or} = 1.96$. In the above table the calculated z value of -2.02 is less than the tabulated value of -1.96, hence *null hypothesis is rejected and alternate hypothesis is accepted*. In other words, there is a significant difference between accomplishment of laws and radical requirements in public and private sector organizations.

Graphical Presentation of Public Sector

Table 5.16
Transparency Practices

Particulars	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied
Legal Requirement	30	31	29	9	1
Penalties	28	42	24	5	1
Industrial Relations	44	35	14	6	1
Carbon Emissions	47	35	8	10	0
Non Financial Issues	64	25	4	7	0

Figure – 5.11 Transparency Practices

**Analysis:**

In the context of above table and graph, it can be said that in **public sector** companies, 30 percent and 31 percent respondents were highly satisfied and satisfied respectively. They felt that their **company is disclosing fairly with non compliance of legal requirements**. Whereas, 29 percent respondents were found neither satisfied nor dis-satisfied, at this issue. 9 percent respondents were highly dis-satisfied and only one percent respondent was highly dis-satisfied.

28 percent highly satisfied respondents believe that there is **disclosure of penalties imposed by regulatory body** in relation to any non-compliance. Whereas 42 percent respondents were satisfied and 24 percent were neither satisfied nor dis-satisfied with this. Remaining 5 percent and 1 percent respondents were dis-satisfied and highly dis-satisfied with this compliance level of transparency.

44 percent of respondents considered **disclosure of industrial relations** at highly satisfactory level and 35 percent of the respondents believe that industrial relations disclosure level is at satisfactory level in their company but 14 percent and 6 percent respondents were considering this disclosure at neither satisfactory nor dis-satisfactory and dis-satisfactory respectively. Only one percent respondent was agreed with highly dis-satisfactory level for this disclosure.

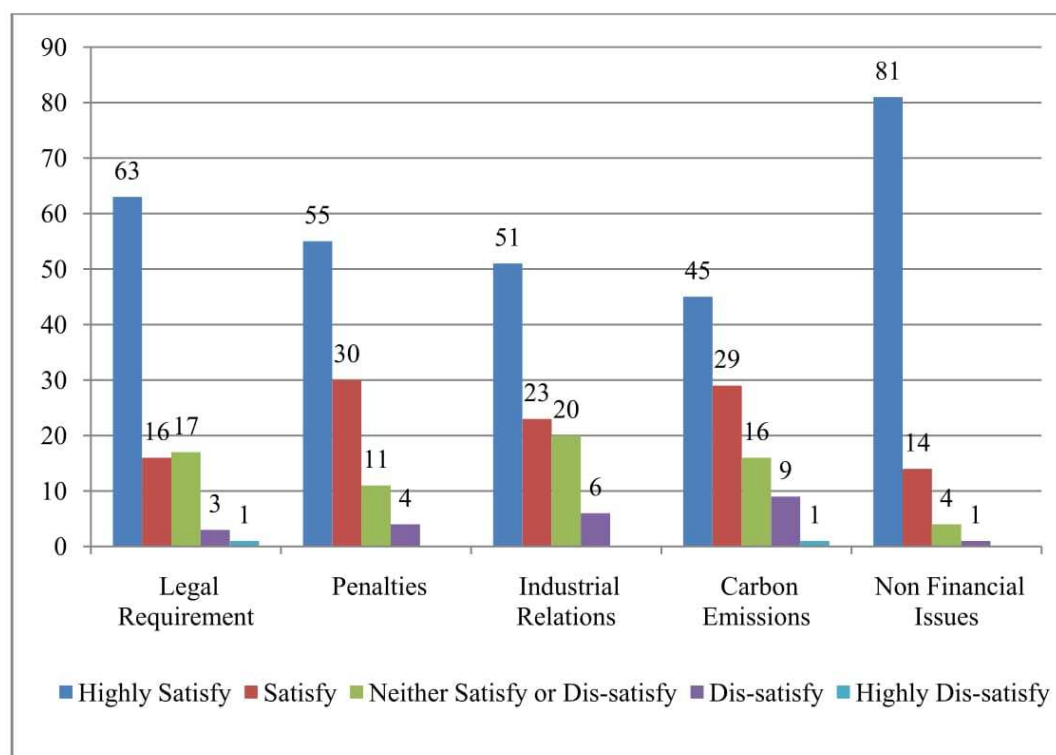
47 percent of the respondents from **public sector** believe that **disclosure of carbon emission** is at highly satisfactory level in their respective company. But, 35 percent and 8 percent of the respondents considered this at satisfactory and neither satisfactory nor dis-satisfactory levels respectively. And no respondent was agreed with highly dis-satisfactory level. Remaining 10 respondents replied for somewhat dis satisfied level of agreement.

Regarding the **disclosure on non-financial information**, 64 percent respondents from **public sector** were highly satisfied with the disclosures on environmental and CSR issues. Whereas 25 percent respondents realized this practice as satisfactory. Only 4 percent and 7 percent respondents were neither satisfied nor dis-satisfied and dis-satisfied respectively. No one was agreed with highly dis-satisfactory level.

Graphical Presentation of Private Sector

Table 5.17
Transparency Practices

Particulars	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied
Legal Requirement	63	16	17	3	1
Penalties	55	30	11	4	0
Industrial Relations	51	23	20	6	0
Carbon Emissions	45	29	16	9	1
Non Financial Issues	81	14	4	1	0

Figure 5.12 Transparency Practices**Analysis:**

Concurrently, in **private sector** 63 percent respondents were satisfied with the **legal requirement** criteria. And 16 percent respondents and 17 percent respondents neither were satisfied and neither satisfied nor dis-satisfied respectively. Only 3 percent and one percent of the respondent were agreed with dis-satisfied and highly dis-satisfied level in respect of legal requirement.

Similarly, 55 percent and 30 percent respondents were highly satisfied and satisfied respectively. Only remaining 11 percent and 4 percent respondents were neither satisfy nor dis satisfy respectively. And no respondent was completely dis-satisfied in respect of **penalties**.

51 percent respondents were in view of highly satisfied and 23 percent respondents were with satisfactory level. 20 percent considered this with neither satisfactory nor dis-satisfactory. And 6 percent noted this factor on dis-satisfactory level and no respondent felt this parameter of **industrial relations as completely dis satisfied**.

On the criteria of **carbon emission**, 45 percent respondents were considering this highly satisfied. On the other hand 29 percent and 16 percent of the respondents considered this at satisfactory and neither satisfactory nor dissatisfactory level respectively. Remaining 9 percent of respondents felt this dissatisfactory; only one respondent was feeling this disclosure highly dissatisfactory.

In respect of **non- financial issues**, a majority of respondents feel that their company is disclosing these non-financial issues perfectly. As 81 percent respondents were highly satisfied with this disclosure practice. 14 percent and 4 percent respondents were satisfied and neither satisfied nor dissatisfied respectively. Remaining 1 percent respondent was dissatisfied and no respondent was agreed at highly dissatisfactory level.

After whole consideration on transparency practices, researcher discovered that in comparison with public sector, private sector companies are more prompt and transparent on the concern of disclosure practices.

5.2.3 Employee Volunteering Practice

In this section employee volunteering practice has been analyzed and tested. Numbers of practices have been performed by public and private sector employees for community development on voluntary basis. This question has been enquired only from executives of the companies. To know the difference between voluntary practices for community development through public and private sectors, following hypothesis has been tested.

Hypothesis 3

H₃: There is no significant difference between level of CSR project implementation in public and private sector organizations.

H_a: There is a significant difference between level of CSR project implementation in public and private sector organizations.

Table: 5.18**Results of Z (s.n.v.) for Employee Volunteering Practice**

Particulars	Sector	N	Mean	Z
Executives				
Encouraging employees to contribute their own time for community development initiatives (Employee Volunteering)	Public	100	0.48	-6.21
	Private	100	0.86	
Overall Average	Public	100	0.48	-6.21
	Private	100	0.86	

The formula for calculating z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is -6.21.

As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < -1.96$ or $z > 1.96$.

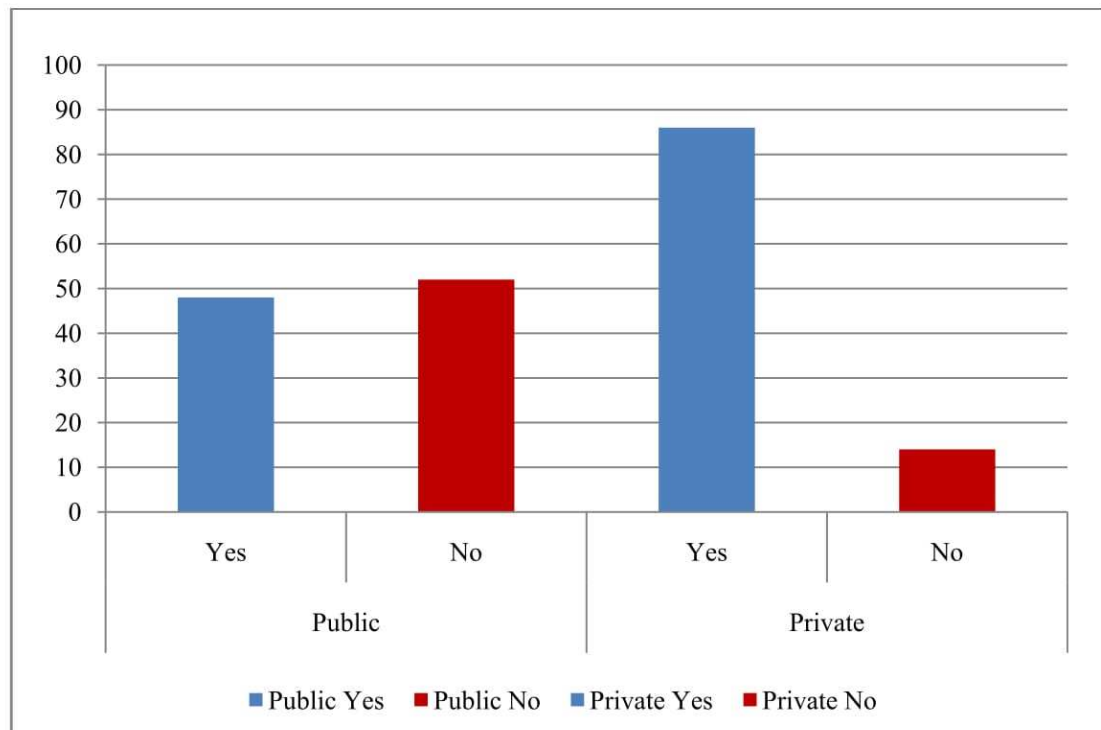
In the above table the calculated z value of -6.21 is less than the tabulated value of -1.96, hence *null hypothesis is rejected and alternate hypothesis is accepted.*

In other words, there is a significant difference between CSR Project implementation levels in public and private sector organizations.

Table 5.19
Employee Volunteering Practice

Particulars	Public		Private	
	Yes	No	Yes	No
Encouraging employees to contribute their own time for community development initiatives (Employee Volunteering).	48	52	86	14

Figure – 5.13 Encouraging Employees to Contribute their own time for Community Development Initiatives



Analysis:

In case of public sector, 48 executives said yes in respect of encouraging employees to contribute their own time for community development initiatives, whereas, in private sector it is 86 executives who said yes. Researcher has discovered a major difference on the issue of volunteering practice for community development in private sector companies were found enhanced than public sector companies.

5.2.4 Ecological Practices

Best environmental practices are also significant components of good corporate governance. Therefore this issue was also scanned in this study. This section includes the questions on green practices of the companies including use of solar energy, practices for conservation of natural resources, employee engagement for environment protection, formulation of EHS committee, green initiatives and environmental audit etc. As well as, in respect to the community respondents this aspect has been taken as discharge of waste, infrastructural development for sanitation etc. The observations have been summarized and tested in following table 5.20.

Hypothesis 4

- H₄:** There is no significant difference between the implementation of ecological protection and improvisation by surveyed organizations.
- H_a:** There is a significant difference between the implementation of ecological protection and improvisation by surveyed organizations.

Table: 5.20
Results of Z for Environmental Practices

Particulars	Sector	N	Mean	Z
Executives				
Company using solar/wind power	Public	100	0.56	-4.10
	Private	100	0.83	
Conservation of natural resources	Public	100	74.75	0.32
	Private	100	70.75	
Engaging employees for environmental protection	Public	100	69.33	-0.66
	Private	100	78.67	
Using electronic mode to support green initiative	Public	100	70.5	-0.08
	Private	100	71.83	
Company has EHS (Environment, health, safety) committee	Public	100	0.9	-1.04
	Private	100	0.94	
Environmental Audit System	Public	100	82.33	-1.36
	Private	100	91.67	
Community				
Environment protection	Public	25	0.84	-0.85
	Private	25	0.92	
Discharge of waste	Public	25	0.72	-0.65
	Private	25	0.8	
Infrastructure development (for sanitation facilities)	Public	25	0.90	0.26
	Private	25	0.88	
Overall Average				
	Public	125	33.42	-1.01
	Private	125	35.25	

The formula for calculating z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is

-1.01

As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < \text{or} = -1.96$ or $z > \text{or} = 1.96$.

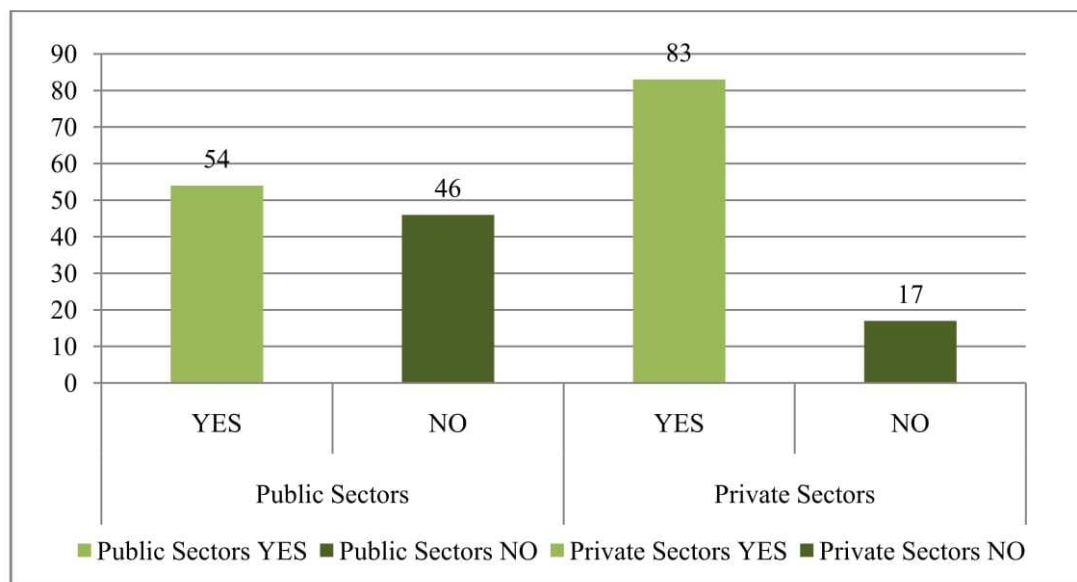
In the above table the calculated z value of -1.01 is greater than the tabulated value of -1.96, hence *null hypothesis is accepted and alternate hypothesis is rejected*. In other words, there is no significant difference between the implementation of ecological protection and improvisation in surveyed organizations.

Graphical Presentation of Executives Responses

Table 5.21 Uses of Solar Power and Wind Power

Particulars	Public		Private	
	Yes	No	Yes	No
Use of Solar/ Wind Power	54	46	83	17

Figure – 5.14 Solar/ Wind Power



Analysis:

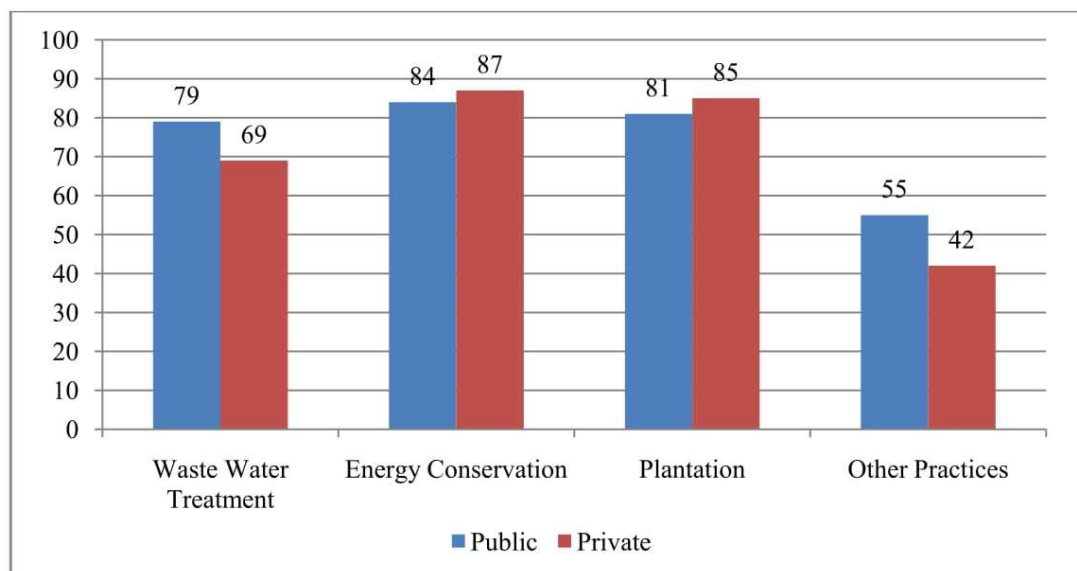
In respect of use of solar/ wind power, 54 public sector respondents said yes, whereas, in private sector, 83 respondents said yes. Private sector is more practiced with use of solar power.

Table 5.22

Practices for Conservation of Natural Resources and Environment Protection

Conservation of Natural Resources	Public	Private
Waste Water Treatment	79	69
Energy Conservation	84	87
Plantation	81	85
Other Practices	55	42

Figure 5.15 Practices for Conservation of Natural Resources and Environment Protection



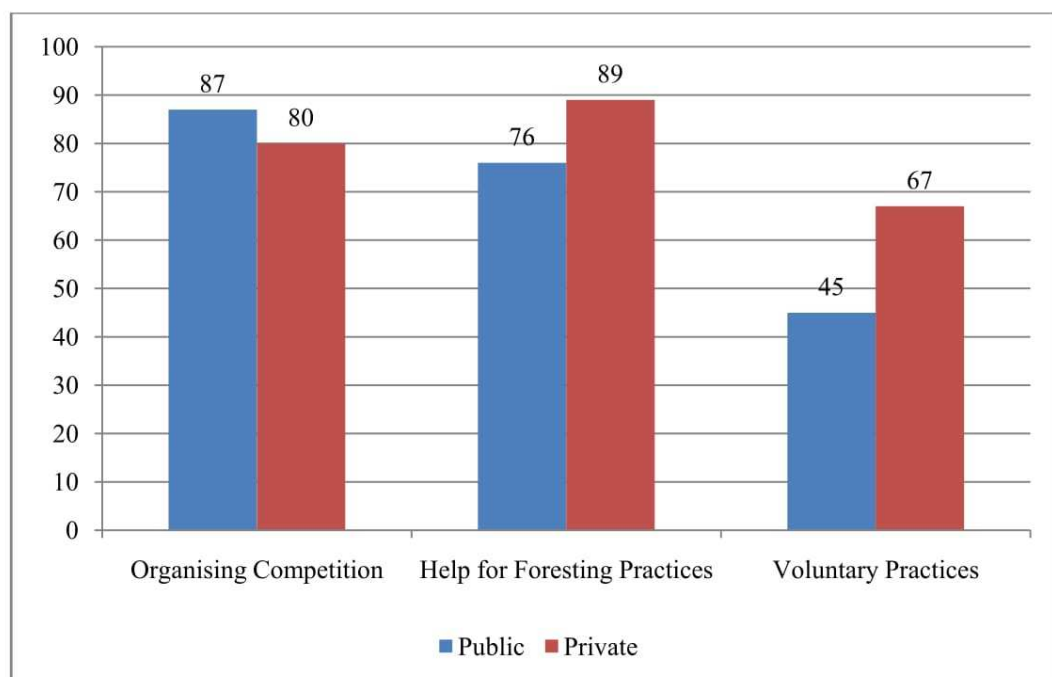
Analysis:

In respect of **Conservation of Natural Resources**, 79 respondents from public sector and 69 respondents from private sector said yes for **waste water treatment**. Similarly, 84 from public sector and 87 from private sector said yes for **energy conservation**. Correspondingly, 81 from public sector and 85 from private sector said yes for **plantation**. In the same way, 55 from public sector and 42 from private sector said yes for **other practices**. It can be concluded that water conservation in public sector is leading private sector. On the other hand, to some extent energy conservation and plantation are foremost practices in private sector.

Table 5.23

Environmental Protection Practices by Engaging Employees

Environmental Protection	Public	Private
Organising Competition	87	80
Help for Forestry Practices	76	89
Voluntary Practices	45	67

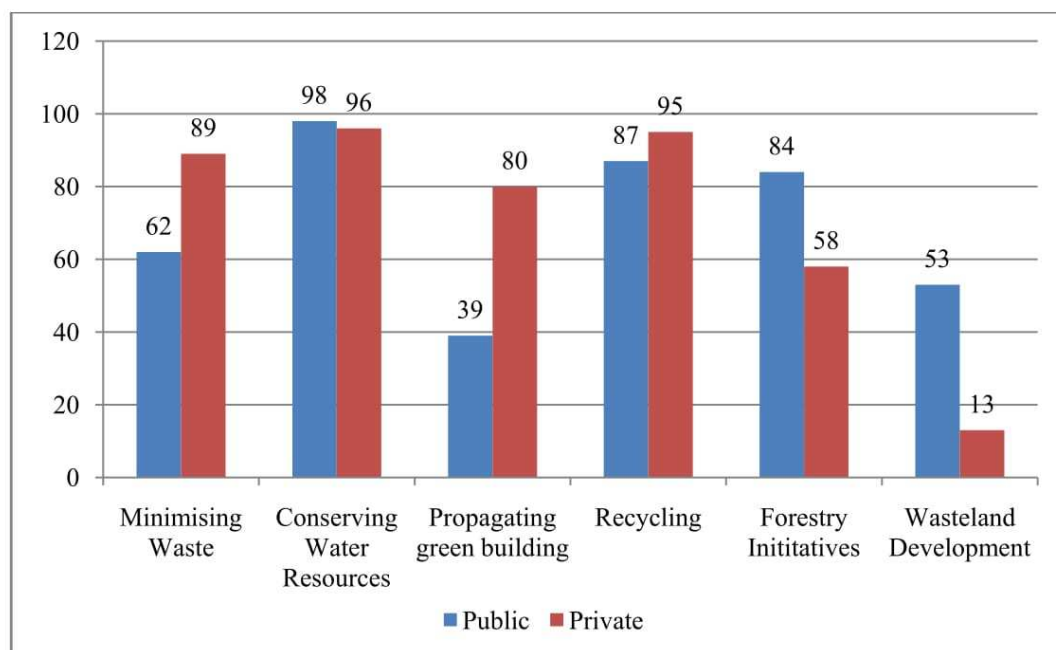
Figure – 5.16 Environmental Protection Practices by Engaging Employees**Analysis:**

In respect of **Environment Protection**, 87 respondents from public sector and 80 respondents from private sector said yes for **organising competition**. Similarly, 76 from public sector and 89 from private sector said yes for helping for **forestry practices**. In the same way, 45 from public sector and 67 from private sector said yes for **voluntary practices**. Public sector companies are more apprehensive with organizing competition on environment protection rather than private sector. Private sector companies are more concerned with forestation practices

Table 5.24
Green Practices in Companies

Green Initiatives	Public	Private
Minimising Waste	62	89
Conserving Water Resources	98	96
Propagating green building	39	80
Recycling	87	95
Forestry Initiatives	84	58
Wasteland Development	53	13

Figure 5.17 Green Practices in Companies



Analysis:

Table 5.24 presents the parameters to analyse the ecofriendly practices (**Green Practices**) in both sectors. Looking at figure – 5.17, it is evident that both sectors are working to **minimize waste**, but private sector is more alarmed with this practice with 89 percent responses. 62 percent respondents from public sector give their consent for the same.

For **conservation of water resources** in **public sector** enterprises, 98 percent of the respondents were found agreed with this parameter. Meanwhile, 96 percent of the respondents have the same opinion in **private sector**.

Parameter of **propagating green building** is more practiced in **private sector** with 80 percent responses, whereas, only 39 percent of the respondents from **public sector** were found agreed with implication of this practice.

Recycling practice has been more practiced by private sector (with 95% responses) than public sector (with 87% responses).

In regard of **forestry initiatives**, 84 percent of the respondents from **public sector** were agreed with this practice in their company. However, in **private sector** only 58 percent of the respondents have same opinion for this practice.

Similarly, 53 respondents from **public sector** and 13 respondents from **private sector** said yes for **wasteland development**. In this way public sector is more concerned with this practice.

Ranks Assigned by Executive Respondents to the Aspects that can Intensify Involvement in Corporate Sustainability

The data collected from the respondents about the most important factor that can deepen corporate sustainability in companies have been presented in following tables (Table No. 5.25 and 5.26). Here ranks are assigned from 1 to 7 and options are assigned as follows:

Opt 1 is for quality of leadership

Opt 2 is for learning and development of human capital

Opt 3 is for employee volunteer for social work in their own time

Opt 4 is for developing good corporate citizens

Opt 5 is for going beyond mandated legislations

Opt 6 is for providing environment education to employees

Opt 7 is for establishing Sustainability Advisory Council.

Frequencies are shown according to the preference of executive respondents to each option. By applying **Rank Concordance Method** following analysis has been presented.

Public Sector

Table: 5.25

Frequencies of Ranks Given by Executives of Public Sector

Ranks	Opt1	op2	op3	op4	op5	op6	op7	Sum	S _w
1	38	27	2	6	5	10	11	99	1
2	17	14	21	18	6	13	41	130	900
3	10	35	17	12	6	13	5	98	4
4	13	9	7	32	20	13	6	100	0
5	12	6	15	12	25	16	14	100	0
6	8	6	19	17	13	27	10	100	0
7	2	3	19	3	25	8	13	73	729
Sum	100	100	100	100	100	100	100	700	1634
Mean								100	

$$\text{Sum of Ranks} = (99+130+98+100+100+100+73) = 700$$

$$\text{Mean of Sum} = 700/7 = 100$$

$$S_w = (99-100)^2 + (130-100)^2 + \dots + (73-100)^2$$

$$= 1634$$

Coefficient of Concordance

$$W = 12S_w / m^2 n (n + 1) (n - 1)$$

$$= 12 * 1634 / (100 * 100) * 7 * 8 * 6$$

$$= 0.0058$$

Analysis:

Since the value of w is 0.0058, it shows that there is no unanimous opinion amongst the executive respondents in the public sector enterprises regarding the features which can deepen the involvement in corporate sustainability.

However, it is only with regarding option 7 i.e. Establishing Sustainability Advisory Council that 41 executives have been assigned second rank followed by option 1 i.e. quality of leadership that 38 executives have assigned first rank.

Private Sector**Table: 5.26****Frequencies of Ranks Given by Executives of Private Sector**

	Opt1	op2	op3	op4	op5	op6	op7	Sum	S _w
1	24	5	9	47	7	5	4	101	1
2	43	16	13	5	13	7	47	144	1936
3	10	39	20	15	6	4	3	97	9
4	9	15	19	10	18	21	10	102	4
5	9	14	23	4	17	19	13	99	1
6	2	11	12	14	20	21	20	100	0
7	3	0	4	5	19	23	3	57	1849
Sum	100	100	100	100	100	100	100	700	3800
Mean								100	

$$\text{Sum of Ranks} = (101+144+97+102+99+100+57)=700$$

$$\text{Mean of Sum} = 700/7 = 100$$

$$S_w = (101-100)^2 + (144-100)^2 + \dots + (57-100)^2$$

$$= 3800$$

Coefficient of Concordance

$$W = 12S_w / m^2 n (n + 1) (n - 1)$$

$$= 12 \times 3800 / (100 \times 100) \times 7 \times 8 \times 6$$

$$= 0.013$$

Analysis:

Since the value of w is 0.013, it shows that there is no unanimous opinion by the executive respondents in the private sector enterprises regarding the features which can deepen the involvement in corporate sustainability. But compared to public sector, the opinions of executives are more unanimous.

However, it is with reference to option 7 i.e. **establishing sustainability advisory council** and option 4 i.e. **developing good corporate citizens** that 47 executives respectively have assigned second and first rank to each of them.

From above tables (table No. 5.25 and 5.26) it can be seen that there is more unanimous opinion in private sector companies with establishing sustainability advisory council for deepening involvement in corporate sustainability than public sector.

5.2.5 Health and Safety Practices

To recognize the level of corporate governance, opinion on health and safety practices has been taken from executives and employees. As these are important issues to be discovered under corporate governance practices of companies. This part of the analysis presents the revelations on social security benefits, levels of safety and occupational health, safety training, emergency management system, infrastructure, safety measures, health programmes, health screening and internal audit on checking of safety measures. Hypothesis on these covered issues has been tested as follows:

Hypothesis 5

- H₅:** There is no significant difference between empirical and pre-emptive enactment of health, safety and compensatory measurements in surveyed organizations.
- H_a:** There is a significant difference between empirical and pre-emptive enactment of health, safety and compensatory measurements in surveyed organizations.

Table: 5.27
Results of Z on Health and Safety Practices

Particulars	Sector	N	Mean	Z
Employees				
Receiving all social security benefits from company.	Public	100	4.11	-4.78
	Private	100	4.63	
Maintaining the highest levels of safety and occupational health	Public	100	3.93	-4.73
	Private	100	4.52	
Received the safety training	Public	100	4.11	-3.02
	Private	100	4.5	
Emergency management system is Available	Public	100	4.07	-2.60
	Private	100	4.41	
Company has best-in-class infrastructure and fire safety measures	Public	100	3.9	-2.58
	Private	100	4.27	
Safety measures are regularly checked through internal audits	Public	100	4.25	-0.92
	Private	100	4.36	
Mother and child health programs are available	Public	100	3	-7.66
	Private	100	4.13	
Company is running HIV/AIDS and TB awareness programmes	Public	100	3.02	-8.82
	Private	100	4.31	
Company has comprehensive health screening of employees and families	Public	100	3.91	-5.65
	Private	100	4.54	
Executives				
Providing all social security benefit to workers	Public	100	4.52	-0.76
	Private	100	4.62	
Emergency management system is available.	Public	100	4.63	-0.64
	Private	100	4.7	
Health and safety audit is available	Public	100	4.39	-1.29
	Private	100	4.56	
Safety training programme is available for employees	Public	100	4.52	-1.07
	Private	100	4.63	
Company is providing comprehensive health screening to employees and families	Public	100	4.31	0.31
	Private	100	4.27	
Overall Average				
	Public	200	4.04	-3.15
	Private	200	4.46	

The formula for calculating z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is

-3.15

As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < \text{or} = -1.96$ or $z > \text{or} = 1.96$. In the above table the calculated z value of -3.15 is less than the tabulated value of -1.96, hence ***null hypothesis is rejected and alternate hypothesis is accepted.*** In other words, there is a significant difference between empirical and pre-emptive enactment of health, safety and compensatory measurements in surveyed organizations.

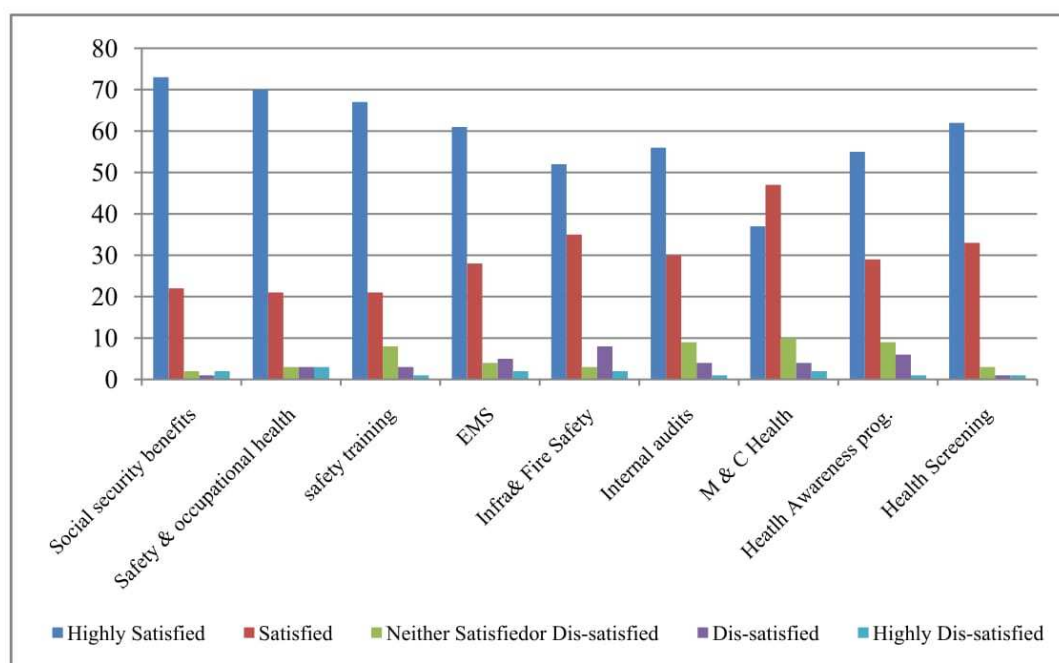
Graphical Presentation of Employees Responses

Public Sector

Table: 5.28

Health and Safety Practices

Particulars	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied
Social security benefits	31	53	13	2	1
Safety and occupational health	20	61	14	2	3
Safety training	41	40	9	9	1
Emergency management system	34	49	8	8	1
Infra. and fire safety	27	55	1	15	2
Internal audits	43	42	13	1	1
Mother and child health programs	10	20	48	4	18
Health awareness prog.	6	30	39	10	15
Health screening	23	54	15	7	1

Figure: 5.18 Health and Safety Practices**Analysis:**

In respect of **social security benefits**, public sector enterprises 31 respondents are **highly satisfied** and 53 respondents are only at **satisfied** level. 13 respondents are **neither satisfied nor dis satisfied**, However only 2 respondents are **dis satisfied** but there is only one response which belongs to **highly dis satisfied** level.

From the above surveyed data on the **levels of safety and occupational health** from **public sector** majority of the respondents with 61% are at satisfied level. There are 3 responses which belong to highly dissatisfied level.

In reference to the **receiving safety training**, 41 respondents from **public sector** enterprises are highly satisfied and 40 respondents are only at satisfied level. Only one respondent highly dis satisfied.

Majority of the responses with 49% considered **“availability of emergency management system” at satisfactory level**, whereas, only 8% opined this as dissatisfactory level.

On the parameter of **“best-in-class infrastructure and fire safety measures”**, in **public sector**, 27 percent employees concede highly satisfy degree

and 55 percent employees were satisfied with this. 15 percent employees were found dis-satisfy.

43 percent respondents were agreed with highly satisfactory level of **“checking of safety measures”** in their company. However 42 percent and 13 percent were found satisfy and neither satisfy nor dis-satisfy respectively.

Only 10 percent employees are highly satisfied and 20 percent responses are with satisfy level for **“availability of mother and child health programmes”**. On the other hand 48 percent respondents, with majority of responses, are in side with neither satisfied nor dis satisfy.

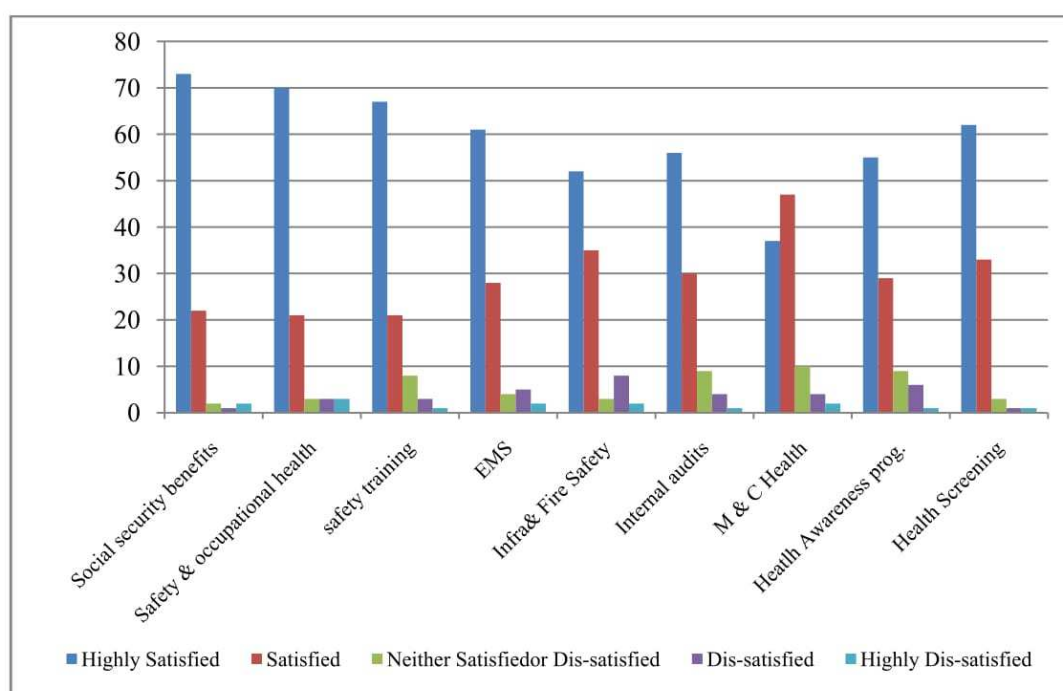
Only 6 percent of the respondents were highly satisfied with the presence of **HIV/AIDS and TB awareness programmes** in their company. 30 percent and 39 percent respondents considered this at satisfactory and neither satisfactory nor dis-satisfactory level respectively. And approx 25 percent respondents have given negative rating as they have not seen such programmes in their company.

77 percent of the respondents believe that their company has undertaken **comprehensive health screening of employees and their families**. Only 8 percent employees rate this negatively.

Private Sector

Table: 5.29
Health and Safety Practices

Particulars	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied
Social security benefits	73	22	2	1	2
Safety and occupational health	70	21	3	3	3
safety training	67	21	8	3	1
Emergency management system	61	28	4	5	2
Infra. and Fire Safety	52	35	3	8	2
Internal audits	56	30	9	4	1
Mother and child health programs	37	47	10	4	2
Health Awareness prog.	55	29	9	6	1
Health Screening	62	33	3	1	1

Figure: 5.19 Health and Safety practices**Analysis:**

From the private sector enterprises, in total, 95 respondents were agreed with existence of good **level of social security benefits**. However remaining were dis satisfied. Nearly 91 employee respondents were in view that their company has **maintained highest levels of safety and occupational health**. Only 3 respondents were neither satisfied nor dis-satisfied. Remaining respondents submit their consent with “**not satisfactory level**” for this parameter of health and safety. In respect of **receiving safety training**, 67 respondents are highly satisfied Only 3 respondents are dis satisfied. On the parameter of **emergency management system**, majority of the respondents (61%) acceded highly satisfy rate. Only 4 percent respondents are with neither satisfactory nor dis satisfactory level. Majority of the respondents with 87% considered **infrastructure in their company and fire safety measures** at highly satisfactory level. Meanwhile, others rate this parameter at lower level of agreement. 56 percent respondents were agreed with highly satisfactory level and 30 percent admitted that they are satisfied with **checking of safety measures** at their workplace. Only 9 percent and 4 percent respondent’s lies with “neither satisfy nor dis-satisfy” and dis satisfies respectively. In private sector, **mother and child health programmes**, were found only at satisfactory level with 47 responses. However, only few responses with

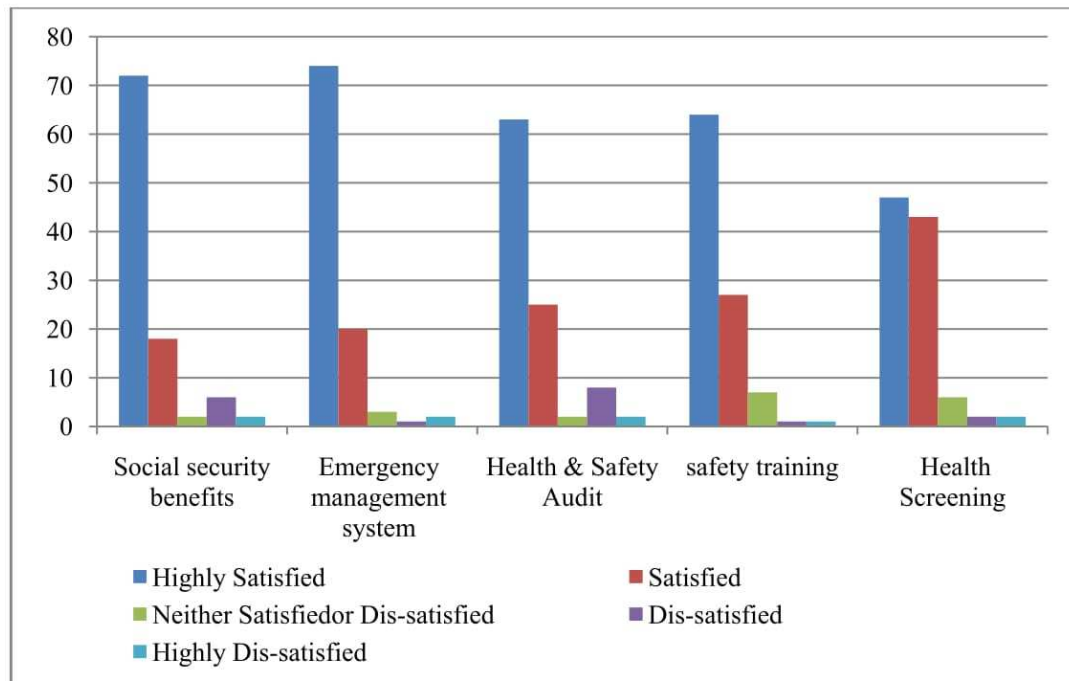
frequency of 6 were in view of dis satisfaction. About 7 percent of the employee respondents of private sector disagreed and responded that their company doesn't take active steps for health awareness **programmes on HIV/AIDS and TB**. Whereas, 84 percent of the respondents replied that, company is running such programmes at satisfactory level. 62 percent of the respondents opined that company has highly satisfactory level of **comprehensive health screening of employees and families**. Additionally, 33 percent of the respondents were agreed with satisfactory level for this. And only 3 percent of the respondents were feeling this neutral. Remaining respondents disagreed with existence of such health screening.

Graphical Presentation of Executives Responses

Public Sector

Table: 5.30
Health and Safety Practices

Particulars	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied
Social security benefits	72	18	2	6	2
Emergency management system	74	20	3	1	2
Health and Safety audit	63	25	2	8	2
Safety training	64	27	7	1	1
Health Screening	47	43	6	2	2

Figure: 5.20 Health and Safety Practices**Analysis:**

Under **social security benefits** in Public sector, 72 respondents are highly satisfied, 18 are satisfied, 2 are neutral, 6 are dissatisfied and 2 are highly dissatisfied.

In relation to **emergency management system**, majority of respondents with 74 percent identified this system highly satisfied. Only 3 respondents were in view of disagreement with this health and safety parameter.

In reference to the, **health and safety audit**, 88 percent of the respondents considered this at level of satisfaction. Concurrently, only 10 percent respondents were found disagreed with this concern.

Table 5.30 represents that in **public sector**, 64 percent of respondents considered **availability of safety training programme** at highly satisfactory level. However, 27 percent and 7 percent of respondents felt this at satisfactory and neutral level. Only two percent respondents were in the opinion of disagreement in the midst of such training.

As per figures, more executives were found agreeing with 90 percent responses for satisfaction level, by way of **comprehensive health screening to employees and families** from their associated company. Though, only 4 percent respondents admitted dis agreement for this screening. Remaining respondents were found neutral.

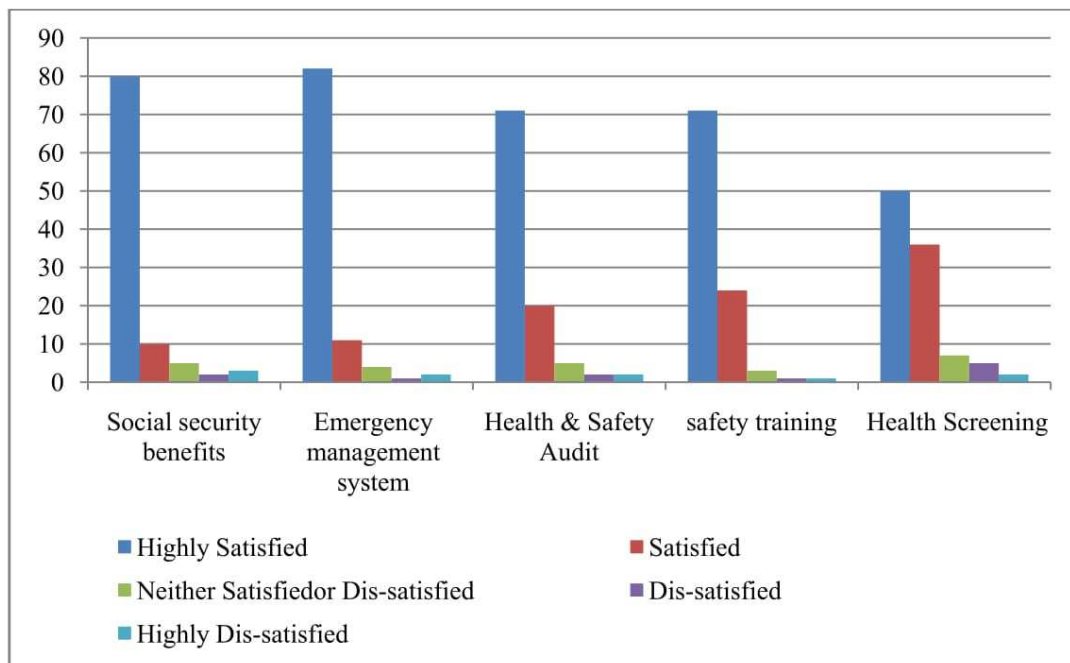
Private Sector

Table: 5.31

Health and Safety Practices

Particulars	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied
Social security benefits	80	10	5	2	3
Emergency management system	82	11	4	1	2
Health and safety audit	71	20	5	2	2
safety training	71	24	3	1	1
Health screening	50	36	7	5	2

Figure 5.21 Health and Safety Practices



Analysis:

In reference to the **compliance of social security benefits** by private sector, 80 percent respondents agree with “highly satisfy”. Whereas the other 10 percent respondents have shown “satisfy” performance for this. 5 percent respondents have shown neutral performance. Remaining were disagreed respondents.

It has been found that, responses in private sector companies are more apprehensive with highly satisfactory level for **emergency management system**. Only 3 percent of the respondents were found disagree. Remaining 4 percent were neutral.

All over again, majority of respondents was found highly satisfied with 71 percent responses for **health and safety audit**. Whereas only 4 percent respondents were discovered disagreeing.

Same as above, 71 percent of respondents were in view of highly satisfied with **organizing programmes on safety training**, by their company for employees. Conversely, only two percent were disagreeing in this regard.

Eventually, in reference to the **comprehensive health screening to employees and families**, it has been discovered in the analysis from data that, 50 percent executive respondents rate this highly satisfied. While residual 36 percent responses are with satisfactory level. Meanwhile, only 7 percent respondents fixed their opinion with “Dissatisfied and Highly Dissatisfied”. It can be said that executives of private sector are more satisfied with health and safety issues than public sector.

5.2.6 Corporate Governance Practices Respective to Investors

The sixth part of the hypothesis is based on the corporate governance practices related to the shareholders. Since shareholders add value to the organizations. Shareholders are the owners of the company, in which they have invested and they have assured rights with associated company. Therefore it is imperative to focus on the issues related to the shareholders. In this division shareholders of covered undertakings are the respondents. This section is based on the practices of surveyed companies towards shareholders. The following hypothesis has been tested to identify believes and outlook of shareholders in

respect of corporate governance practices with related company from public and private sector.

Hypothesis 6

H₀: There is no significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.

H_a: There is a significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.

Table: 5.32

Results of Z on Corporate Governance Practices Respective to the Investors

Particulars	Sector	N	Mean	Z
Investors				
Before Investment	Public	50	2.14	0.04
	Private	50	2.18	
After Investment	Public	50	0.57	-0.52
Company is timely and adequately providing information	Private	50	0.61	
Shortcoming related to governance of company	Public	50	0.25	0.08
	Private	50	0.25	
AGM of the company	Public	50	3.28	-0.43
	Private	50	3.8	
Opinion of investors	Public	50	0.7	-1.63
	Private	50	0.78	
Overall Average				
	Public	50	1.38	-0.49
	Private	50	1.52	

The formula for calculating z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is -0.49.

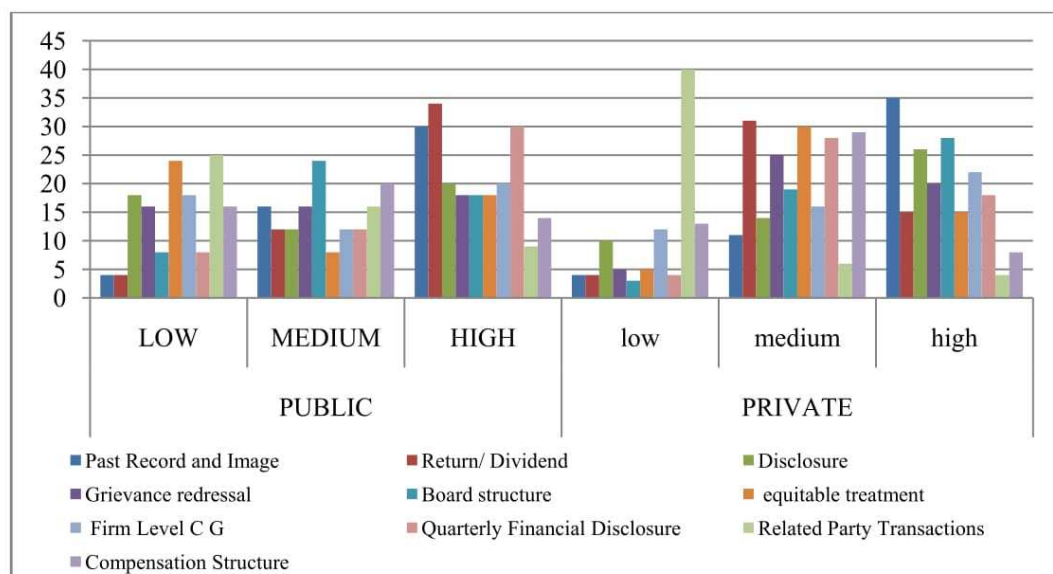
As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z \leq -1.96$ or $z \geq 1.96$. In the above table the calculated z value of -0.49 is greater than the tabulated value of -1.96, hence ***null hypothesis is accepted and alternate hypothesis is rejected.***

In other words, there is no significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.

Table: 5.33
Before Investment

Particulars	Public			Private		
	Low	Medium	High	Low	Medium	High
Past Record and Image	4	16	30	4	11	35
Return/ Dividend	4	12	34	4	31	15
Disclosure	18	12	20	10	14	26
Grievance Redressal	16	16	18	5	25	20
Board Structure	8	24	18	3	19	28
Equitable Treatment	24	8	18	5	30	15
Quality of Firm Level C G	18	12	20	12	16	22
Quarterly Financial Disclosure	8	12	30	4	28	18
Related Party Transactions	25	16	9	40	6	4
Compensation Structure	16	20	14	13	29	8

Figure: 5.22 Before Investment



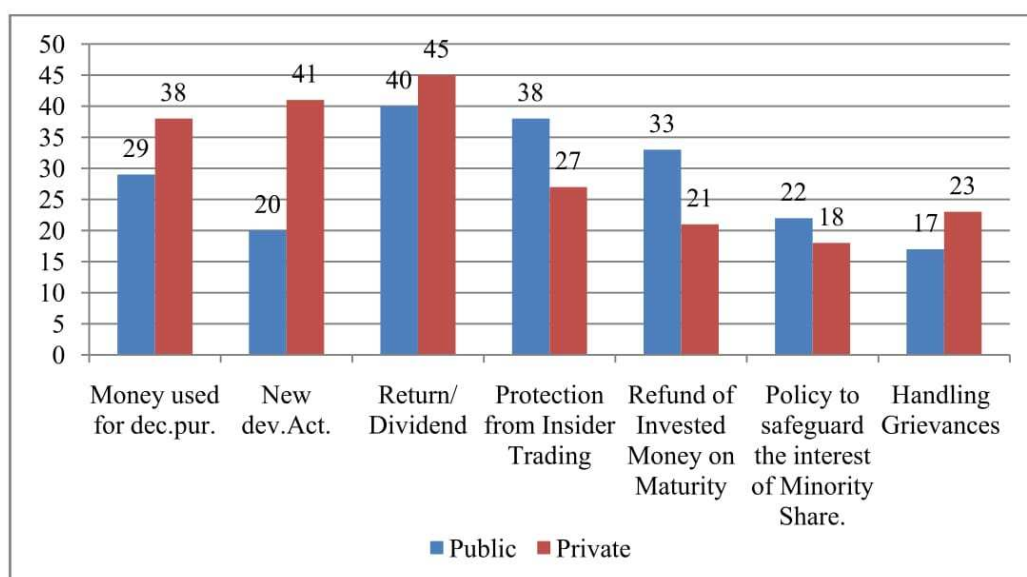
Analysis:

It is evident from Table 5.33 as well as figure 5.22 that most of the shareholders of private sector companies stated that before making investment decision they consider past record and image of company in corporate world as important governance characteristics. As well as they also give more preference to board structure, total quality of firm level governance and disclosure practices of company than other governance factors. They considered return and dividend at moderate level of importance. Remaining factors like grievance redressal and equitable treatment with security holders, compensation structure, RPTs and quarterly financial disclosure are not on prime important factors for consideration before they invest.

Comparatively, Public sector's shareholders consider return and dividend and past record and image of company as prime importance governance characteristics before making investment in any public company. However, investors of public sector companies give moderate consideration to board structure, compensation structure, grievance redressal of all security holders and quarterly financial disclosure. Thus remaining factors like RPTs, total quality of firm level governance etc. are not the important factors of consideration before their investment decisions. Respondents from private sector companies covered in the study stated that before making investment decision they consider past record and image of company in corporate world as important governance characteristics. However, in public sector respondents gives prime importance to return and dividend.

Table: 5.34**After Investment**

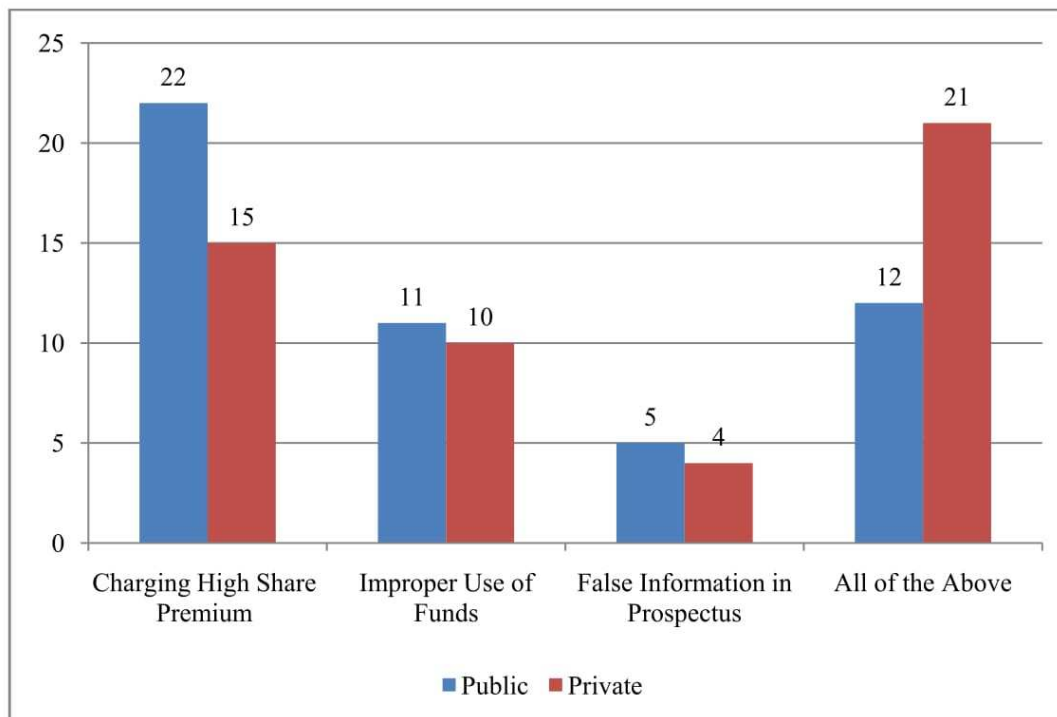
Particulars	Public	Private
Money used for Declared Purpose In Prospectus	29	38
New Development Activities	20	41
Return/ Dividend	40	45
Protection from Insider Trading	38	27
Refund of Invested Money on Maturity	33	21
Policy to Safeguard the Interest of Minority Shareholders	22	18
Handling Grievances of Shareholders	17	23

Figure: 5.23 After Investment**Analysis:**

Most of the private and public sector's shareholders respondents stated that companies are providing information about return and dividend properly. And information regarding all new development activities is received by 40 respondents from public sector shareholders. In private sector, only 36 respondents replied that information on policy and codes to safeguard the interest of minority shareholders were received properly. It can be said that public and private sector companies are more adequate in discharging their duties properly about providing information on return and dividend.

Table: 5.35**Shortcomings Related to Governance of the Company**

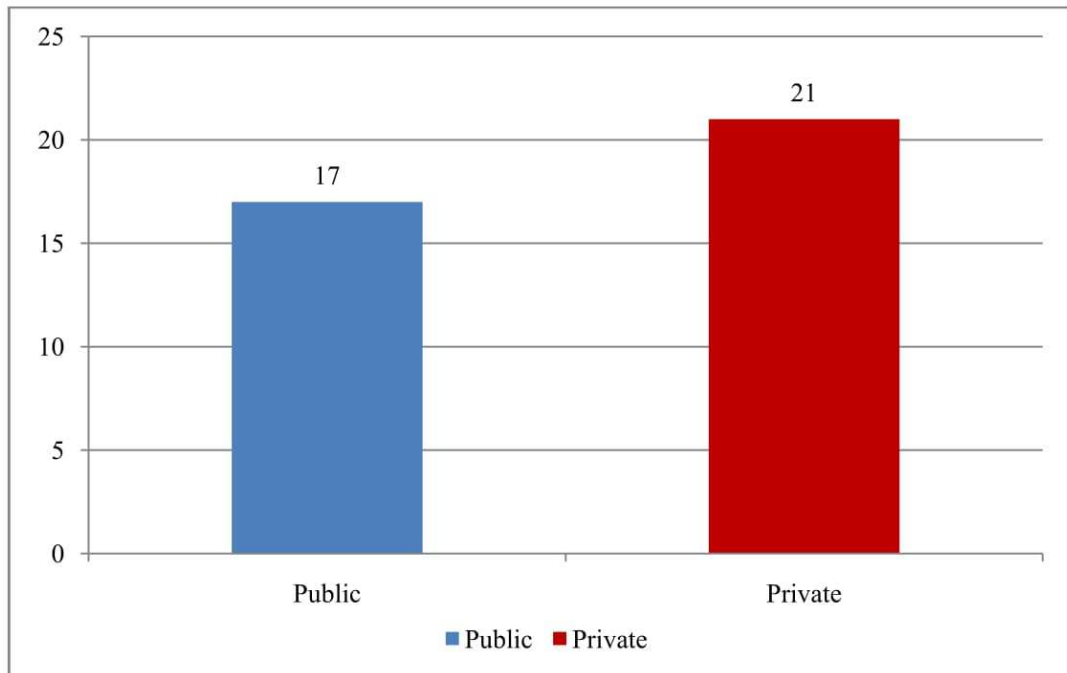
Particulars	Public	Private
Charging High Share Premium	22	15
Improper Use of Funds	11	10
False Information in Prospectus	5	4
All of the Above	12	21

Figure: 5.24 Shortcomings Related to Governance of the Company**Analysis:**

The data collected from the respondents about the shortcomings related to the governance of the company shows that in public sector, 44 percent respondents considered that company is charging high share premium in IPO money. Whereas, in private sectors 42 percent of the respondents replied that company is inadequately using funds, charging high premium in IPO and presenting false information in prospectus. Both public and private sectors were found more inadequate in providing information on charging high share premium.

Table: 5.36**Attended AGM**

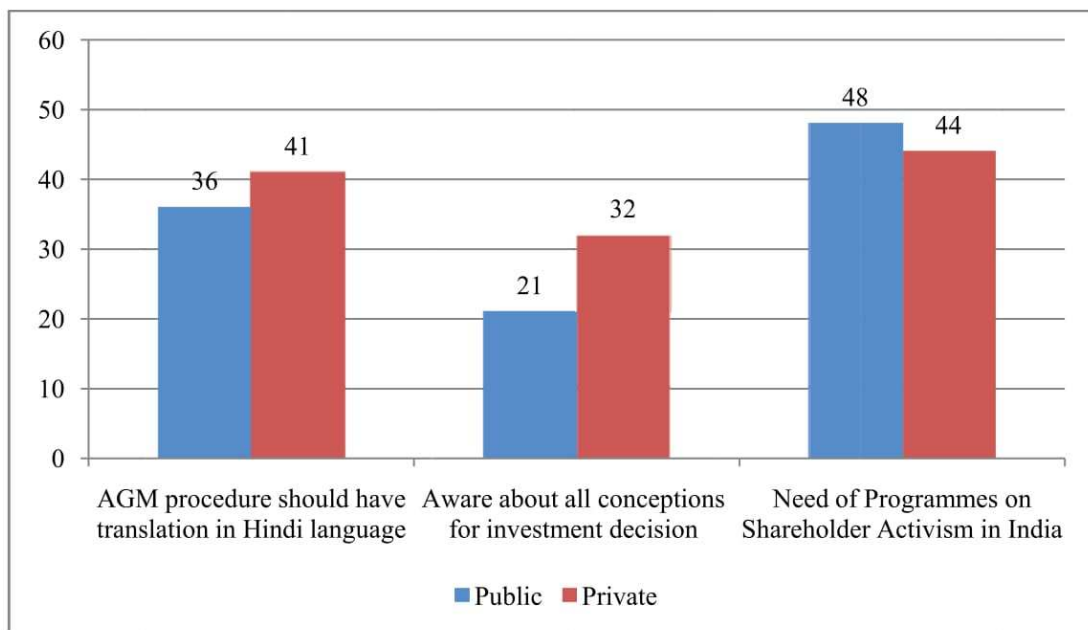
Particulars	Public	Private
AGM attended	17	21

Figure: 5.25 AGM Attended**Analysis:**

On the issue of attending AGM of the company, in which respondents have invested, researcher discovered that 66 percent of the shareholders of **public sector** companies have not attended AGM and only 34 percent respondent shareholders attended. Whereas in reference to the **private sector** respondents 42 percent of the respondents replied that they have continuously attended AGM of the company and 58 percent respondents have not attended this meeting. Therefore, it can be said that investors associated with public sector are not aware and sincere about their right to attend AGM. However investors associated with private sector were identified more sincere than investors from public sector.

Table: 5.37**Opinions of Shareholders**

Particulars	Public	Private
AGM procedure should have translation in Hindi language	36	41
Aware about all conceptions for investment decision	21	32
Need of Programmes on Shareholder Activism in India	48	44

Figure: 5.26 Opinions of Shareholders**Analysis:**

Majority of the shareholders respondents from both, public and private sector feel that AGM proceedings should have **translation in Hindi language**.

Most of the public sector's respondents are not aware about all **conceptions and tactics for investment decision**. Comparatively, majority of the private sector's respondents were found more aware rather than public sector.

Majority of the respondents from public and private sector were of the opinion that awareness of the investors about their investment decisions can be improved by running "**Programmes on Shareholder Activism in India**" by regulatory institution.

5.2.7 CSR Practices

This part seeks the views of the respondents (employees, executives and community) in respect of corporate social responsibility practices of the companies specifically in reference of community development. Since CSR practices are now vital constituent of good corporate governance. These practices add value to the organization, if dealt properly. This part pertains to the testing of hypothesis on CSR practices by public and private sector companies.

Hypothesis 7

H₇: There is no significant difference between projected practices for community development and execution of projects on root levels by surveyed organizations in their associative local communities.

H_a: There is a significant difference between projected practices for community development and execution of projects on root levels by surveyed organizations in their associative local communities.

Table: 5.38

Results of Z on CSR Practices

Particulars	Sector	N	Mean	Z
Employees				
CSR practices of the company	Public	100	86.57	-1.33
	Private	100	93.71	
Executives				
Separate committee for CSR	Public	100	0.84	-2.05
	Private	100	0.93	
Any programme/project for social welfare and community development	Public	100	73.57	-1.54
	Private	100	83.42	
Encouraging employees to contribute their own time for community development initiatives.	Public	100	0.48	-6.21
	Private	100	0.86	

Contd...

Community				
Employability / livelihood generation programmes	Public	25	0.8	-1.21
	Private	25	0.92	
Woman empowerment	Public	25	0.76	-1.09
	Private	25	0.88	
Promotion of education	Public	25	0.72	-1.01
	Private	25	0.84	
Environment protection	Public	25	0.84	-0.85
	Private	25	0.92	
Discharge of waste	Public	25	0.72	-0.65
	Private	25	0.8	
Cultural development	Public	25	0.72	-1.01
	Private	25	0.84	
Organizing rural health camps	Public	25	0.6	-2.33
	Private	25	0.88	
Community survey	Public	25	0.64	-0.91
	Private	25	0.76	
Welfare activities i.e. infrastructure development	Public	25	0.90	0.26
	Private	25	0.88	
Relief and assistance in the event of natural disaster	Public	25	0.68	-0.62
	Private	25	0.76	
Overall Average				
	Public	225	12.06	-1.47
	Private	225	13.39	

The formula for z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is -1.47.

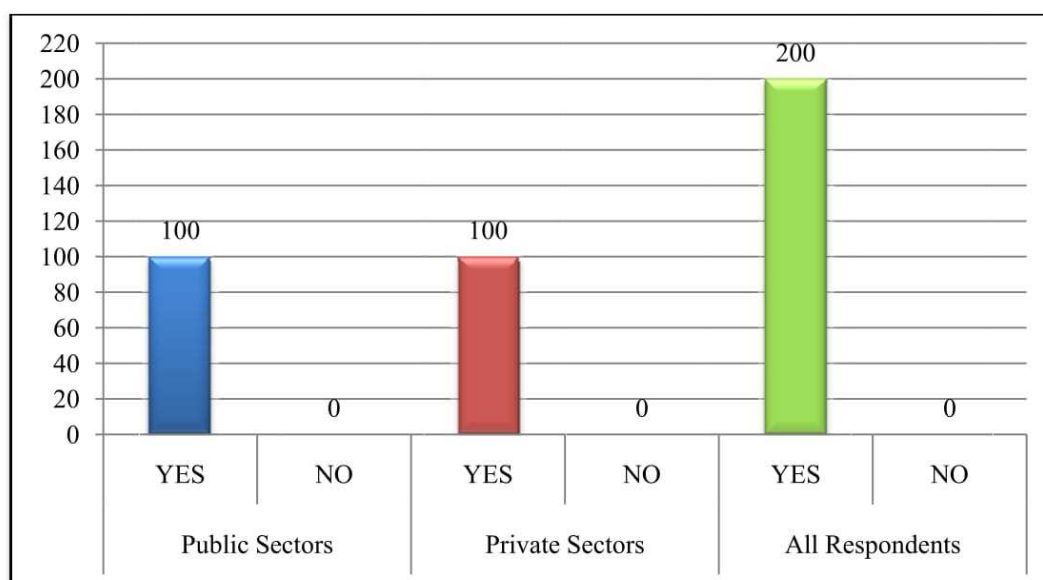
As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < \text{or} = -1.96$ or $z > \text{or} = 1.96$.

In the above table the calculated z value of -1.47 is greater than the tabulated value of -1.96, hence *null hypothesis is accepted and alternate hypothesis is rejected*. In other words, there is no significant difference between projected practices for community development and execution of projects on root levels by surveyed organizations in their associative local communities.

Graphical Presentation of Employees Responses

Table: 5.39
Social Welfare and Community Development Program

Sectors	Responses		Total Responses
	Yes	No	
Public	100	0	100
Private	100	0	100
Combined	200	0	200

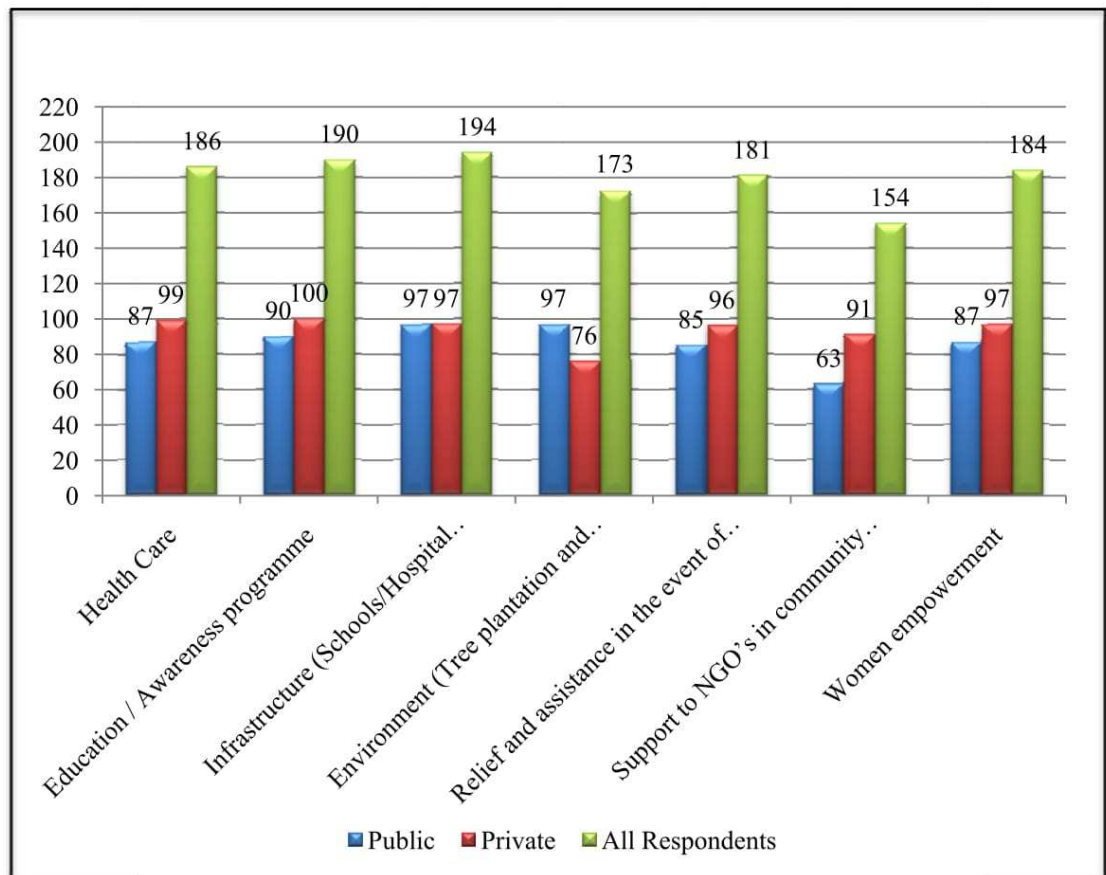
Figure: 5.27 Social Welfare and Community Development Program**Analysis:**

In present times, it is mandatory for all qualifying companies to comply with newly enacted CSR provision. Here, all respondents from public and private companies accepted that their company is running program and activities for social welfare and community development initiatives. No respondent was noted at 0 percent level.

Table: 5.40**Areas of CSR Spend**

Areas	Public	Private	Combined
Health care	87	99	186
Education	90	100	190
Infrastructure	97	97	194
Environment	97	76	173
Relief and Assistance in event of Natural Disaster	85	96	181
Support to NGO's in Community Development and Health Initiatives	63	91	154
Women Empowerment	87	97	184

Figure 5.28 Areas of CSR Spend



Analysis:

In present times, it is mandatory for all qualifying companies to comply with newly enacted CSR provision. Here, all respondents from public and private companies have accepted that their company is running programmes and activities for social welfare and community development.

The researcher asked the respondents whether their company is running programs on above exhibited areas of CSR (in Table -5.40). While 87 percent respondents of **public sector** companies feel that there have been significant projects on **health care** for employees as well as community. 99 percent of the respondents from **private sector** considered **health care** as prime important activity of CSR in their company.

90 percent of the respondents of **public sector** believe that their company has taken so many initiatives to promote **education**. The remaining 10 percent were undecided. All 100 percent employees of **private sector** companies were

considering that their company has taken so many initiatives for availing and encouraging education.

97 percent respondents from **public sector** believe that their company has contributed for **infrastructural development** projects. And 3 percent respondents were undecided. Again 97 percent respondents from **private Sector** companies considered Infrastructural development activities as important step in their company's CSR spend.

Simultaneously, on the parameter of **environment**, 97 percent respondents of **public sector** companies replied that their company has taken so many projects and activities for tree plantation and environmental protection and for eco-friendly practices, On the other hand, there has been a significant variation in **private sector** respondent's responses, because 76 percent respondents were in favour of initiating and running activities on environmental protection in their company. While, 24 percent respondents were disagree with existence of this practice.

85 percent respondents of **public sector** companies considered presence of activities on "**Relief and Assistance in the Event of Natural Disaster**" as part of CSR spends by their company. While 96 percent respondents from **private sector** companies considered this practice as element of CSR spend of their company.

63 percent of the respondents from **public sector** considered **support to NGO's in community development and health initiatives** as component of CSR initiative in their company. 91 percent respondents of **private sector** companies regarded this parameter as part of CSR activities of their company.

87 percent of the respondents from **public sector** undertakings believe that their company has taken so many projects and activities on **women empowerment** as part of their company's CSR spend. 97 percent of the respondents from **private sector** said that, activities on women empowerment is as part of CSR spends.

Consequently, it can be concluded that private sector is more focused for "Sustainable Community Development" than public sector.

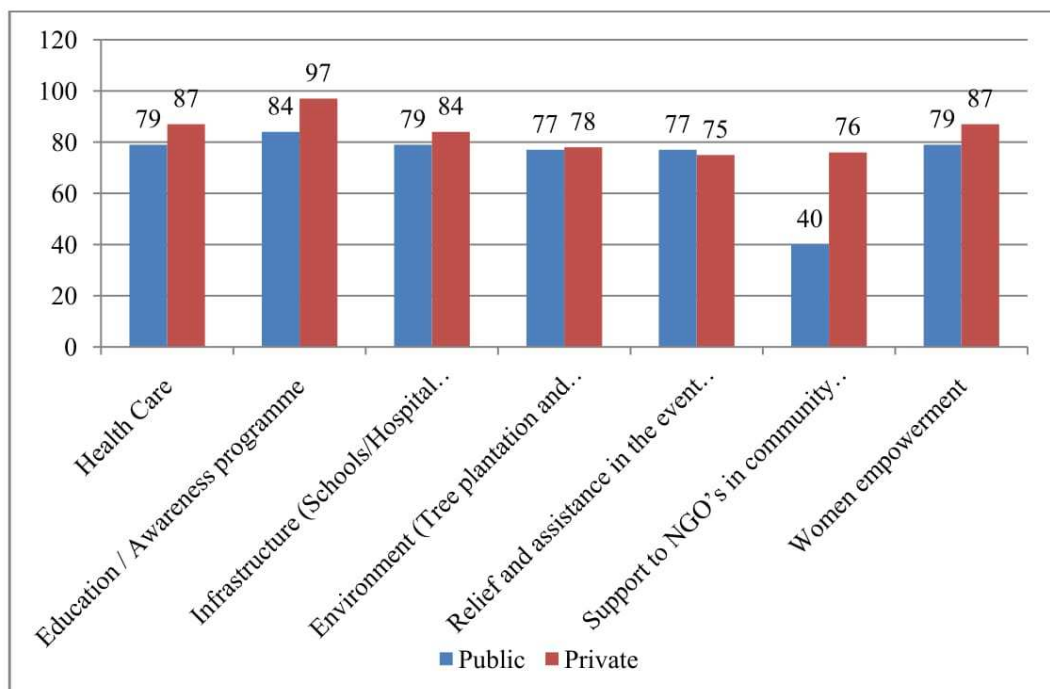
Graphical Presentation of Executives Responses

Table: 5.41

Areas of CSR Spends

Particulars	Public	Private
Health Care	79	87
Education / Awareness programme	84	97
Infrastructure (Schools/Hospital development)	79	84
Environment (Tree plantation and treatment of hazardous waste)	77	78
Relief and assistance in the event of natural disaster	77	75
Support to NGO's in community development and health initiatives	40	76
Women empowerment	79	87

Figure: 5.29 Areas of CSR Spend



Analysis:

Public sector (with 79% responses) is less concerned with health care initiatives than private sector (with 87% responses).

84% respondents from public sector and 97% respondents from private sector believe that their company has taken so many initiatives to promote

education. These initiatives includes distribution of books, uniform, stationary items etc. to the students. Private sector is more considered for promotion of education than public sector.

79 percent respondents from **public sector** believe that their company has contributed for **infrastructural development** by renovation of many schools and hospitals and boundary walls of government schools. 84 percent respondents from **private sector** companies considered infrastructural development activities as important step in their company's CSR spend. Under **PPP (Public Private Partnership) scheme** companies are constructing roads and schools.

Simultaneously, both sectors are equally committed for environmental stewardship programmes (with 77% responses from public and 78% responses from private sector). Public companies have taken so many projects and activities for tree plantation, environmental protection and to ensure environmental sustainability. Private companies have sound culture of sustaining environment. Large plantation drives and rain water harvesting system have been followed to promote more environment friendly culture in their companies.

Again a mixed response has been received by both sectors in regard of **relief and assistance in the event of natural disaster**. 77 percent respondents of **public sector** and 75 percent respondents from **private sector** companies were agreed for the same. Through deduction of one day salary, they use to collect fund for these Relief Funds and assistance, as and when required. They always try to reach out to people affected by natural calamities by providing clothes and food materials etc.

On the basis of the parameter of **support to NGO's in community development and health initiatives**, a major variation of responses between public companies and private companies have been identified. Here **public sector** company's 40 percent respondents have noted that their company provide support to NGO's in community development and health initiatives. And remaining respondents opined that they directly can initiate projects more effectively by setting up their own NGO. On the other hand 76 percent of the respondents in **private sector** consider that their company is actively supporting NGO's in community development and health initiatives.

79% of the respondents from **public sector** undertakings believe that their company has activities on **women empowerment**. PSUs are continuously trying to promote **women empowerment** by enhancing their skills. For this they have programmes i.e. tailoring, stitching, formation of self help groups etc. Through these initiatives they can enhance their skills to become economically independent. 87percent of the respondents from **private sector** said that, activities on women empowerment is as part of CSR spends in their company. Private sector companies are more concerned with taking women empowerment initiatives than public sector companies. For this, private sector has followed the same programmes as public sector.

Subsequently, researcher identified that private sector is more prompt than public sector for taking CSR initiatives for community development.

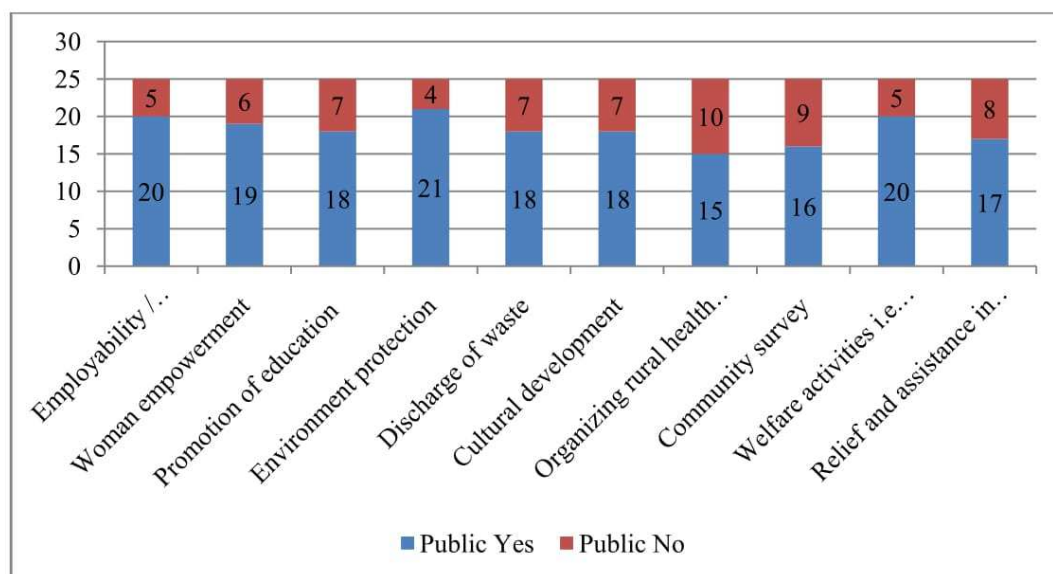
Graphical Presentation of Community Response

Public Sector

Table: 5.42

Company Engagement for Community Development

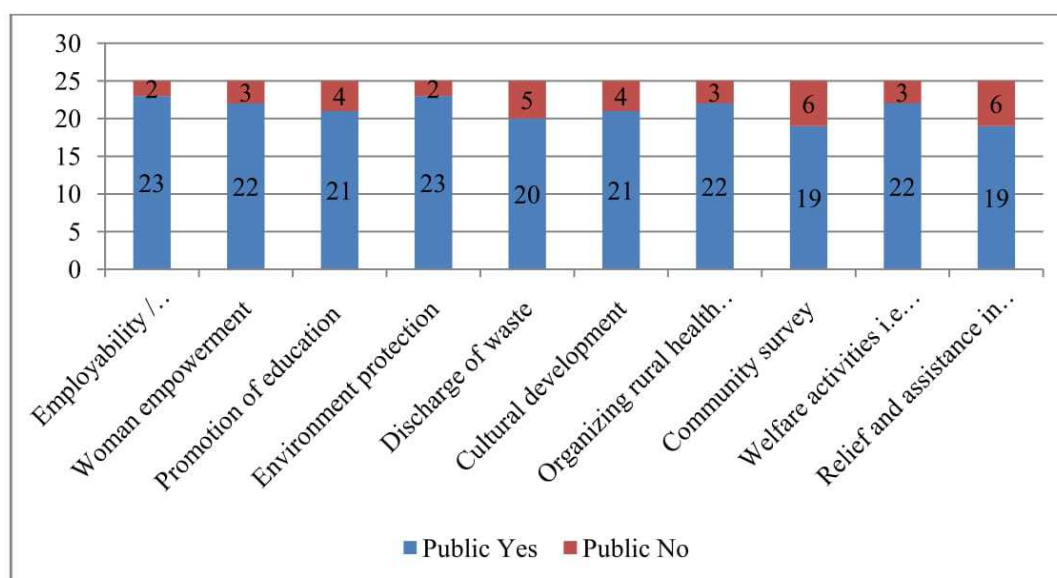
Particulars	Yes	No
Employability / livelihood generation programmes	20	5
Woman empowerment	19	6
Promotion of education	18	7
Environment protection	21	4
Discharge of waste	18	7
Cultural development	18	7
Organizing rural health camps	15	10
Community survey	16	9
Welfare activities i.e. infrastructure development (For Sanitation facilities)	20	5
Relief and assistance in the event of natural disaster	17	8

Figure: 5.30 Company Engagement for Community Development**Analysis:**

Almost all the areas of CSR are covered by public sector companies for community development programmes. However programmes on employability, environment protection and infrastructure development are thrust areas for CSR spend in public sector companies. Public sector has good visionary approach for all covered areas.

Private Sector**Table: 5.43****Company Engagement for Community Development**

Particulars	Yes	No
Employability / livelihood generation programmes	23	2
Woman empowerment	22	3
Promotion of education	21	4
Environment protection	23	2
Discharge of waste	20	5
Cultural development	21	4
Organizing rural health camps	22	3
Community survey	19	6
Welfare activities i.e. infrastructure development (For Sanitation Facilities)	22	3
Relief and assistance in the event of natural disaster	19	6

Figure: 5.31 Company Engagement for Community Development**Analysis:**

In respect of **employability**, 20 and 23 respondents said yes from public and private sector respectively. Only 6 respondents from public sector refused with existence of programmes on woman empowerment and 22 respondents said yes from private sector. 18 respondents from **public sector** companies considered that companies are evolving lives through **education**. Whereas only 4 dis agreements were received from **private sector** respondents for the same. While 23 respondents from private sector realised that companies are running various programmes for **environmental sustainability**. On the other hand in orientation on the **discharge of waste private sector** is more alarmed with this practice, it has been identified with 20 responses of respondents. Analysis of table indicates that, 21 respondents were in the view that private sector is involved with local community for **cultural development**. In respect of **organisation of rural health camps**, researcher discovered that 22 respondents were agreed with existence of this programme by private sector companies. So far as, 19 respondents confirmed that private companies are also practiced for **community survey** for recognition of social projects. Out of 25 respondents from private sector, 22 respondents feel that companies have been working for infrastructure development. Addition to this, 19 respondents confirmed that companies are also concerned with **providing relief and assistance in the event of natural disaster**.

Lastly, in respect of community development, it can be concluded that local communities nearby plant areas considered private sector companies better than public sector companies.

5.2.8 Main Hypothesis

This part pertains to all covered practices of corporate governance by public and private sector companies. The comprehensive picture has been presented of all covered practices on HRD, health and safety, legal transparency, ecological, ethical implementation of corporate social responsibility and towards shareholders. Therefore, as a whole (entirely), primary hypothesis has been tested to discern the opinions of all stakeholders on the basis of entire covered parameter under study.

Main Hypothesis

Null: No significant difference exists in corporate governance practices on the basis of HRD, transparency, health and safety, implementation of CSR, ecological issues and issues related to shareholders practices in the surveyed organizations.

Alternate: A significant difference exists in corporate governance practices on the basis of HRD, transparency, health and safety, implementation of CSR, ecological issues and issues related to shareholders practices in the surveyed organizations.

Table: 5.44**Results of Z for Main Hypothesis (Covering Entire Practices)**

Particulars	Sector	N	Mean	Z
HRD Practices	Public	200	0.805	-1.375
	Private	200	0.873	
Transparency Practices	Public	100	4.102	-2.02
	Private	100	4.35	
Employee Volunteering Practice	Public	100	0.48	-6.21
	Private	100	0.86	
Ecological Practices	Public	125	27.46	-1.01
	Private	125	28.99	
Health and Safety Practices	Public	200	4.04	-3.15
	Private	200	4.46	
Community Development Practices	Public	225	12.06	-1.47
	Private	225	13.39	
Towards Shareholders	Public	50	1.38	-0.49
	Private	50	1.52	
Overall Average	Public	225	8.69	-2.24
	Private	225	9.45	

The formula for calculating z for two independent samples is as follows:

$$z = \frac{\bar{x}_1 - \bar{x}_2 - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

The above formula has been applied in MS Excel and the z calculated value is

-2.24

As a decision rule, using a z statistic (for two independent samples) and a 5% level of significance, we will reject null hypothesis if $z < \text{or} = -1.96$ or $z > \text{or} = 1.96$. In the above table the calculated z value of -2.24 is less than the tabulated value of -1.96, hence *null hypothesis is rejected and alternate hypothesis is accepted.*

In other words, “A significant difference exists in corporate governance practices on the basis of HRD, transparency, health and safety, implementation of CSR, ecological issues and issues related to shareholders practices in the surveyed organizations”. From the foregoing analysis it can be summed up that according to above practices of corporate governance, all business organisations should take praiseworthy actions towards stakeholders by adopting fair practices for HRD, transparency, health and safety, CSR, environment and towards shareholders.

CHAPTER 6

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

The scenario of corporate governance practices in India is changing vastly. Indian corporate sector can no longer turn a blind eye on the issues of socially responsible business¹ behaviour and ethical business, which is the need of the hour. All corporates should take praiseworthy actions towards stakeholders by adopting fair HRD Practices, Transparency Practices, Health and Safety Practices, CSR Practices and Ecological Practices. Corporate governance should be based on the following ethical value-

“Being socially responsible is a part of being successful, being a great company, being a respected company”.

In India, many developments have taken place on corporate governance issue. In the present era of competition, it is significant for the companies to concentrate on all stakeholders interest. Public and private sector enterprises in India have started taking active participation concerning CSR. Furthermore, recent enactment of new Company Act 2013 and Revised Clause of Listing Agreement is endeavour to improve the standards of corporate governance system in India.

If globalization is regarded as the engine of economic development then corporate governance is required to be considered as the ethics of sustainable development. Corporate governance is concerned with the **3 V's- Values, Vision and Visibility**. It is about the value orientation of the organization and about ethical norms.

The present study has been divided into six chapters. **Chapter I** discusses the **conceptual framework of corporate governance** along with interrelationship of corporate governance with contemporary issues. Moreover Development of corporate governance has been presented along with present status quo of

corporate governance in India. **Chapter II reviews the literature** to understand the concept of the problem. **Chapter III exhibits research methodology.** This chapter introduces the problem under study along with the rationality, objectives, hypotheses, sampling design, limitations and the significance of the study. **Chapter IV presents profile of covered sample units** under study. A brief introduction has been given covering organisational system along with financial highlights of covered undertakings. **Chapter V explores the status quo of corporate governance in the Public and Private sector enterprises in India.** This result is presented in seven broad categories i.e. HRD Practices, Transparency Practices, Employee Volunteering, Ecological Practices, Health and Safety Practices, CSR Practices and Practices respective to Shareholders. Finally, **Chapter VI presents specific and general conclusions and suggestions.** Some suggestions have been given to the Indian corporate world to strengthened corporate governance practices along with suggested models and further areas of research.

6.1 SPECIFIC CONCLUSIONS

The results generated from the study have been summarised under four heads i.e. employees, executives, community and shareholders.

Employees

The results are presented in three main heads namely HRD practices, Health and Safety practices and CSR practices. These are:-

HRD Practices

Revision of Compensation Package

- 80 percent respondents from private sector and 62 percent respondents from public sector have been found agreed with revision of compensation package.
- In public sector, there is a fixed interval of 10 years for revision of compensation package. Whereas, private sector revises salary every year.
- Moreover, in public sector, revision of compensation package is policy based but in private sector this is performance based.

- Private sector enterprises are more concerned with revision of compensation package than public sector.

Protection to Whistle Blowers

- 87 percent of the public sector respondents and 82 percent of the private sector respondents were agreed that their company has mechanism to protect whistle blowers.
- There is no major variation between levels of agreement in both sectors. This may be because now this requirement has been made mandatory for all listed companies.
- The mode of reporting complaints was found different in both sectors. In public sector enterprises, employees can report to the concerned committee for reporting unethical behaviour through a written complain mode or through personal meet.
- Private sector companies have provided the mode of e-mail to report complaint by whistle blowers. In both sectors, employees have not been found aware about this mechanism. This may be because the policy on whistle blower mechanism has not been appropriately communicated.
- Constantly in both sectors, few employees were found completely unknown about this protection. Meanwhile, few respondents from all covered- undertakings replied that they don't know **“how to complain”**.

In summation, it can be said that there is no significant difference between ethical practices of HRD in public and private sector enterprises under all covered parameters.

Health and Safety Practices

Receiving Social Security Benefits

- Private sector employees are more satisfied with the existence of social security benefits than public sector employees.
- At the level of dis-satisfaction, the situation is same in both sectors.

Levels of Safety and Occupational Health

- In public sector companies, workers were working without helmet and gloves especially in fertilizers industry (NFL).
- Workers at private sector have been found more protected with safety objects.
- Private companies are more prompt in providing highest level of safety and occupational health than public sector.

Received Safety training

- Approximately 67% respondents were highly satisfied in private sector and only 41% respondents were found highly satisfied in public sector.
- Private sector employees are more satisfied in term of receiving safety training than public sector.

Emergency Management System

- Emergency management system in private sector (with 61% responses) is more efficient than public sector (with 34% responses).

Infrastructure and Fire Safety Measures

- Study reveals that 27 percent employees of public sector company believe that their company has best in-class infrastructure, whereas, 52 percent of the respondents from private sector company employees considered EMS at highly satisfactory level.
- Comparatively, private sector companies have been found more proactive.

Checking of Safety Measures

- Present research exhibits that private sector companies are more prompt for checking their safety measures than public sector.

Availability of Mother and Child Health Programme

- 47% of the respondents from private sector believe that their company has special shrift for mother and child health care programmes.
- On the other hand, 20 % respondents were agreed with availability of these programmes in public sector.
- Private sector is more anxious than public sector for running this type of programmes. However, both sectors have programmes on health but coverage of private sector is wider.

Running HIV/AIDS and TB awareness Programmes

- In private sector, majority of the respondents with 55 percent agreed that their companies have been working for HIV/AIDS and TB awareness programmes for local community as well as for society at large. Simultaneously, in public sector mainstream of the respondents with 39 percent admitted their views with neither satisfied nor dissatisfied level.
- Private sector is more rapidly working than public sector in the area of running such programmes.

Comprehensive Health Screening of Employees and Families

- As preponderance of the respondents with 62 percent, were found highly satisfied in private sector whereas this percentage for public sector was only on 23 percent.
- Private sector is more considered for health screening of employees and families than public sector.

In brief, it can be said that on the basis of above parameters, private sector is more prompt than public sector. There is a significant difference between empirical and pre-emptive enactment in surveyed organisations in reference to the above covered parameters under study.

CSR Practices

Social Welfare and Community Development Programme

- The focus of the companies has now shifted from anticipating to implementing CSR projects.
- Public and private sector companies from power industry (NTPC and TATA Power Ltd.) are working promptly for spending on CSR.
- Further, private sector's company from power industry (TATA Power Ltd.) is leading all other covered undertakings.
- Only power industry's companies (out of four) have been found in line with mandatory 2% CSR spending norm.
- Private company from chemical and fertilizer Industry (CFCL) failed to meet 2% CSR spending norm due to inability to identify good social project / projects.
- Public company NFL doesn't come under CSR spending norm.
- However, all four surveyed companies have undertaken programmes for community development. All respondents from public and private sector companies accepted that their company is running program and project for social welfare and community development.
- On the basis of industry wise comparison, power industry is working better than chemical and fertilizers industry for taking CSR initiatives.
- On the basis of sector wise comparison, private sector is more focused for sustainable community development.
- It has been found that the private sector's companies have taken active steps towards promotion of health care, education and women empowerment.
- Private sector has good visionary approach and programmes for support to NGO's in community development, health initiatives and for relief and assistance in the event of natural disaster.
- Public sector has major CSR involvements in the area of infrastructure development and environment protection. To some extent, public sector

is also concerned for education promotion, health care and women empowerment.

In summation, it can be comparatively said that private sector enterprises have more clear guidelines, policy and social projects for CSR than public sector. There is no significant difference between projected practices for community development and execution of projects in their associative local communities by surveyed organizations.

Executives

HRD Practices

Training on Code of Ethics

- Private sector employees (98%) have received more training on contemporary issue of code of ethics than the public sector employees (90%). At the time of appointment, private sector companies provide training for code of ethics to the employees.

Protection to Whistle Blowers

- In respect of protection to whistle blowers, 83% and 89% respondents from public and private sector respectively, signify that both public and private sector companies have taken care of whistle blowers. This is due to the enactment of new company act 2013 has made this requirement mandatory for all listed companies.
- To some extent private sector employees have been found more protected than public sector. Mode of complaining misconduct is different in both sectors.

On the whole, all covered parameters of HRD practices confirm that there is no significant difference between Ethical HRD practices of Public and Private Sector Enterprises.

Transparency Practices

Disclosure of non Compliance

- Private sector enterprises have been found more transparent (with 63% responses) than public sector (with 30% responses), in reference to the disclosure of non-compliance with legal requirement.

Disclosure of Penalties

- In orientation on disclosure of penalties, 55 percent of the respondents from private sector considered their company transparent at highly satisfactory level whereas, 42% public sector respondents opined their responses with satisfactory level.
- In comparison with public sector private sector was found more transparent in this context. This may be due to the presence of bureaucracy in public sector.

Disclosure of Industrial relations

- Indian public and private sector companies have given similar importance to the disclosure on industrial relations. 44 percent of the respondents from public sector were found highly satisfied whereas in private sector 51 percent of the respondents were highly satisfied.

Disclosure of Carbon Emissions

- In reference to the disclosure of carbon emissions, there is no significant difference in responses of public and private sector executives.

Disclosure of Non Financial Information

- In comparison with public sector, private sector companies are more prompt and transparent on the concern of disclosure of non-financial information i.e. environment and CSR issues. It is due to the better performance of private sector companies than public sector companies, for running CSR programmes.
- Private sector companies have better action plans for CSR projects.

- Private sector companies are implementing better CSR programmes. Therefore private sector enterprises reporting on non-financial disclosure is better than public sector enterprises. Although PSUs are also concerned with this disclosure but private sector is found more perfect.

On the basis of above analysis of all covered parameters of transparency, there is a significant difference between accomplishment of Laws and Radical practices in Public and Private Sector Organizations.

Health and Safety

- Health and safety practices have been found better in private sector (with 71% highly satisfied responses) than public sector (with 64% highly satisfied responses).

There is a significant difference between empirical and pre-emptive enactment in surveyed organisations in reference to the covered parameters.

CSR Practices

Separate Committee for CSR

- There is no significant difference between formation of CSR committee in public (with 84% responses) and private sector (with 93% responses) companies. Both sectors have separate committee for CSR. The rationale behind this is making CSR spend mandatory. This CSR committee is an urgent need for corporate houses to design CSR action plan as well as for executing, evaluating, monitoring, reporting and communicating the impact of CSR programmes.

Programmes and Projects for Social Welfare

- All respondents from public and private sector enterprises opined that their companies have so many programmes and projects for community development and social welfare. This is because CSR spend has been made mandatory requirement in new company act.

- Addition to that, the rationale behind engagement of all covered companies for CSR is to achieve benefits like enhanced brand image, employees retention, reduced operational costs and increased community support.

Areas of CSR Spend

- All four covered public and private sector undertakings have scaled up operations in various areas of CSR. Private sector and public sector both have undertaken programmes of CSR on health care, education, infrastructure development, environment, relief and assistance in natural disaster, support to NGO's for community development and women empowerment.
- Comparatively, private sector undertakings are more prompt than public sector enterprises in taking CSR action plan in the area of education, environment, community development, health, safety, security, energy and resource conservation, skill development for employability, women empowerment and livelihood generation.
- In India, CSR spend on healthcare is more vital and imperative than education.

Employee Volunteering

- On the parameter of employee engagement (employee volunteering for community development), it can be concluded that private sector companies (with 86% responses) have more employee volunteers than public sector (with 48% responses) companies.
- In power industry, private sector (TATA Power Ltd.) employees are supporting communities by running various unique campaigns like beach cleaning drive, plastic free campaign and working for **Swatchh Bharat Mission**.
- Private sector's Chemical and Fertilizers industry's (CFCL) executives responded that they have contributed their own time for community development especially on every Saturday.
- On the basis of industry wise comparison, employee volunteerism is better in NTPC than NFL.

- On the basis of sector wise comparison, programmes on employee volunteerism are better, recovered, prompt and unique in private sector. TATA Power Ltd. has exclusively taken employee volunteerism for CSR than other three covered undertakings.

Under the head of employee volunteering, it has been revealed that there is a significant difference between CSR project implementation levels in public and private sector organizations.

Environmental Practices

Utilization of Wind and Solar Power

- Private sector (with 83% responses) is more concerned with use of renewable energy measures than public sector (with 54% responses). But, there is no noteworthy difference between extent of using solar power and wind power.

Conservation of Natural Resources

- Both sectors have water recycling and treatment mechanism and plantation practices. However, energy conservation practices of TATA Power Ltd. are very unique than other covered undertakings.
- It has been discovered in the study that public and private sector both are similarly and regularly working for conservation of natural resources and environment protection.

Employees Engagement for Environment Protection

- Public sector companies (with 87% responses) are more concerned with organizing competition on environment protection.
- Private sector (with 89% responses) is more concerned with forestation practices by employees and voluntary practices such as initiating more cleaning drives and by generating awareness on various environmental concerns.

Aspects that can Intensify Involvement in Corporate Sustainability

- Executive Respondents from private sector suggested establishing sustainability advisory council and developing good corporate citizens aspects to intensify involvement in corporate sustainability.
- Public sector executives suggested establishing sustainability advisory council and quality of leadership aspects to intensify involvement in corporate sustainability.
- Compared to public sector (with 41% responses), the opinions of executives are more unanimous in private sector (with 47% responses).

Supporting Green Initiatives

- Private sector companies (with 88% responses) are more concerned with supporting green initiatives because these companies have better practice and plans for using electronic mode to deliver documents.

Adoption of Green Practices

- Private sector (with 89% responses) enterprises have better ways and designs to minimize waste than public sector (with 62% responses).
- Water conservation practices are same in both sectors.
- Conversely, private sector (with 80% responses) is more focused with development of green buildings than public sector (with 39% responses).
- In view of recycling practice there is no noteworthy difference between public and private sector enterprises.
- Forestry initiatives are relatively better in public sector (with 84% responses).
- Moreover, development of wasteland is considered as thrust area of public sector companies (with 53% responses).

Formation of EHS Committee

- To operationalise responsible business practices, both sectors have EHS committee.

Environmental Audit System

- For overseeing, monitoring and auditing of environmental practices of company, private and public sectors both are more concerned with internal audit by company auditors.
- On the other hand, external audit by NGO's and other agencies is more practiced in private sector (with 93% responses).
- Practice of audit by government is similarly used by both sectors.

It can be said that there is no significant difference between the implementation of Ecological Protection and Improvisation in Surveyed Organizations.

Community

- Private sector (with 85% responses) undertakings are more concerned with implementation of CSR activities than public sector undertakings (with 73% responses).
- CSR requires management attention and this attention come from external pressures from local community. Thus, all covered undertakings have programmes and projects for social welfare and community development.

There is no significant difference between projected practices or community development and execution of projects on root levels by surveyed organizations and their associative local communities.

Shareholders

Before investment

- Most of the shareholders of private sector companies stated that before making any investment decision they highly consider past record and image of the company in corporate world, disclosure practices and board structure of company as important governance characteristics.

- Public sector's shareholders highly consider return and dividend, quarterly financial disclosure, past record and image of company as prime important governance characteristics before making investment in any public company.
- Private sector shareholders (62%) considered return and dividend at moderate level of importance whereas; public sector shareholders (48%) give moderate importance to board structure.
- RPTs are not the important factors or say negligible factor of consideration before investment decisions for public (50%) and private (80%) sector shareholders.

In summation, it can be concluded that there is a significant difference between factors of consideration before investment decision.

After Investment

Information to Investors

- Private (with 90% responses) and public sector's (with 80% responses) companies are properly providing information about return and dividend than all other covered parameters.

Shortcomings Related to Corporate Governance

- In public sector 44% respondent considered that company is charging high share premium in IPO money. Whereas, in private sectors 42% of the respondents replied that company is improperly using funds, charging high premium in IPO and presenting false information in prospectus.
- Comparatively, it can be said that shortcomings related to the governance of company are more in private sector enterprises than public sector enterprises.

Presence in AGM

- 66 percent of the shareholders of public sector companies have not attended AGM. Whereas, in reference to the private sector, 58 percent respondents have not attended AGM.
- Thus, it can be said that there is no significant difference between attending AGM by both sector's shareholders. The reason behind this is, shareholders are not aware about their right to attend AGM or shareholders were not taking active interest for attending AGM. As well as shareholders are not receiving information about organization of AGM from associated company.

Issues Covered in AGM

- In private sector, companies are providing adequate information on assets dissolution (with 32% responses).
- In public sector, adequate presence of woman director in AGM (with 16% responses) is higher than private sector (with 10% responses).
- In public sector, respondents believe that company has provided more adequate information on assets dissolution (with 28% responses) and they considered company inadequate in reference to the fund transformation disclosure (with 6% responses) during AGM.
- Level of agreement is almost (with 38% in public and 36% in private sector) similar on the issue of transparency and disclosure of internal and external issues during AGM.

Major Influencing Concerns for AGM

- For public sector shareholders, adequate information gathering (with 12% responses) and hospitality (with 35% responses) are the major influencing concern for attending AGM.
- Private sector shareholders attended AGM for hospitality enjoyment (with 19% responses) and for providing suggestions and recommendations (with 19% responses).

- In respect of grievance and issues clarification aspect, 6% and 14% respondents were agreed in public sector and private sector respectively.
- In respect of awareness aspect, 6% and 5% respondents were agreed in public sector and private sector respectively.

Knowledge on Procedure of AGM

- Comparatively, investors from public sector (82%) have been discovered more aware about procedure of AGM than private sector investors (62%). The rationale behind this may be that MCA has provision to educate shareholders regarding procedure of AGM and public sector companies are more widely educating shareholders, whereas private sector companies are not taking keen interest in this regard due to their personal interests.

Participation in Ballot System

- It has been found that public sectors investors (43%) are more practicing voting system to submit their consent on various decisions than private sector investors (31%).

Getting Information from Proceedings of AGM

- Most of the respondents from public sector (41%) and private sector (52%) were in the view that they are getting average i.e. 25-50 percent of information from AGM.
- In public sector companies, only 6% shareholders obtained complete (75-100%) information from AGM proceedings whereas private sector companies' percentage was on 10%.

Comprehension about Participation in AGM

- Large numbers of public sector respondents (with majority of 53% respondents) were having opinion that participation in AGM is most useful, whereas, private sector's respondents (with majority of 43% respondents) realized that participation is less useful.

Change in Investment Decision

- 62% shareholders have changed their investment decision after attending AGM of concerned company of private sector.
- 29% public sector's company shareholders have changed their investment decision after attending AGM.

Measures to Improve Corporate Governance

- Majority of the respondents from private sector companies opine that, 360° Communication and feedback system within organization, increased participation of various stakeholders and ethical management system with expert monitoring of corporate functioning can improve quality of corporate governance.
- Public sector companies' respondents opine the need for short duration course on investor awareness, workshops for shareholders, complete transparency and deliberation for minority shareholders.
- Private sector's respondent's suggestions for improvement of corporate governance in a company are more oriented towards corporate functioning and decisions, whereas, public sector's respondent's suggestions are more associated with shareholders rights and awareness.

Views on Translation of AGM in Hindi

- Majority of the shareholders respondents from both public (72%) and private sector (82%) feel that AGM proceedings should be translated in Hindi language, so that every shareholder can understand. This step may increase attendance of shareholders in AGM.

Awareness about Conceptions and Tactics for Investment Decision

- Most of the respondents (58%) from public sector are not aware about all conceptions and tactics of investment decision.
- Comparatively, majority of the private sector's respondents (64%) are found more aware about concepts and tactics of investment decision rather than public sector (with 42% responses).

Programmes on Shareholders Activism

- Majority of the respondents from public (96%) and private (88%) sector have the opinion that awareness of the investors about their investment decisions can be improved by running “**Programmes on Shareholder Activism in India**” by regulatory establishment.

It has been revealed that there is no significant difference between assurance of corporate governance practices for their respective investors and implementation of these practices in surveyed organizations.

In nutshell, it can be concluded that “a significant difference exists in corporate governance practices on the basis of HRD, transparency, health and safety, implementation of CSR, ecological issues and issues related to shareholders practices in the surveyed organizations”.

6.2 GENERAL CONCLUSIONS

Following are the general observations and findings of the study:-

- Programmes on malnutrition and eradicating hunger are deficient (This is a specified Area under Schedule VII of new company law).
- Programmes on war widows and their dependents, day care centres, special programmes for senior citizens, armed forced veterans, girl child are lacking.
- CFCL has been failed to meet mandatory CSR target and spend money less than prescribed amount because company failed to identify appropriate CSR project to spend prescribed amount for CSR.

- PSU from fertilizers industry (NFL) is struggling for dedicated CSR professionals and partnership with leading edge NGO's. They have been found unable to identify good social projects due to lack of top management vision of CSR.
- PSUs have been found, that CSR is as an added responsibility on HR department. All members of CSR committee are not dedicated to CSR only.
- The bureaucratic structure of public sector companies is responsible for delays for funding CSR projects.
- Identification of good social project is a biggest challenge for PSUs.
- PSU's are facing lack of expert monitoring system for CSR programmes and projects. But during survey it has been found that top management mindset has been changed. They have started taking CSR seriously.
- TATA Power Ltd. is spending more than 2% of profit after tax for CSR activities.
- Majority of the respondents have been found with this view that India's CSR projects are in the direction of five foremost areas: community development, employability (livelihood), infrastructure development, education and healthcare. The reason behind this is that, now areas of CSR are specified in new company act. Thus companies are emphasizing more on these specified areas.
- Excluding TATA Power Ltd., rest of the companies in both sectors are not so serious regarding environment friendly programmes. Mandatory CSR had made companies conscious but still the programmes of companies are towards social area not so much on environmental area.
- Mandatory CSR move has forced companies to strategise and plan more deeply for taking CSR initiatives.
- Covered undertakings have been found more focused towards health, education, skill development and sanitation.

Related to the Woman Director

In Indian corporate world, presence of even a single voice of a woman at the board level can improve holistic governance and lessen the number of scandals.

Though American companies have many well-known women CEOs, there are not more in India. Except a few promoter-led companies have women leaders, there are scarcely several women expert who acquire the apex post. no one of the big groups, among them Reliance Industries, Tatas, Adanis and Mittals, have women leaders at the top level. But when it comes to erstwhile Indian company's women are often treated worse. There are very few cases of a women CEO in India.

Reasons behind the non-compliance of woman director requirement:

- Social and cultural issues in India keep women away from the professional world.
- Reticence in women limits themselves to passivity and domesticity. Women are primarily and significantly involved in and confined to areas such as child care, eldercare, domestic tasks etc.
- Part of a problem also lies in a supercharged work environment in many Indian companies where promoters push for fast growth, fosters a culture of overwork and overtime and aggressive competition. These reasons lead to women dropping out of the workforce at junior and middle levels.
- Promoters are not just comfortable with having a stranger on the board.
- Talent pool in Indian women is not small but companies have not looked in the right places for this talent.
- Even most Indian promoters do not allow their daughters to take up the top position because chances of a son-in-law getting the top profession are extremely privileged among Indian companies than a daughter.
- A lot of government officials don't feel comfortable with women, because they may ask for bribes or other favours.
- The promoters prefer those people who can take the risk of going to jail. This type of bearing risk may be lacking in women.
- Companies organize parties for tax officials, government officials and bankers, that time association of woman may not be preferred by them.
- The recent corporate scandal of **Spy Gate Probe**, theft of documents from various union ministers has proved that Indian corporate environment is very risky one. This may not be comfortable for women as director.

Diversity in boardroom has started a new challenging assumption in Indian corporate houses due to above reasons. There is no shortage of talented women who can make excellent directors. However decree of Sebi has provided a excellent composition for good corporate governance at the board level.

SUGGESTIONS

The spirit of corporate governance should abide by the ancient wisdom of **Shrimad Bhagawad Gita** which defines **yoga as “dexterity of effort” (Yogah Karmasu Kaushalam)**. The need of the hour is to develop a thought of balanced efficiency in corporate governance. All the participants i.e. employees, executives, community, shareholders, directors and managers can usher in a culture that in turn can work well for the society as a whole. It transcends the common selfish interest.

CG should not and cannot solely be an affair for the government and regulators. The youthful viewers can continue to take a vigorous interest in promoting and fostering a culture of spirited corporate governance. To put on confidence of the public at large, there must be a fair and transparent disclosure of the social attainments. The new Company Act and changes in Listing Agreement clause 49 have been amended to establish best corporate governance practices in India.

Hitherto, some more efforts are required in this direction. Here, researcher has suggested some fruitful and significant suggestions for Indian corporate sector to improve their governance practices in reference to the covered parameters under study and some suggestions are on other issues. These are divided in two sub heads specific suggestions and general suggestions. These have been discussed as follows:

6.3 SPECIFIC SUGGESTIONS

These suggestions are specifically in reference to the covered parameters under study. These are:-

HRD Practices

- There is a need to revise compensation packages more frequently in public sector and the interval of revising compensation package in public sector should be reduced to encourage employees.
- In public sector, revision of compensation package should be based on performance of employees. This is significant to motivate employees to follow best practices in the company.
- Making whistle blower policy a compulsory requirement is not a sufficient step to protect whistle blowers after blowing whistle. Employees should be made aware of this policy regularly. So there is a need of appropriate communication mechanism for this policy within company.
- For proper institutionalization of whistle blower policy, companies should develop intranet network. This facility will facilitate whistle blowers to file complain.
- Further, proper awareness and training programmes should be conducted to boost and encourage whistle blowers.
- As well as multiple channels/modes of reporting complaints may be email, toll free numbers, suggestion box, PO Box address, telephone hotlines.
- These modes should permit whistle blower to be anonymous, so that they can feel free to report unethical behaviour within company.
- Even company may outsource independent NGO's and a third party for whistle blower mechanism. Consequently, whistle blowers will feel more freeness to file complain.
- Moreover, complete safeguard and confidentiality is required to protect whistle blowers. There is a need to prop up **“listening organizational custom”** to take care of every grievance as imperative.
- To establish culture of good corporate governance there is need of more whistle blowers than regulators.

Transparency Practices

- Public sector should be more transparent on the concern of disclosure of non-financial information (on CSR and environmental issues).
- Companies should adopt truthful disclosure of carbon emissions especially in private sector undertakings.
- The private sector should disclose status quo of their industrial relations.
- Proper disclosure should be made by companies in their annual reports on non compliance and on imposed penalties.

Health and Safety Practices

- Public Sector Company, NFL should take active attention towards safety objects of workers and should not compromise with quality of safety objects. This also requires proper monitoring and overseeing of safety measures by top management.
- Public sector should properly implement safety training programme at the time of induction of employees in company.
- Public sector companies should become more prompt for checking their safety measures.
- Public sector should be more considered for health checkups of employees and families.

CSR Practices

- **CSR can be replaced with PSR (Personal social responsibility) to become more altruistic.**
- Programmes on malnutrition, hunger eradication, war widows, day care centres and senior citizens should be executed by both sectors.
- CFCL should establish a **“Community Symposium Chamber” i.e. “CSC”** for doing need based conversation with the general public of nearby community. To identify need based projects for community development and for meeting target of mandatory CSR.
- Companies should do need based discussions with local community and with society in their **local language** periodically. So that companies would be able

to assess and identify good social projects. For the same there should be a **separate cell** in companies by the name **CDC-Community Discussion Cell**.

- There is a need to run **specific courses on CSR by institutions to develop more professionalism** in this area. So that companies can get more professional and skilled manpower to implement social projects of CSR, these professionals will also help in direction to allot the money well in various projects and programmes of CSR.
- Companies should **consider volunteer participation of employees in CSR activities as one of the parameter of career growth**. With this measure employees could be encouraged to participate in CSR activities. The visionary approach of top management will also change towards CSR.
- **CSR should not be as an added responsibility, this should be a core responsibility** on CSR team so that CSR team would be able to focus on social projects more efficiently and effectively.
- In India, (after enactment of new company bill, which mandates qualifying companies to spend on CSR) SIBs² seem apt to meet 2% CSR commitment. The model of Social Impact Bonds³ allows many investors to come together and pool resources and to meet philanthropic targets that may not possible individually. SIBs are suitable for those investors (Philanthropies and donors) who invest in social programmes without hope of return on investment. They just want their invested money back to invest in other social projects.

This model has four key players i.e. private investors, service providers, government, social impact bond issuer. **Private investors provide working capital to social impact bond issuer and this issuer again does funding for operating cost to service providers**. Service providers may be NGOs or social enterprises. These service providers work for social programmes, by designing framework of these programmes, to get hold of all donors (parties) and to oversee the social projects for lifetime.

Government makes performance based payments to Social Impact Bond Issuer and they again repay money invested by Private Investor/donors from the payment made by government. In this way Private money become Public money.

SIBs Steps

Step I Private Investors → Social Impact Bond Issuer → Service Providers

Step II – Government → Social Impact Bond Issuer→ Private Investors

- Companies are advised to work/engage with leading edge NGO's to generate creative response and to implement CSR projects properly.
- For effective implementation of CSR projects, NFL and NTPC need dedicated and separate CSR team, which should be committed only for CSR activities.
- PSUs are suggested to establish link with organisations similar to United Way. These organisations are helping companies to unite with foremost NGO's. This measure can minimize bureaucracy in public sector and will help to identify social projects.
- For promoting programmes on women empowerment companies are suggested to be concerned for **Gender Budgeting**.
- CSR committee should be preferably headed by an independent woman director.
- For effective implementation of CSR projects there is a need of separate governance framework for CSR.
- Public sector's corporate management must encourage their employees to participate in community services (employee volunteering) once in a month in paid hours.
- CSR should focus on appropriate funding. Instead of funding in most critical needs, companies are allocating funds to the areas to which companies consider important.
- Only power industry's companies have detailed and auditable record of CSR finance. Chemical and Fertilizer industry should also have detailed CSR finance.
- During discussion with senior executive of the CSR division of PSU (NTPC Ltd.), it was identified that many NGOs are run by the wives of bureaucrats as a mean to take out funds in the appearance of assistance from them. So companies should be very vigilant in deciding the projects and NGOs.
- For executing any CSR project or programme, the relationship with NGO partners should not be financial only; this relationship should be participative also. Thus, this active participation will yield better result and impact of CSR

programmes. This participation will also lead involvement, ownership and sense of belongingness from corporate sectors, which may give better results of CSR projects.

Environmental Practices

- Public and private sector companies need to understand the proper meaning of sustainability. CEOs of these companies are required to better understand the nature and scale of climate issue, natural resources issue and water issue etc⁴. So far as both sectors are required to run more projects on environmental area for their CSR spend.
- Companies need more skilled expertise to tackle sustainability in true manner.
- In Indian scenario, it can be said that to lessen carbon emissions and GHGs manufacturing companies should more focus on adoption of **Green Solutions**. As well as there is more needed to invest in **Research and development** to develop more new green solutions. Indian companies are still working within traditional technology frameworks.
- Executive Respondents from private sector suggested establishing sustainability advisory council and developing good corporate citizens aspects to intensify involvement in corporate sustainability.
- Public sector executives suggested establishing sustainability advisory council and quality of leadership aspects to intensify involvement in corporate sustainability.
- Public sector should be more focused with development of green buildings.

Suggestions in the Interest of Shareholders

- The BoD's of the company should adequately, fairly and timely inform its shareholders about all important and relevant information of the company's business.
- Private sector undertakings should personally inform shareholders about organisation of AGM through electronic mode and mail. So that presence of shareholders in AGM can be improved.
- There should be no determined error of any business transaction in the records of company books.

- The need of the hour is to enhance and promote **“listening organizational culture”** to get problems of shareholders and to promote shareholders participation. This culture will be able to encourage and support shareholder activism⁵. Consequently, shareholder activism will help in ensuring better corporate governance practices.
- Private sector should focus on adequate presence of woman director in AGM.
- Private sector’s shareholders respondent recommended that quality of corporate governance can be improved by 360° Communication and feedback system within organization and through increased participation of various stakeholders.
- Public sector respondents opined the need for short duration courses on investor awareness. Moreover advised the need of workshops for shareholders.
- Respondents from public and private sector suggested that AGM proceedings should have translation in Hindi language, so that every shareholder can understand. This step may increase attendance of shareholders in AGM.
- Majority of the respondents from public and private sector recommended that awareness of the investors about their investment decisions can be improved by running **“Programmes on Shareholder Activism in India”** by regulatory establishment.

6.4 GENERAL SUGGESTIONS

- To create culture of good corporate governance corporates have to apply the **“SMART”** approach of governance which is –

S	-	Simple
M	-	Moral
A	-	Accountable
R	-	Responsive
T	-	Transparent
- The discourse of company act needs more discussion on responsibility of chairman for improving corporate governance. There is a need of “Outside

independent chairman” in companies for enhancing culture of good corporate governance.

- For establishing these ingredients of good corporate governance, companies are required to appoint committed and trained managers for establishing culture of **Ethical Management**. To recognize humane treatment with all employees and to consider their development, ethical management is need of the hour. This will help to establish a strong moral culture in organisations.
- Government should make liable for defaulter audit firms to compensate duped investors.
- There is a necessity to have **good corporate governance in sizeable unlisted companies** for the protection of the interests of other stakeholders. Because general concern of corporate governance in India has been centered only around listed companies and ignoring unlisted companies.
- Companies must embrace **Conscious Capitalism (C-C)** approach which is **more humane, more holistic** way of doing business.
- Under the **‘Information Democracy’** (RTI) it is the duty of the captains of the corporations they must ensure that all shareholders must get the annual reports in time.
- There is a need to raise quality and independence of external auditors;
- There is a need to strengthen regulation and legal enforcement; and
- To reduce carbon footprints, companies from both sectors should develop carbon competitiveness. As it will become part of their business strategy then companies can win in carbon regulated world. In this way, the new balance of carbon footprint can develop. Shrinking carbon emissions is possible by setting target to reduce electricity and water bill and by developing CDM projects especially in power industry. As well as shift to wind and solar energy is another option for this.
- Self Governance and enhanced disclosure is required. Companies are required to embed good governance as part of their business strategy⁶.

- Company should disclose fees paid to legal/consulting firms. As well as companies should not establish their business relation with their ID's, so that ID's can take decisions freely.
- SEBI should disclose the list of careless and faulty auditors to prevent other companies from such '**Bad**' auditors and to stop corporate failures and scams in the future.
- Audit committee should be more concerned about **co-ordination between internal and external audits**, to maintain audit quality.
- The concept of having independent director is a good one in theory but more important is the process underlying selection of independent directors –this process should be rigorous, transparent and objective and it should be aligned to the company's need.
- Audit committee should be more concerned about **co-ordination between internal and external audits**, to maintain audit quality.
- The concept of having independent director is a good one in theory but more important is the process underlying selection of independent directors –this process should be rigorous, transparent and objective and it should be aligned to the company's need.
- Increase protection for shareholders rights is need of the hour.

Suggestions on Woman Director Requierement

As it has been said that – (Yatra Narystu Pujyante

Ramante Tatra Devata)

“यत्र नार्यस्तु पूज्यन्ते

रमन्ते तत्र देवता”

Baby step of Company Act on appointment of a woman director needs some road map to comply with the requirement of women on board level.

Following road map has been given to Indian corporate houses to improve their compliance status at this parameter; these are stated below:

- This requirement is a big social change in India. And social change and social evolution takes place with time. For this change **mentorship programmes** should be organized to develop strategic insights within women directors. This professional training may prove woman director as capable one.
- Companies should set a target at priority basis for appointing woman as director at board level as well as should improve gender diversity **across the organization**. This step can help to get real potential.
- There is a need of an **effective director assessment process**.

In a nutshell, to adopt practices of good corporate governance and to ensure sustainability of business instead of -

“SATYA SIVAAY SUNDARAM”

Corporates have to stick with-

SATYAM	-	TRUTH
SHIVAM	-	WELFARE
SUNDARAM	-	BEAUTY

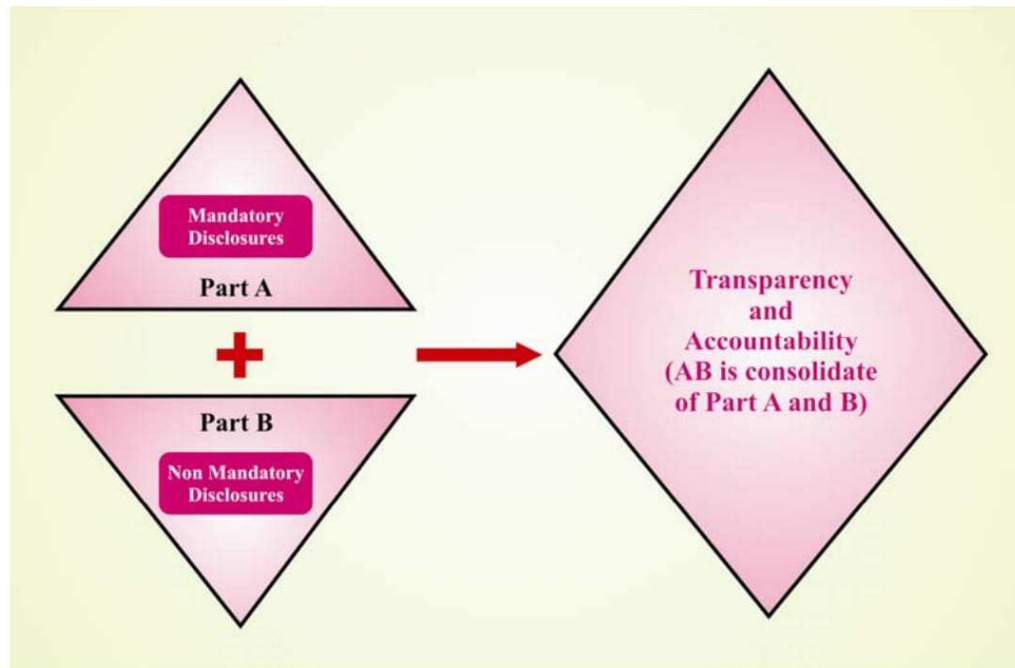
Means truth is required in transparency and disclosures, welfare of stakeholders and beauty in reporting practices should be followed to create culture of good corporate governance.

6.5 SUGGESTED MODELS

Researcher has made an effort to develop models for good corporate governance.

These models are exhibited and discussed as follows:-

A Simple Model for Good Corporate Governance



Model No. 6.1- A : A Simple Model for Good Corporate Governance

This model can be represented by following equations:

Mandatory Disclosures + Non mandatory Disclosures = Transparency and Accountability

Part A + Part B = AB (Consolidate of A and B)

Mandatory disclosures and non mandatory disclosures make a complete picture of transparency and accountability.

A new concept of **CG Function** has been introduced by researcher to show simple model of corporate governance. CG function is based on functional relationship of corporate governance (Dependent variable) with mandatory and non mandatory disclosures (Independent variables).

Mathematically CG function can be represented as follows in form of equation:

$$CG = f(1, 2, \dots, n)$$

Here-

CG is referred for corporate governance

f = function

1= Mandatory Issues

2= Non- Mandatory Issues

n= Number of items to be disclosed

The above relationship presents that level of corporate governance is based on mandatory and non mandatory disclosures. If number of mandatory and non mandatory disclosures increases then level of corporate governance also increases towards GCG. This relationship can be named as CG Function. **The CG function is a relationship of CG with mandatory disclosures and non mandatory disclosures.**

Mandatory disclosures: A checklist of mandatory issues are:

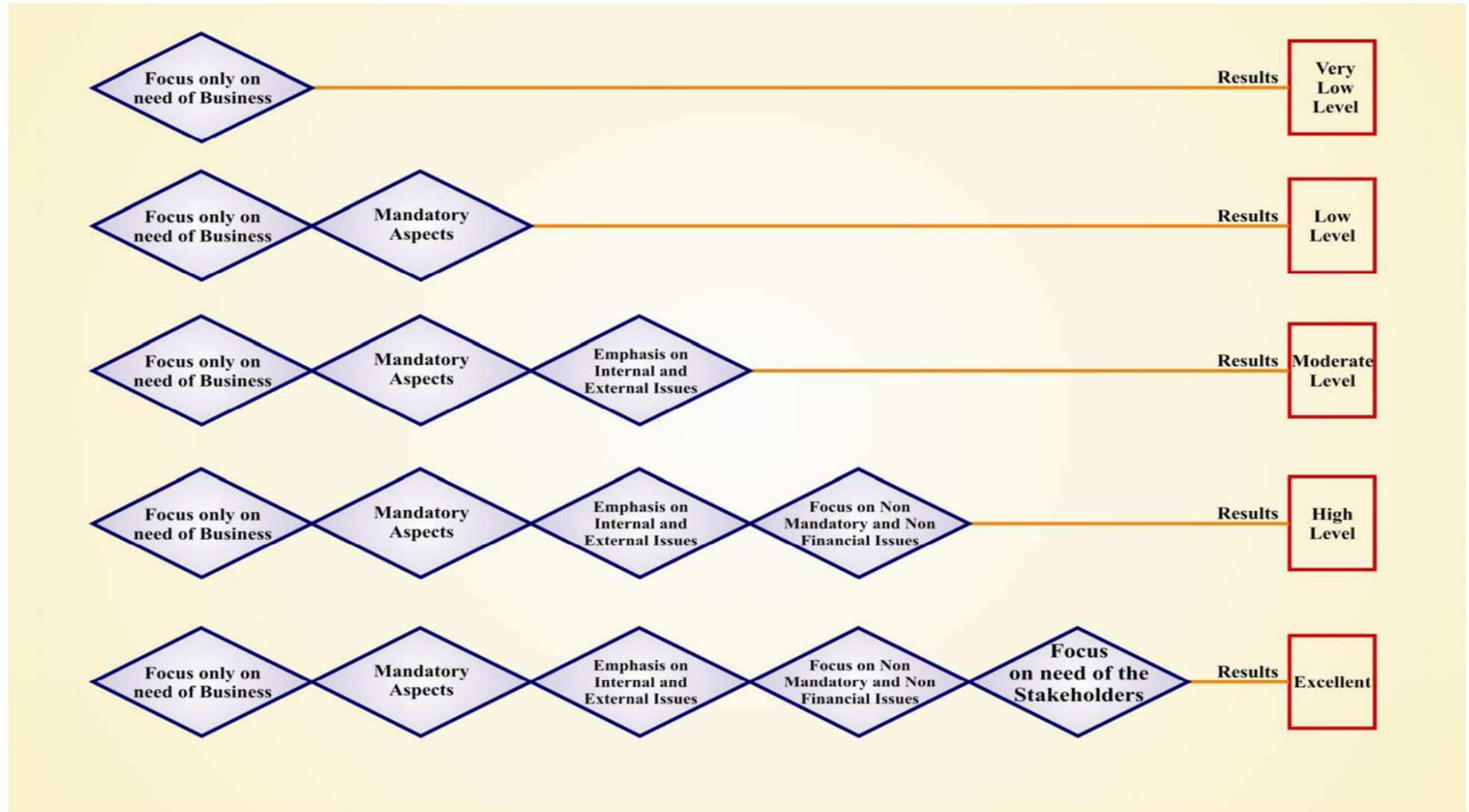
- Information required to be given in the Board's report under the Act
- Changes to be mentioned in the Board's Report
- Particulars about certain specified employees
- Composition of Audit Committee
- ESOP / ESPS
- Shareholder's Resolution
- Change in the composition of the Board
- Disqualification of Director
- CSR initiatives of the company
- Whistle blower mechanism

Non mandatory disclosures: An outline of non mandatory disclosures is given:

- Economic Performance
- Environmental Performance
- Compliance with laws and Regulations
- Social Performance
- Value Statements
- Employees grievance redressal mechanism
- Training and Development programme for employees
- Employee benefit Schemes, Welfare policies and processes
- Classification of Employees (Skill wise-cadre wise etc.)
- Woman employees and employees disabilities, statistical Data about employees
- Work Culture
- Stakeholders Democracy etc.

The **Model No. 6.1-A** exhibits that consolidate of part A and part B represents the total picture of good corporate governance. Part A represents mandatory issues and part B represents non- mandatory issues. When Part A converges with Part B then it becomes AB which represents total picture of transparency and accountability. Accountability is not just about market, about compliance, standards, processes and policies, but is also stakeholder driven. Accountability today is also about ensuring the right leadership roles, meeting stakeholder's expectations both proactively and reactively.

A Integrated Model of GCG

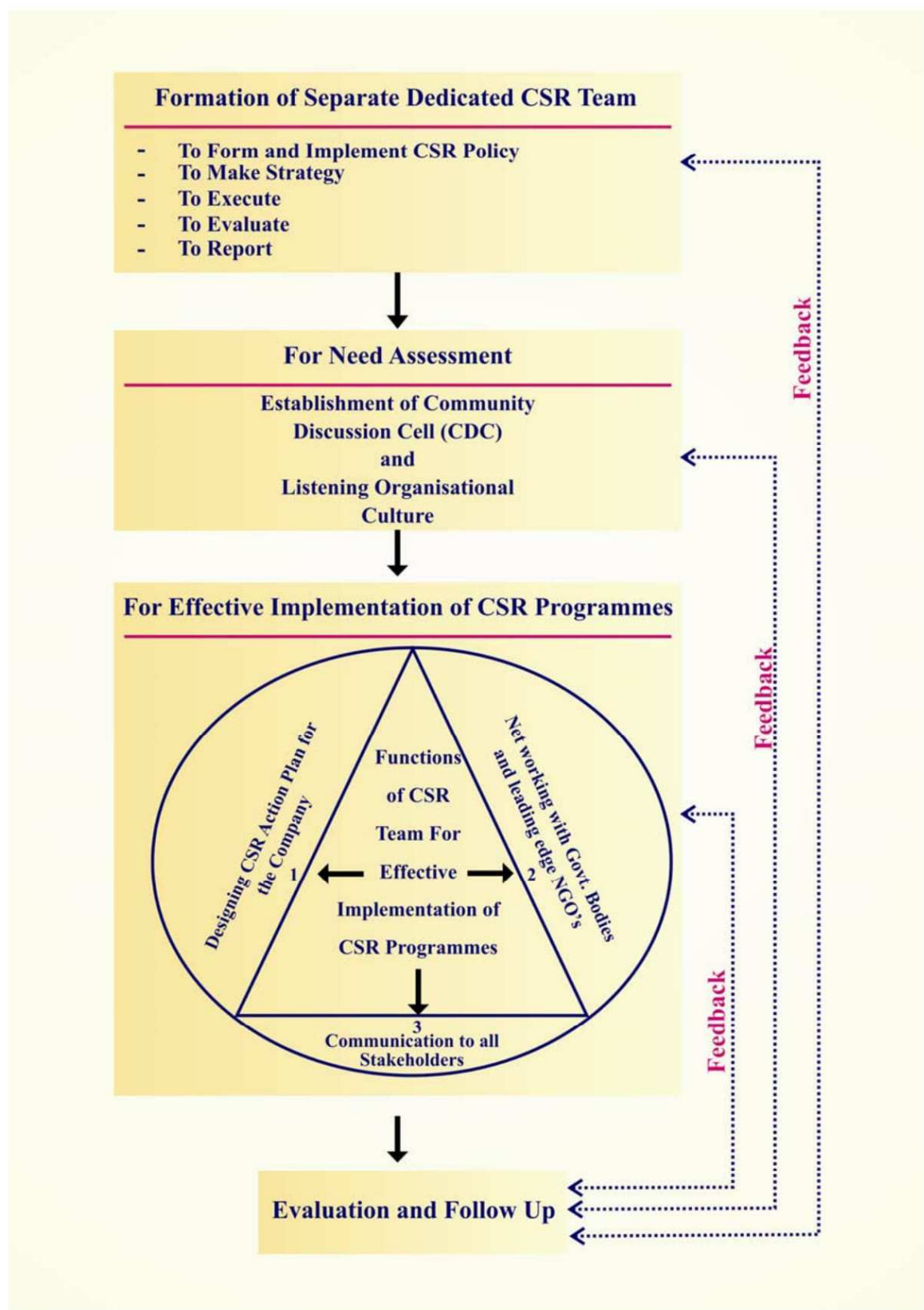


Model No. 6.1-B- A Integrated Model of GCG

The model no. 6.3 presents the parameters for assessment of levels of corporate governance for companies. Here levels are concerning to GCG. This model exhibits that if any corporate is concerned with only focus on need of business then that corporate will be considered at **very low level** of corporate governance. Moreover, if any company is concerned with focus on need of business as well as with mandatory aspects then that company can be considered at **low level** of corporate governance. Addition to this, when a company is focused on need of business, mandatory issues and emphasizes on internal and external issues then that company's corporate governance level can be considered at **moderate level**. When a company is focused for need of business, mandatory issues, emphasizes on internal and external issues and focuses on non mandatory and non financial issues then that company can stand on **high level** of corporate governance. **Excellent level** of corporate governance can be achieved by emphasizing on internal and external issues, mandatory aspect, non mandatory and non financial aspects, need of business and by focusing on the need of the stakeholders.

In summation, it can be said that, companies can assess their level of corporate governance on the basis of Integrated Model of GCG.

A Systematic Model for Formulation, Implementation and Evaluation of CSR

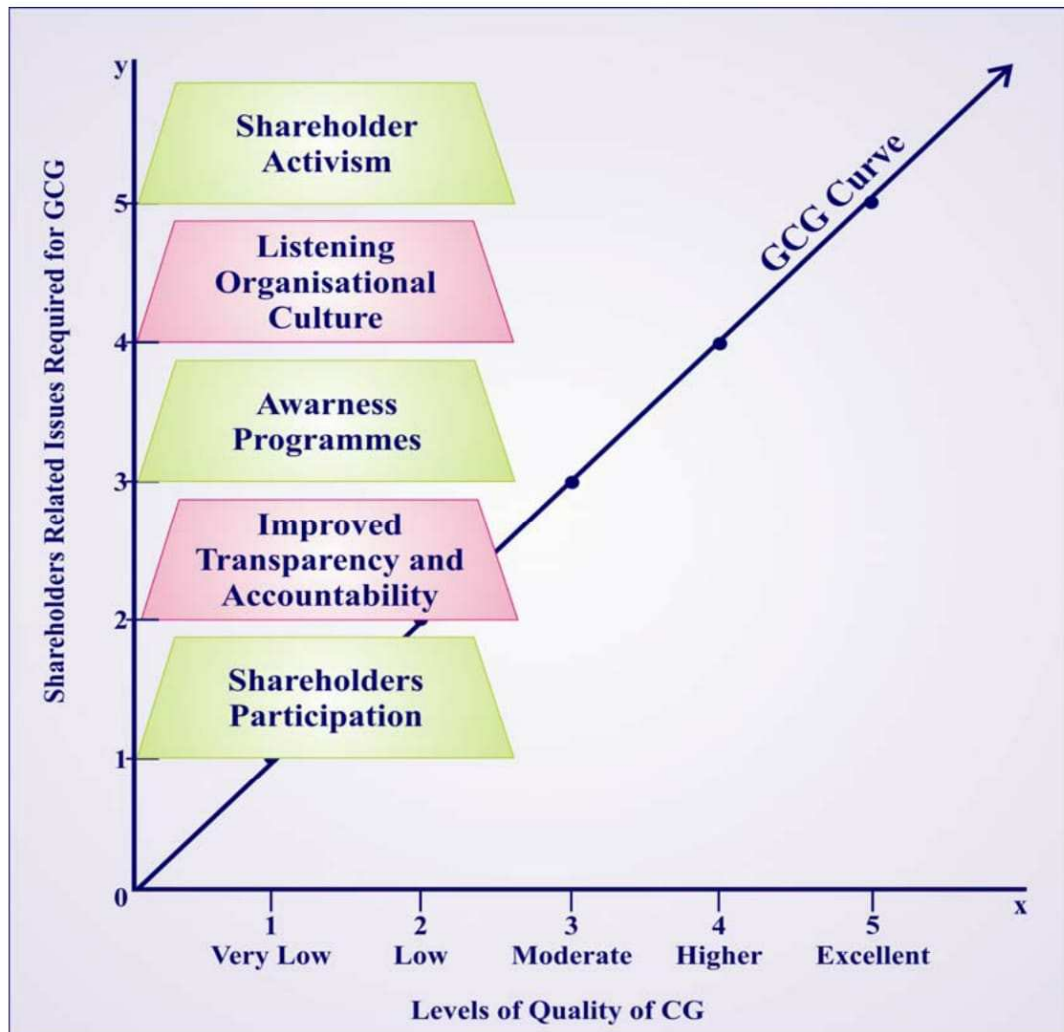


Model No. 6.2: A Systematic Model for Formulation, Implementation and Evaluation of CSR

Steps of model for systematic CSR are as follows:

- i. Management should **form a separate dedicated CSR team**. CSR team should have at least four members including woman director, company representative, NGO representative and community representative. The woman director must head the CSR team. The CSR team would be responsible to formulate CSR policy, to plan, execute, monitor, evaluate and report the progress and impact of CSR programmes. The CSR team will be responsible to identify the resources and to execute planned activities. The CSR team must identify the focus area of the company. The focus area should be based on CSR policy, vision and mission of the company and especially on need of community.
- ii. Companies should do need based discussion with local community in their local language to identify need based projects for community development. For this, companies are required to establish a **“Community Discussion Cell” i.e. “CDC”**. Organizations should promote **“listen organizational ethnicity”** to listen carefully about need of community. CSR manager should form separate CSR team for every thrust area.
- iii. The CSR Team will design the CSR action for the company, integrating company values, focus areas and resources. Networking with local NGO's and government bodies will facilitate effective implementation of the action plan.
- iv. Then the impact of CSR initiatives should be reported and communicated under different focus areas like employee welfare, environment and community etc. Communicating CSR action to all stakeholders can act as incentive to broaden the CSR initiatives.
- v. Lastly, evaluation of CSR action should be done. This helps to analyze the impact of CSR programmes. If there is any variation (discrepancy) between standard and actual outcomes from CSR programmes then corrective actions should be taken. To control discrepancy, an analysis at every level of this model (i.e. formation of CSR team, need assessment and at functional level) should be carried out to detect the reason of variations. Then corrective actions should be taken to avoid variations of outcomes. Follow up of corrective actions will improve future actions of CSR.

A Model for Shareholders Presenting GCG Curve



Model No. 6.3: A Model for Shareholders Presenting GCG Curve

The above model is presenting relationship between shareholders related issues and levels of good corporate governance. OY axis exhibits issues related to shareholders which can influence level of corporate governance. OX axis exhibits levels of quality of good corporate governance.

The above model reveals that excellent level of corporate governance can be achieved by promoting **shareholders participation, improved transparency and accountability, investor awareness programmes, listening organizational culture and by shareholders activism.**

To improve level of good corporate governance from very low to excellent level there is a need to promote shareholders participation which will make the first

move towards culture of good corporate governance (at the lower level). Then initiation of improved transparency and accountability will result better quality of corporate governance (at low level). Subsequently, by running programmes on shareholders awareness, companies can establish moderate level of quality of good corporate governance. Further, by means of acknowledging and endorsing organizational custom, higher level of good corporate governance can be attained. Consequently in the end an excellent level of good corporate governance can be achieved by encouraging shareholder activism. This step can make shareholders aware and active about their rights. The above presented model shows good corporate governance (GCG) curve. When shareholders related factors are increasing from 1st to 5th level, consequently, level of corporate governance is also increasing from lower level to excellent level of corporate governance. Therefore, GCG curve is going in upward sloping direction which shows that level of good corporate governance is increasing, as shown.

In this perspective, a road map of win - win situation has been presented which is beneficial to both i.e. corporates as well as for their stakeholders.

6.6 FURTHER AREAS OF RESEARCH

Research on corporate governance practices in India is on **primitive stage**. There are some other important thrust areas that provide scope for further research.

These are as follows:-

- An in-depth analysis can be done to develop parameters on suggested models (i.e. for CG function, for Systematic CSR and for GCG Curve).
- Testing and verification of the suggested models can be carried out.
- A study can be undertaken on “Impact Assessment of CSR programmes in India”.
- A comparative study can be undertaken on corporate governance practices in developing and developed countries of the world.
- A comparative study can be carried out on the issues related to corporate governance practices of service industries of India.
- An in depth analysis can be carried out on all stakeholders to know the awareness level of stakeholders regarding corporate governance.

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Annexure I

Sample Questionnaire for Employees

“Corporate Governance Practices in India”

(A Comparative Study of Public and Private Sector Enterprises)

The purpose of this questionnaire is to study the Corporate Governance Practices in India, in public and private sector enterprises. The information provided by you will be kept confidential and used only for the purpose of research work. You are requested to spare sometime to fill the questionnaire and co-operate.

Part - I (HRD Practices)

1. Does your organization revise the compensation package after an interval (i.e. 2, 3 or 5 years)?

Yes ☐ No ☐

2. Does your company provide protection to whistle blowers from unfair employment practices?

Yes ☐ No ☐

Part - II (Health and Safety)

Tick the most appropriate response:

(1)	(2)	(3)	(4)	(5)
Extremely Satisfied	Somewhat Satisfied	Neither Satisfied/ Dissatisfied	Somewhat Dissatisfied	Extremely Dissatisfied

1. Receiving all social security benefits from company.

1.....2.....3.....4.....5

2. Company is maintaining the highest levels of safety and occupational health.

1.....2.....3.....4.....5

3. I have received the safety training.
1.....2.....3.....4.....5
4. Emergency management system is available.
1.....2.....3.....4.....5
5. Company has best-in-class infrastructure and fire safety measures.
1.....2.....3.....4.....5
6. Safety measures are regularly checked through internal audits.
1.....2.....3.....4.....5
7. Mother and child health programs are available.
1.....2.....3.....4.....5
8. Company is running HIV/AIDS and TB awareness programmes.
1.....2.....3.....4.....5
9. Company has comprehensive health screening of employees and families.
1.....2.....3.....4.....5

Part - III (CSR Practices of Company)

1. Is your company running any programme/project for social welfare and community development?

Yes ☐

No ☐

If yes, then in which area / areas company is contributing (Tick the relevant) –

- Health Care ☐
- Education / Awareness programme ☐
- Infrastructure (Schools/Hospital development) ☐
- Environment (Tree plantation and treatment of hazardous waste) ☐
- Relief and assistance in the event of natural disaster ☐
- Support to NGO's in community development and health initiatives ☐
- Women empowerment ☐

Part – IV

Profile of the Respondent

1. Name : _____
2. Name of the Organization : _____
3. Designation : _____
4. Please indicate your educational/professional qualification? [Please tick]
 - (a) Diploma
 - (b) Graduate
 - (c) Post Graduate
 - (d) Any other (please specify) _____
5. How long you have been working with this company?

Thank you for sparing valuable time

Annexure II

Sample Questionnaire for Executives

“Corporate Governance Practices in India”

(A Comparative Study of Public and Private Sector Enterprises)

The purpose of this questionnaire is to study the Corporate Governance Practices in India, in public and private sector enterprises. The information provided by you will be kept confidential and used only for the purpose of research work. You are requested to spare sometime to fill the questionnaire and cooperate.

Part – I (HRD Practices)

1. Does your company organize any training programme for employees to follow up the code of ethics?

Yes ☐

No ☐

2. Does your company provide protection to whistle blowers from unfair employment practices?

Yes ☐

No ☐

Part – II (Transparency)

Following are some statements related with transparency issue, tick the relevant regarding your organization.

(1)	(2)	(3)	(4)	(5)
Extremely Satisfied	Somewhat Satisfied	Neither Satisfied/ Dissatisfied	Somewhat Dissatisfied	Extremely Dissatisfied

1. Disclosures of non-compliance with any legal requirements.

1.....2.....3.....4.....5

2. Disclosures of penalties imposed by any regulatory body regarding non-compliance.

- 1.....2.....3.....4.....5
3. Disclosures of industrial relations
- . 1.....2.....3.....4.....5
4. Disclosures of carbon emissions
- . 1.....2.....3.....4.....5
5. Disclosures of non-financial information i.e. environmental and CSR issues
- . 1.....2.....3.....4.....5

Part – III (Health and Safety)

Please read carefully and tick the most appropriate response.

(1)	(2)	(3)	(4)	(5)
Extremely Satisfied	Somewhat Satisfied	Neither Satisfied/ Dissatisfied	Somewhat Dissatisfied	Extremely Dissatisfied

1. Providing all social security benefits to workers.
- 1.....2.....3.....4.....5
2. Emergency management system is available.
- 1.....2.....3.....4.....5
3. Health and safety audit is available.
- 1.....2.....3.....4.....5
4. Safety training programme is available for employees.
- 1.....2.....3.....4.....5
5. Company is providing comprehensive health screening to employees and families.
- 1.....2.....3.....4.....5

Part – IV (CSR Practices)

1. Is there any separate committee for CSR in your company?

Yes ☐ No ☐

2. Is your company running any programme/project for social welfare and community development?

Yes ☐ No ☐

If yes, then in which area / areas the company is contributing (Please tick the relevant) –

- Health Care ☐
- Education / Awareness programme ☐
- Infrastructure (Schools/Hospital development) ☐
- Environment (Tree plantation and treatment of hazardous waste) ☐
- Relief and assistance in the event of natural disaster ☐
- Support to NGO's in community development and health initiatives ☐
- Women empowerment ☐

3. Is your company encouraging employees to contribute their own time for community development initiatives?

Yes ☐ No ☐

If yes, please specify how they are contributing.

Part – V (Environmental / Ecological Practices)

1. Is your company using solar power and / or wind power for energy?

Yes ☐ No ☐

If yes, to what extent:

- 0 – 20% ☐
- 20% - 40% ☐
- 40% - 60% ☐
- 60% - 80% ☐
- 80% - 100% ☐

2. What are the practices in your company for conservation of natural resources and environmental protection (please specify some of them)?

3. Is your company engaging employees for environmental protection?

Yes ☐ No ☐

If yes, please specify the mode of engaging them.

4. Which of the following can deepen involvement in corporate sustainability?
(Rank in order of preference such as 1, 2, and 3 and so on)

Ranks

- By quality of leadership. ☐
- By learning and development of human capital. ☐
- By employee volunteer for social work in their own time. ☐
- By developing good corporate citizens. ☐
- By going beyond mandated legislations. ☐
- By providing environment education to employees. ☐
- By establishing Sustainability Advisory Council. ☐

5. Is your company using electronic mode to deliver documents to support “Green initiatives” taken by MCA?

Yes ☐ No ☐

6. Tick the correct option for practices followed by your organization.

- Minimising waste through high impact design ☐
- Conserving water resources ☐
- Propagating Green Buildings ☐
- Recycling ☐
- Forestry Initiatives ☐
- Development of Wastelands ☐

7. Whether your company has EHS (Environment, Health, and Safety) committee?

Yes ☐ No ☐

8. Is there any Environmental Audit System in your company?

Yes ☐ No ☐

If yes then which type of audit?

- Internal Audit (By company’s auditors) ☐
- External Audit (By NGO’s and other agencies) ☐
- Audit by Government ☐

Part – IV Profile of the Respondent

1.Name : _____

2.Name of the Organization : _____

3. Designation : _____

4.Please indicate your educational/professional qualification? [Please tick]

(e) Diploma

(f) Graduate

(g) Post Graduate

(h) Any other (please specify) _____

5.How long have you been working with this company?

Thank you for sparing valuable time

Annexure III

Sample Schedule for Community

“Corporate Governance Practices in India”

(A Comparative Study of Public and Private Sector Enterprises)

Tick the relevant:

YES / NO

Is the company engaged in following activities –

1. Employability / livelihood generation programmes _____
2. Woman empowerment _____
3. Promotion of Education _____
4. Environment protection _____
5. Discharge of waste _____
6. Cultural Development _____
7. Organizing rural health camps _____
8. Community survey _____
9. Welfare activities i.e. infrastructure development
(For Sanitation Facilities) _____
10. Relief and assistance in the event of natural disaster _____

Profile of the Respondent

1. Name _____
2. Address _____

3. Name of organization _____
4. Gender Male _____ Female _____
5. Contact No. and Mail id _____

Annexure IV - A

Sample Questionnaire for Shareholders

“Corporate Governance Practices in India”

(A Comparative Study of Public and Private Sector Enterprises)

The purpose of this questionnaire is to study the Corporate Governance Practices in India in public and private sector enterprises. The information provided by you will be kept confidential and used only for the purpose of research work. You are requested to spare some time to fill the questionnaire and co-operate and oblige.

Part – I Before Investment

Following are some important governance characteristics; please rate these factors to which you consider before taking investment decision. *(Please tick the relevant)*

	Little Important	Moderate Important	Very Important
1. Past Record and Image in Corporate World	[]	[]	[]
2. Return/ Dividend	[]	[]	[]
3. Disclosure	[]	[]	[]
4. Grievance redressal of Security Holders	[]	[]	[]
5. Board Structure	[]	[]	[]
6. Ensuring Equitable Treatment to all Shareholders	[]	[]	[]
7. Total Quality of Firm Level Corporate Governance	[]	[]	[]
8. Quarterly Financial Disclosure	[]	[]	[]
9. Related Party Transactions	[]	[]	[]
10. Compensation Structure	[]	[]	[]

Part – II After Investment

1. Whether the company in which you are an investor timely and adequately informs you about the following *(Please tick the relevant)?*

- Money used for Declared Purpose in prospectus	[]
- All new Development Activities	[]
- Return/ Dividend	[]
- Policy on Protection from Insider Trading	[]

- Refund of Invested Money on Maturity []
- Policy / Codes to Safeguard the Interest of Minority Shareholders []
- Handling Grievances of Shareholders []

2. Is there any shortcoming related to the governance of the company, if it is please specify the aspects?

(Note: please mention this question in regard of specific company)

- (i) Charging high Share Premium in IPO Money` []
- (ii) Improper use of Funds []
- (iii) False Information in Prospectus []
- (iv) All of the above []

3. Have you attended any AGM of the company in which you have invested? Yes [] No []

If Yes, then kindly check the following issues:-

(A) Following issues have been covered in AGM (*Please tick the relevant*):

- Disclosing the internal and external issues []
- Transparency []
- Assets dissolution []
- Adequate presence of woman director in AGM []
- Fund transformations []

(B) What is/are the major influencing concern for you to attending AGM? (*Please tick*)

- For awareness (Only) []
- For the adequate information gathering []
- For grievance and issues clarifications []
- For hospitality []
- For providing suggestions and recommendation []
- All of the above []

(C) Are you aware about the procedure of annual general meeting of the company? Yes [] No []

If yes, then do you participate in voting (ballot system) of company to submit your consent on various decisions?

Yes [] No []

(D) How much percentage of information you are getting from proceedings of AGM?

- Very few (0% - 25%) [] Average (25%-50%) []
- Enough (50%-75%) [] Complete (75%-100%) []

(E) After participating in annual general meeting, what do you realise about this participation?

Least Useful [] Average Useful [] Most Useful []

(F) Have you changed your investment decision after attending the AGM of company?

Yes [] No []

4. Give your opinion on the followings:

(A) Which ways can improve quality of corporate governance in a company?

(B) AGM procedure should have translation in Hindi language, so that every shareholder can understand.

Yes [] No []

(C) Are you aware about all conceptions and tactics for investment decision?

Yes [] No []

(D) Do you think there is a need for **Programmes on Shareholder Activism** in India, to make investors more aware about their investments?

Yes [] No []

Part – III Profile of the Respondent

1. Age group (Please tick) 20-30 Years [] 30-40 Years [] 40 and above []

2. Education

3. Income Group 20000-40000 [] 40000-60000 [] 60000 and more []

4. How long have you been investing in the particular company?

1. Since last year []

2. 2-5 years []

3. 5+ []

Thank you for sparing your valuable time

वृत्तुल & IV क्क

व'क/क्कज;क di fy, ii'ukoyh

“Corporate Governance Practices in India”

(A Comparative Study of Public and Private Sector Enterprises)

इस प्रश्नावली का उद्देश्य भारत में सरकारी व निजी कम्पनियों के संचालन को जानना है। आपके द्वारा दी गयी जानकारी को गोपनीय रखा जाएगा। इस प्रश्नावली का उपयोग सिर्फ शोध कार्य में किया जाएगा। आपसे निवेदन है कि आप इस महत्वपूर्ण सर्वेक्षण में अपना कुछ समय देकर सहयोग करें।

Part – I fofu;ktu I ioi

निम्न में कम्पनी संचालन के कुछ महत्वपूर्ण पहलू दर्शाये गये हैं, विनियोजन का निर्णय लेने से पूर्व इन पहलुओं का मूल्यांकन आपके लिए कितना महत्वपूर्ण है (Rating दीजिए) –

	de vko';d	vkllr vko';d	vr;f/kd vko';d
1. कम्पनी का पिछला रिकार्ड/इतिहास व व्यापार जगत में कम्पनी की छवि	[]	[]	[]
2. प्रतिफल/लाभांश	[]	[]	[]
3. कम्पनी की सूचनाओं का प्रस्तुतीकरण	[]	[]	[]
4. शिकायतों का निपटारा	[]	[]	[]
5. प्रबन्ध मण्डल की संरचना	[]	[]	[]
6. सभी अंशधारियों से समानता का व्यवहार	[]	[]	[]
7. कम्पनी संचालन की विशेषताएँ	[]	[]	[]
8. त्रैमासिक वित्तीय विवरण का प्रकाशन	[]	[]	[]
9. संबंधित पक्षकारों/कम्पनी से व्यवहारों की सूचना	[]	[]	[]
10. क्षतिपूर्ति की संरचना	[]	[]	[]

Part – II fofu;ktu di i'pkr

1. जिस कम्पनी में आप विनियोक्ता है, क्या वह कम्पनी आपको निम्न बिन्दुओं के संदर्भ में समय पर समुचित व पर्याप्त सूचनाएँ प्रदान करती है – (कृपया संबंधित उत्तर पर सही (✓) का निशान लगाएँ) :

- प्रविवरण में बताये गये उद्देश्य के लिए धनराशि का उपयोग []
- कम्पनी के सभी नये विकास की गतिविधियों की सूचना []
- प्रतिफल/लाभांश की सूचना []
- अवैधानिक आंतरिक व्यापार से सुरक्षा हेतु कम्पनी की नीति की सूचना []
- परिपक्वता पर विनियोजित राशि लौटाना []
- अत्यसंख्यक अंशधारियों के हितों की सुरक्षा के लिए बनाई गई आचार संहिता की सूचना []

- अंशधारियों के शिकायतों के निवारण की सूचना []

2. निम्न में से कम्पनी के संचालन से संबंधित कमी के पहलुओं को चिन्हित कीजिए—

(i) IPO में अत्यधिक प्रीमियम की राशि चार्ज करना []

(ii) कोषों का दुरुपयोग []

(iii) प्रविवरण में गलत सूचना देना []

(iv) उपरोक्त सभी []

3. जिस कम्पनी में आपने विनियोजन किया है, क्या आप उस कम्पनी की वार्षिक साधारण सभा में कभी गये हैं ?

हां / नहीं

यदि हां, तो कृपया निम्न पहलुओं के संदर्भ में अपनी राय प्रकट कीजिए —

(A) क्या निम्नलिखित विषयों पर साधारण सभा में चर्चा की गई, संबंधित उत्तर पर सही (✓) का निशान लगाए अन्यथा (✗) का निशान लगाएं

- आंतरिक व बाहरी पहलुओं की जानकारी उपलब्ध कराई गयी []

- कम्पनी अपनी सभी क्रियाओं की जानकारी उपलब्ध कराती है []

- यदि कम्पनी ने अपनी किसी सम्पत्ति में कमी की है तो यह सूचना प्रदान की गई []

- साधारण सभा में महिला निदेशक की उपस्थिति रहती है []

- कोषों के रूपांतरण की जानकारी दी जाती है []

(B) वार्षिक साधारण सभा में उपस्थित होने के लिए आप कैसे अभिप्रेरित हुए ? (संबंधित उत्तर पर सही (✓) का निशान लगाएं)

जागरूकता के लिए []

समुचित सूचनाओं से अवगत होने के लिए []

शिकायतों व अन्य पहलुओं की स्पष्टता के लिए []

अतिथि सत्कार के लिए []

सुझाव व सलाह देने के लिए []

उपरोक्त सभी के लिए []

(C) क्या आप कम्पनी की साधारण सभा की कार्यवाही से परिचित हैं ? हां [] नहीं []

यदि हां, तो क्या आपने विभिन्न मुद्दों पर अपना निर्णय देने के लिए कम्पनी की मतदान प्रक्रिया में अपना मत दिया है ?

हां []

नहीं []

(D) साधारण सभा की संपूर्ण कार्यवाही का कितना प्रतिशत भाग आपके समझ में आया ?

बहुत कम (0% - 25%) [] औसत (25%-50%) []

काफी (50%-75%) [] संपूर्ण (75%-100%) []

(E) आपकी राय में, साधारण सभा में भाग लेना कैसा रहा आपके लिए ?

कम उपयोगी []

औसत उपयोगी []

बहुत उपयोगी []

(F) साधारण सभा में भाग लेने के उपरान्त क्या आपने अपने विनियोग निर्णय में बदलाव किया है ?

हां []

नहीं []

4. fuEuk ij viuh jk; iLrr fdft, &

(A) ऐसे कौनसे उपाय हैं जो कम्पनी के संचालन को सुधार सकते हैं ?

(B) क्या साधारण सभा की कार्यवाही का अनुवाद हिन्दी भाषा में होना चाहिए, ताकि सभी अंशधारी समझ पाएँ ?

हां

☐

नहीं

☐

(C) क्या आप विनियोग की विचारधारा के सभी पहलुओं की जानकारी रखते हैं ?

हां

☐

नहीं

☐

(D) क्या भारतीय परिवेश में निवेश से संबंधित जागरूकता कार्यक्रम चलाया जाना चाहिए ?

हां

☐

नहीं

☐

Part – III व्यक्तिगत विवरण

1. आयु (Please tick) 20-30 वर्ष [] 30-40 वर्ष [] 40 एवं अधिक []

2. शैक्षणिक स्तर

3. आय वर्ग 20000-40000 [] 40000-60000 [] 60000 और अधिक []

4. आपने कितने समय से कम्पनी की प्रतिभूतियों में विनियोजन किया है ?

1. अंतिम वर्ष से []

2. 2-5 वर्षों से []

3. 5 वर्ष से अधिक []

/ku;okn