



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: Crossref, ROAD & Google Scholar

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**A Study of Corporate Governance Practices in Indian Corporate Sector:
With Reference to Selected Company**

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Abstract:

This research tries to find good Corporate Governance Practices in corporate sector of the India through the annual report and as per recommendation given by company law, SEBI and various committees for good corporate governance practices. The analysis is divided into four sections and the status of corporate governance norms is examined in each section. There are certain reasons for putting more emphasis on corporate governance such as If company falls to accept good corporate governance system or if there is absence of good governance system, then such situation will lead toward insolvency of company. Effective corporate governance creates reliance of stakeholders and makes the companies system stronger.

Key Words: Corporate Governance, Corporate Sector.



INTRODUCTION:

Corporate Governance basically represent rule, Transparency, Accountability and Protection of public interest in the management of a company's affairs in the today's global, competitive and digital environment. Seeing the interests of the parties involved in the best management of the company through values and morals.

REVIEW OF LITERATURE

Sarabjeet kaur gogia (2011), To analyze the level of Corporate Governance in Public and Private sector banks. Figures out implications of Corporate Governance on performance of banking establishment. Managers, employees, and customers of Public and Private sector banks have been taken as sample respondents. To assess the positive implications and the responsibilities of Corporate Governance.

M.Preethi (2013), In Evaluation of Corporate Governance in Nationalized Banks in India, Mysore. Calculate the overall Corporate Governance Disclosure Level and marked 1 and 0 for presence or absence. CG variables analyzed for using 5 bank $65 \times 5 = 325$ variables for seven years 2005-2012 and letter to get the percentage of overall Corporate Governance Disclosure Level the total score of each Bank is Divided maximum possible score that is 65 and by multiplied with 100 to get the Disclosure percentage.

Dr. Srinivasa Rao Chilumuri (2013), Analyzing of different elements of the practice for corporate governance practices with the help of secondary data. The corporate governance practice in the State Bank of India should improve for best investment policies, appropriate internal control systems, better credit risk management, better customer service and adequate automation in order to achieve excellence, transparency and maximization of stakeholder's value and wealth.

Dr. Rana Zehra Masood (2013), Indicates the role and relationship of corporate governance with Indian Banking Sector. Evaluation of corporate governance in private and public sector bank in terms of fraud and malpractices. Evacuation of interaction with private sector bank



and public sector banks including other players –financial institutions. Mutual funds and other intermediaries.

Dr. Meenu Maheshwari, Sapna Meena (2015), The role of corporate governance in SBI & HDFC.HDFC Bank believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarking itself against each such practice. Understands and respects its fiduciary role and responsibility towards its shareholders.

RESEARCH METHODOLOGY

Problems of the Study: Whether companies follow good corporate governance practices? Whether the corporate governance norm's is properly implemented by selected companies?

Objectives of the Study: Determine the effectiveness of Corporate Governance Practices in selected companies.

Period of Study:

For the study purpose, Researcher has taken the four year 2016-17 to 2019-20 into consideration. So, all the data collected is based on the annual reports of this duration only.

Sample size: There are TCS, Infosys, Reliance and L&T are selected for the study of the corporate governance practice.

Hypothesis Development:

H0: There is no showing significance difference between effectiveness of the corporate governance norms of selected companies.

H1: There is showing significant difference between effectiveness of the corporate governance norms of selected companies.



Sub Hypothesis:

Null Hypothesis is Further Divided into Four Sub Hypotheses

Null Hypothesis:

- I. There is no significance difference between Transparency scores of companies.
- II. There is no significance difference between Accountability scores of companies.
- III. There is no significance difference between Social and Environmental Policy scores of companies.
- IV. There is no significance difference between Internal Control Measurement scores of companies.

This paper includes the testing of the hypotheses. Statistical techniques used in this research study to test the hypothesis for the comparison of the Corporate Governance variables. Researchers will use the Correlation of Karl Pearson to find out the impact of Corporate Governance score on the accountability, transparency, social and Environment policy, and Internal control measurement of selected companies under the study.

To assess the Corporate Governance, here fundamental four parameters are considered for CG score calculations and after detailed analysis of sub points of main parameters following formula is derived for CG score: Total of four pillar= (Transparency+Accountability+social and Environment policy+ Internal control measurement) I have ranked each parameter for analysis purposes, and the score is based on the rank.

Number of variable=19

Maximum possible score=40

Maximum possible score to be obtained by the company =19*40= 760

Main Pillar of Corporate Governance

The four main pillar of corporate governance are as follows:



1. Analysis of Transparency:

In the Corporate world, Transparency means openness and it can be refers as a company willingness to provide clear Information to their stakeholders. In order to provide shareholders with the level of accountability, the organization should clarify and make publicly known the roles and responsibilities of the board and management.

Accountability, fairness, transparency, assurance, leadership and stakeholder management are considered to be the pillars of successful corporate Governance. There is positive relation of Transparency with corporate Governance. If the company has better transparency, then it can be said that there is good corporate governance. Transparency is considered to be qualitative parameter, so it is difficult to find out numeric value of transparency. To Measure the Transparency, the variables such as disclosure pattern of the company, publishing various information about the company etc. are considered. The transparency level is maintained by various norms which are provided by companies low and SEBI guideline.

2. Analysis of Accountability:

For analysis of Accountability, one has to consider the major player of the Corporate Culture. Accountability of Board of directors must be assessed in Calculation of overall CG score; Accountability can be measured by taking variables such as no. of board meeting, date of Annual General Meeting, attendance of board of directors, competences of board etc.

3. Analysis of Social and Environment Policy:

For overall success of any organization, social and environmental policy also plays an important role. Now a day, many legal requirements are imposed on company for overall social parameters for calculating CG score in the context of Social and environmental policy.



2. Table Showing Sub Variables for Social and Environment Policy for CG Score Analysis

Sr. No.	Variables for Social and Environment Policy
1.	CSR Amount
2.	ESG Score

4. Analysis of Internal Control Measurement:

For effective corporate governance, each company has to robust internal control system and high security standards. For CG score analysis, four parameters are taken for consideration of internal control measurement. Internal control measurement can be measured by taking such as parameters like Audit committee, Remuneration committee, Vigilance Committee and whistle blower policy.

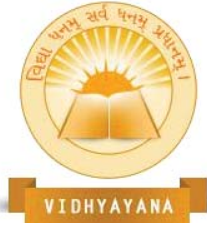
DATA ANALYSIS AND INTERPRETATION:

3. Table Showing CG Score Obtained By TCS for Research Period

Name of the company	TCS			
	16-17	17-18	18-19	19-20
Year of company				
Parameters				
A. TRANSPARENCY: -				
1) Training held for enhancing the performance of employees	10	10	40	40
2) Date of Publishing Annual Reports	40	40	40	40
3) Transparency and Compliance Officer	40	40	40	40



4) Penalty Fined	40	40	40	40
5) Mandatory Disclosure	40	40	40	40
6) Non-Mandatory Disclosure	40	40	40	40
Total of Transparency	210	210	240	240
B. ACCOUNTABILITY: -				
1)No. of Board Meeting held during the year	30	30	10	30
2) Date of Annual General Meeting	40	40	40	40
3) Attendance of Directors in AGM	10	20	10	40
4) Board Structure	20	30	30	30
5) women Director	20	20	10	30
6) ID	40	40	40	40
7) NED	40	40	40	40
Total of Accountability	200	220	180	250
C. SOCIAL AND ENVIRONMENT POLICY: -				
1) CSR amount	10	10	20	10
2) ESG score	--	--	40	40
Total of Social Environment Policy	10	10	60	50
D. INTERNAL CONTROLMEASUREMENT:				
1) Audit Committee	20	10	10	20



2) Remuneration Committee	30	10	30	20
3) Vigilance Committee	40	40	40	40
4) Whistle Blower Policy	40	40	40	40
Total of Internal control measurement	130	100	120	120
TOTAL (A+B+C+D)	550	540	600	660

Source :(Annual Report of Respected Sample Company)

Table no.3 shows that transparency level of the year 2018-19 to 2019-20 is increased as compared to previous year on the basis of the data consolidated from annual reports. TCS has complied the norms related with transparency level of corporate sector. It is shown increased in the score year by year. In the context of accountability section, there is slightest weak point for board meeting rules implementation so that 2nd Rank is given to TCS with compare to selected company.

For Internal control measurement, there is weak performance of TCS in audit committee with compared to other selected Company. While for other committees CG norms are implemented in proper way.

4. Table Showing CG Score Obtained by Infosys for Research Period

Name of the company	Infosys			
	16-17	17-18	18-19	19-20
Year of company				
Parameters				
A. TRANSPARENCY: -				
1) Training held for enhancing the performance of employees	40	40	10	30
2) Date of Publishing Annual Reports	40	40	40	40



3) Transparency and Compliance Officer	40	40	40	40
4) Penalty Fined	40	40	40	40
5) Mandatory Disclosure	40	40	40	40
6) Non-Mandatory Disclosure	40	40	40	40
Total of Transparency	240	240	210	230
B. ACCOUNTABILITY: -				
1) No. of Board Meeting held during the year	20	40	40	40
2) Date of Annual General Meeting	30	30	30	30
3) Attendance of Directors in AGM	40	10	20	40
4) Board Structure	40	40	40	40
5) women Director	30	20	20	20
6) ID	20	20	20	10
7) NED	30	30	30	20
Total of Accountability	210	190	200	200
C. SOCIAL AND ENVIRONMENT POLICY: -				
1) CSR amount	30	30	30	20
2) ESG score	--	--	30	30
Total of Social Environment Policy	30	30	60	50
D. INTERNAL CONTROL MEASUREMENT:				



1) Audit Committee	10	20	30	10
2) Remuneration Committee	40	40	40	40
3) Vigilance Committee	40	40	40	40
4) Whistle Blower Policy	40	40	40	40
Total of Internal control measurement	130	140	150	130
TOTAL (A+B+C+D)	610	600	620	610

Source :(Annual Report of Respected Sample Company)

Above analysis shows in early year there is better CG Practice which decline significantly in the year of 2019-20. For the Infosys, According to accountability analysis, the Infosys has held enough board meetings and the more presence of directors in the AGM have been seen. Infosys has complied the all norms of Board structure of good corporate governance practice. While for other committees CG norms are implemented in proper way. Researchers have concluded that in the year 2018-19 CG score is increased significantly which shows better CG practices is followed by company in increasing modern era.

5. Table Showing CG Score Obtained by Reliance for Research Period

Name of the company		Reliance			
Year of company		16-17	17-18	18-19	19-20
Parameters					
A. TRANSPARENCY: -					
1) Training held for enhancing the performance of employees		30	30	30	20
2) Date of Publishing Annual Reports		40	40	40	40



3) Transparency and Compliance Officer	40	40	40	40
4) Penalty Fined	40	40	40	40
5) Mandatory Disclosure	40	40	40	40
6) Non-Mandatory Disclosure	40	40	40	40
Total of Transparency	230	230	230	220
B. ACCOUNTABILITY: -				
1)No. of Board Meeting held during the year	10	30	20	30
2) Date of Annual General Meeting	20	20	10	20
3) Attendance of Directors in AGM	30	40	30	30
4) Board Structure	20	30	30	30
5) women Director	30	30	30	30
6)ID	20	20	20	30
7) NED	30	30	30	30
Total of Accountability	160	200	170	200
C. SOCIAL AND ENVIRONMENT POLICY: -				
1) CSR amount	40	40	40	40
2) ESG score	--	--	20	20
Total of Social Environment Policy	40	40	60	60
D. INTERNAL CONTROLMEASUREMENT:				



1) Audit Committee	30	40	40	40
2) Remuneration Committee	40	20	30	30
3) Vigilance Committee	40	40	40	40
4) Whistle Blower Policy	40	40	40	40
Total of Internal control measurement	150	140	150	150
TOTAL (A+B+C+D)	580	590	610	630

Source :(Annual Report of Respected Sample Company)

Table No.5 shows that company Should try to increase the number of board meetings and also put much concentration for skill of board of director so that Corporate Governance Practice can be implemented in effective manner.

From the above scoring table, Researcher can conclude that Reliance has improved its CG culture in very effective manners. In the year of 2016-17, total CG score is only 580while in 2019-20, CG score is increased significantly by 50points. Researcher has concluded that in the year 2019-20. CG score is increased significantly which shows better CG practices are is followed by company.

6. Table Showing CG Score Obtained By L&T for Research Period

Name of the company	L&T			
Year of company	16-17	17-18	18-19	19-20
A. TRANSPARENCY: -				
1) Training held for enhancing the performance of employees	20	20	20	10



2) Date of Publishing Annual Reports	40	40	40	40
3) Transparency and Compliance Officer	40	40	40	40
4) Penalty Fined	40	40	40	40
5) Mandatory Disclosure	40	40	40	40
6) Non-Mandatory Disclosure	40	40	40	40
Total of Transparency	220	220	220	210
B. ACCOUNTABILITY: -				
1) No. of Board Meeting held during the year	40	30	30	20
2) Date of Annual General Meeting	10	10	20	10
3) Attendance of Directors in AGM	20	30	40	20
4) Board Structure	30	40	40	40
5) women Director	40	40	40	40
6)ID	30	30	30	20
7) NED	30	30	30	20
Total of Accountability	200	210	230	170
C.SOCIAL AND ENVIRONMENT POLICY: -				
1) CSR amount	20	20	10	30
2) ESG score	---	---	10	10
Total of Social Environment Policy	20	20	20	40



D.INTERNAL CONTROL MEASUREMENT:				
1) Audit Committee	40	30	20	30
2) Remuneration Committee	40	30	40	30
3) Vigilance Committee	40	40	40	40
4) Whistle Blower Policy	40	40	40	40
Total of Internal control measurement	160	140	140	140
TOTAL (A+B+C+D)	600	590	610	560

Source :(Annual Report of Respected Sample Company)

Above analysis shows that there is significant volatility in CG score during 2016-17 to 2019-20. It shows that there should try to implement better and strong CG Practices.

In the context of assessment of Social and Environment Policy of L&T has procured 4th rank in ESG score which is found weak by Researcher compared to other three company. Company has gained 4th rank in date of annual general meeting. In the year of 2019-20 there is improve in Training held for enhancing the performance of employees because of which is impact on overall CG practice.

7. Table shows the Correlations between Effectiveness of Selected companies with CG Scores

Company Name	TCS	Infosys	Reliance	L&T
Hypothesis	R	R	R	R
H ₀ : There is no correlation between CG Score and transparency of companies.	0.89	-0.86	-0.82	0.92
H ₁ : There is correlation between CG Score and				



transparency of companies.				
H ₀ : There is no correlation between CG Score and Accountability of companies. H ₁ : There is correlation between CG Score and Accountability of companies.	0.49	0.5	0.49	0.92
H ₀ : There is no correlation between CG Score and Internal control of companies. H ₁ : There is correlation between CG Score and Internal control of companies.	0.81	0.81	0.91	-0.92
H ₀ : There is no correlation between CG Score and social and environment policy of companies. H ₁ : There is correlation between CG Score and social and environment policy of companies.	0.81	0.42	0.37	0.30

Above Table no.7display the correlation between CG score and its main attributes. There is positive correlation between CG Score and Accountability. There is no correlation between CG Score and internal control measurement of L&T. There is strong positive correlation between CG Score and social and environment policy of selected companies. Its shows same trend and they all are moving in the same direction exhibiting a positive relationship. It is found that In the case of Infosys and Reliance Transparency is not showing positive correlation with the CG score and In the case of L& T Internal control measurement is not showing positive correlation with the CG score. This shows weak correlation. Thus it can be inferred that does not have the major impact on it.



8. Correlations results between Effectiveness of Selected companies with CG Scores

Hypothesis	Result	HO Accepted/Rejected
H ₀ : There is no correlation between CG Score and transparency of companies.	There is correlation between CG Score and transparency of TCS and L&T companies.	Fail to Accepted
H ₁ : There is correlation between CG Score and transparency of companies	There is no correlation in the case of Infosys and Reliance company.	Fail to Rejected
H ₀ : There is no correlation between CG Score and Accountability of companies.	There is correlation between CG Score and Accountability of selected company.	Fail to Accepted
H ₁ : There is correlation between CG Score and Accountability of companies		
H ₀ : There is no correlation between CG Score and Internal control of companies.	There is correlation between CG Score and Internal control of selected company.	Fail to Accepted
H ₁ : There is correlation between CG Score and Internal control of companies.	There is no correlation in CG Score and Internal control in the case of L &T.	Fail to Rejected
H ₀ : There is no correlation between CG Score and social and environment policy of companies.	There is correlation between CG Score and social and environment policy of selected company.	Fail to Accepted
H ₁ : There is correlation between CG		



Score and social and environment policy of companies.		
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Hence the Null Hypothesis is rejected which states that there is Significant Relationship between CG Score and CG attribute. In the case of Infosys and Reliance there is no significant Relationship between CG Score and Transparency. In the case of L&T there is no significant Relationship between CG Score and Internal control of companies.

Good corporate governance practice is essential for the proper functioning of the corporate sector and stability for the economic development of the country.

Conclusion:

The study provides useful outcomes for companies to improve and implement good Corporate Governance structure and effectiveness of CG practice. CG Practice of TCS is better with compared to other three company taking whole views of such parameters. The system of Corporate Governance needs to change with increasing competition and due to changes in global market. There is need to raise standard for uniform framework or model of the Corporate Governance and make company's attractive for investments.



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