
CORPORATE GOVERNANCE: COMPARATIVE ANALYSIS BETWEEN INDIA AND THE US

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ABSTRACT

The Cadbury Committee, 1992 defined corporate governance as "the system by which companies are directed and controlled". According to OECD Principles of Corporate Governance- "Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined." An effective corporate governance must include responsibility, trust, honesty, performance-based, and working in the best interest of the company. Different countries adapt corporate governance principles according to the need and priorities. Since the codes of corporate governance are different with different countries. It would be interesting to compare countries and have a broad perspective over the practices. In this research paper, we address the topic of corporate governance and trends in India and the United States with further deep research on the dynamics and challenges faced by both countries concerning their corporations, their boards and the current trends. To understand successfully corporate governance, this paper further studies models followed by both countries' regulatory frameworks and the latest trends affecting corporate governance.

Keywords: Corporate governance, Boards, Trends.

Literature review:

The literature about corporate governance is focused mainly on two countries, India and the U.S.A. moving upwards to have emerging economies. The key content is to evaluate both countries according to their corporate governance frameworks such as:

Corporate Governance Frameworks: According to Indian corporate frameworks by the Companies Act, 2013¹ and SEBI regulations². According to the laws of the United States, the Securities and Exchange Commission (SEC),³ the Securities Exchange Act, and the Sarbanes-Oxley Act 2002.

- Board Composition and Independence: Independent directors on board, their importance.
- Cross-Cultural Perspectives: Comparing corporate governance practices and director duties between India and the US. These studies shed light on the cultural, legal, and institutional elements influencing governance practices.

OECD Principles of Corporate Governance (1999) Proposes International guidelines for corporate governance of companies both under government and private companies. The principles act to be relevant for policymakers and regulators in making the legal framework to implement corporate governance.

International Corporate Governance: A Comparative Approach(2003) studies individual governance ways looking into board structure and the effectiveness of international corporate governance.⁴

Corporate Governance A comparative analysis in India and the U.S (2020) studies corporate governance in India and the US. The key components are studying different theories, and

¹ Aswani, Jitendra, N.K, and Iftekar H, "Who benefits from mandatory CSR? Evidence from the Indian Companies Act 2013." *EMERGING MARKETS REVIEW* 46(2021):10073

² Verma, D.P, & R kumar, "Relationship between corporate social responsibility and corporate governance." *Journal of Business and Management* 3: 24-26(2012)

³ Branson, D.M, "Corporate Governance Reform and the New Corporate Social Responsibility." *U. Pitt. L. Rev.* 62:605(2000)

⁴ Denis, D k, and J J. Mcconnell, International Corporate Governance. *The Journal of Financial and Quantitative Analysis*, 38(1), Pg 1(2003).

models including the effectiveness of regulatory bodies, laws in case of corporate governance, board structure, code ethics, etc.

Corporate Governance and Accountability: By Jill Solomon (2020) This book presents a survey of all the latest developments with regard to how directors act and control a company.⁵

New Directions in Corporate Governance (2003) This paper reviews historical and international variation in case of governance. It evaluates governance under different dynamics, provides new directions essential to understand the global structures of power.⁶

Corporate Governance: Sarbanes-Oxley Act, Related Legal Issues, and Global Comparisons (2003) Proposes an understanding of having an active and, stronger board and shareholder involvement in a company.⁷

Corporate governance in India-evolution and challenges (2005) This paper evaluates how Indian laws are best for corporate governance, but lack in case of implementing those laws.⁸

Embedding corporate governance and corporate social responsibility (2016) This paper aims to evaluate the external environment in the case of emerging economics at how corporate social responsibility is integrated into company behaviour.⁹

Study on the State of Corporate Governance in India (2012) This paper is a study of corporate governance and its growth in India. It undertakes surveys to understand the reforms of corporate governance in an Indian context and discusses the issues with regard to corporate governance that is there in India.¹⁰

RESEARCH OBJECTIVE:

1. To revisit legal frameworks with regard to the corporate governance structure in India

⁵ Solomon, Jill, "Corporate governance and accountability", John Wiley & Sons, 2020.

⁶ Davis, G F, "New directions in corporate governance.", *Annu, Rev, Social*, 31(2005):143-162

⁷ Holcomb, John M., "Corporate Governance: Sarbanes-Oxley Act, Related Legal Issues, and Global Comparisons", *Den. J. Int'l L. & Pol'y* 32:175(2003)

⁸ Chakrabarti, R., "Corporate governance in India- evolution and challenges." *Available at SSRN 649857*(2005).

⁹ Uzma, Shigufta Hena., "Embedding corporate governance and corporate social responsibility in emerging countries." *International Journal of Law and Management*, Pg 299-316, 58(3)(2016).

¹⁰ Pande, S and K. Kaushik, "Study on the state of corporate governance in India" New Delhi: Indian Institute of Corporate Affairs(2012).

and USA.

2. To conclude from comparing similarities, differences, and challenges in both countries regarding corporate governance and director duties.
3. To analyse the board structures, and enforcement systems.

RESEARCH METHODOLOGY

Research Design:

Comparative Study- Corporate governance and director's duties in India and the US to identify similarities, differences, and practices.

Descriptive Research: Descriptive research on the existing corporate governance frameworks of both countries.

Data Collection:

Secondary Data:

Legal Documents: Companies Act and SEBI regulations in India and in the United States such as the (federal and state laws, stock exchanges frameworks).

Refer to articles, journals and research papers in both countries.

INTRODUCTION

Corporate governance came into the limelight with many high-profile company failures. The corporate community was in great shock with the telecom behemoth WorldCom and the energy giant Enron with the scope and duration of their unethical and illegal operations. And it was more shocking that they were just a small part of a big iceberg. The central issue lies around corporate governance which plays a crucial role for organizations to work ethically and efficiently. The U.S. government passed the Sarbanes-Oxley Act in 2002 to give assurance to the public in corporate governance.

As famously said by former President of World Bank James D. Wolfensohn – “The governance of the corporation is now as important to the world economy as the government of countries”.

According to the Confederation of Indian Industry (CII) task force, “Corporate governance goes far beyond company law. The quantity, quality, and frequency of Financial and managerial disclosure, the extent to which the board of directors exercise their fiduciary responsibilities towards shareholders, the quality of information that management share with their boards, and the commitment to run transparent companies that maximise long-term shareholder value cannot be legislated at any level of detail. Instead, these evolve due to the catalytic role played by the more progressive elements within the corporate sector and, thus, enhance corporate transparency and responsibility.”

The code of corporate governance first emerged in the UK by the Cadbury committee. It only became popular in the USA after this. The primary cause of this was how corporate governance was introduced, which changed the US legal system and other current systems. Transparency can be achieved by functional corporate governance. That leads to a working model that improves returns for shareholders and profits, sales growth, and less expenditures.

The current legal frameworks concerning the corporate governance structure in India and USA gives us a idea of their functioning but it has to be seen with the current trends and how the legal framework change with changing trends. Simply comparing both the codes and finding similarities, differences, and challenges would not be enough to understand corporate governance of the said countries. It not only studies the legal framework, rather goes through the current trends and how the trends affect corporate governance.

MEANING AND DEFINITION:

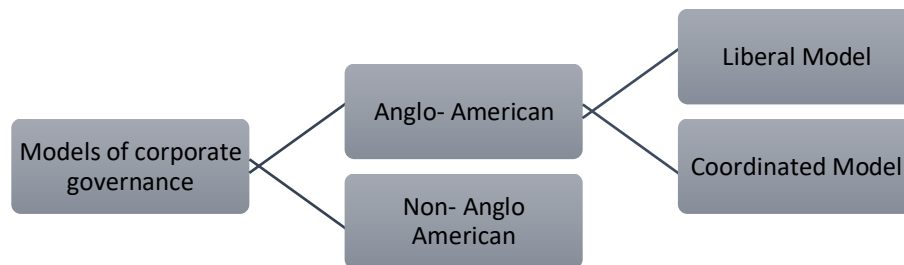
The United Nations Global Compact-“Corporate governance is the system that establishes a clear and equitable relationship between a company’s management, its board of directors, its shareholders, and other stakeholders.”

Prof. Ira M. Millstein stated a “Fiduciary duty to maximize shareholder value,” that is very crucial.

According to L’Huillier “Corporate Governance is defined as both the framework and the relationships that decide the strategy and success of an organization. Corporate Governance is focused on the board of directors”.

NEED FOR CORPORATE GOVERNANCE:

- Management and ownership are two different aspects and are dealt differently.
- Anonymous producers and consumers
- Realizing social responsibilities
- It should be noted that a company serves different groups, and in order to serve efficiently, the management has obligations towards all stakeholders.



India’s market is one of the emerging ones. The ineffectiveness of corporate governance was exposed in the Satyam crisis. The Indian framework for corporate governance is a mixture of German models and Anglo-American model that is seen through its three types of corporation- Private, public companies and public sector undertakings.

The Securities and Exchange Board of India and the Ministry of Corporate Affairs(MCA) and additionally there are sector-specific regulations are the organizational framework for corporate governance in India.

CORPORATE GOVERNANCE – PERSPECTIVE:

India: SEBI Committee (2003) explains Corporate governance as “recognition by the management of the inviolable rights of shareholders as a real owners of the company and their position as representatives on behalf of the shareholders.”

USA: In the USA the federal rules suggest that corporations or businesses should be owned and controlled by the board of directors. That means the board of directors plays a crucial role

in corporate governance. Strategizing, monitoring, implementing, planning by the management is said as “governance”.

LINKING CORPORATE GOVERNANCE OF INDIA WITH USA

The US and India have a very strong commercial relationship between them, especially when it comes to IT technology. The outsourcing that happens within India is approx. \$150 billion and is rapidly continuing to grow with a rate of approx. 12 percent each year. to understand the corporate governance models within India and the US with Eron and Satyam Scandals.

1. ERON SCANDAL:

Enron Scandal is a series of events that resulted in the bankruptcy of the U.S commodities and service company Enron Corporation and the dissolution of Arthur Andersen LLP, which used to be the largest auditing and accounting company in the world. The United States witnessed the biggest collapse in its history when Enron, which had more than \$60 billion in assets, was suddenly bankrupted. The bankruptcy generated much debate and the legislations were designed to improve the accounting and practicing standards, which had long lasting repercussions in the globalised financial world.

Eron was formulated between Houston Natural Gas and Omaha in 1985. Deregulation in the energy markets allowed companies to bet on the future prices and Enron was taking advantage of the same. The company touched different heights. Kenneth Lay, the CEO in 1990, created Enron finance and appointed Jeffery Skilling to head the new corporation¹¹. Skilling’s very fast contribution to transition from Enron’s historical cost accounting method to MTM(Mark to Market) Method for which the company took the approval in 1992 from SEC¹². However, in some cases, the method can be manipulated, as MTM is not based on actual cost but fair value, which makes it harder to pin down accurately. Eron then founded Eron Online, which was an electronic trading website that focused on commodities. Eron was the Counterparty to both buyer and even the seller and acquired commission, One of the many players who were

¹¹ Texas State Historical Association, ‘Enron Corporation’. Available at: <https://www.tshaonline.org/handbook/entries/enron-corporation> (Accessed on 10/11/23)

¹² U.S. Senate, Committee on Govt. Affairs, “Financial Oversight of Enron: The SEC and Private-Sector Watchdogs”, Available at: <https://www.govinfo.gov/content/pkg/CPRT-107SPRT82147/pdf/CPRT-107SPRT82147.pdf> (Accessed on 10/11/23)

unaware of the Eron Scandal was ‘Blockbuster’¹³. In July 2000, Eron Broadband and Blockbuster formed a Partnership and Eron entered the world of VOD. Eron stated logging expected earnings based on the expected growth of the market, which vastly inflated the numbers¹⁴. When the recession hit in 2000, Eron had significant exposure to the most volatile parts of the US market. By 2001, Enron was a freefall in the market. Lay retired in february and skilling was appointed as the CEO, he then resigned citing personal reasons. Fastow was fired from the company after the SEC ordered an investigation on Erons and SPVs created by Fastow. after Eron’s plan of reorganisation was approved, the new board of directors changed it’s name to ‘Enron Creditors Recovery’ whose sole motive and intention was to “reorganize and liquidate certain of the operations and assets of the pre-bankruptcy Eron for the benefit of Creditors”¹⁵

One of the first casualties of Enron’s Notorious Rise and Fall was Arthur Andersen. The firm was found guilty of obstructing justice for shredding Enron’s Financial documents to conceal them from SEC¹⁶. Several executives from Enron were charged with conspiracy and securities fraud and insider trading. the conviction was then overturned on appeal but the firm was disgraced by scandals and was merged into a holding company.

NEW REGULATION IN US AFTER THE SCANDAL:

The collapse and financial havoc created by the scams wreaked on its shareholders and employees. the Govt. then immediately enacted new rules and regulations to promote the accuracy of financial reporting for public shareholding companies.

1. The then President of the United States, George W. Bush signed into the Laws of Sarbanes-Oxley Act. The act highlighted the consequences of destruction, alteration and fabrication of financial statements and for trying to defraud the shareholders¹⁷.
2. President Barack Obama during his tenure as the President of the U.S. enacted the

¹³ Former Video Rental Chain Juggernaut

¹⁴ U.S. Department of Justice, “Two Enron Executive Charged with Fraud, Conspiracy and False Statement”

¹⁵ Enron Creditors Recovery Corp., Via Internet Archuve, Available

at:https://web.archive.org/web/20111206225533/http://www.enron.com/index.php?option=com_content&task=section&id=1&Itemid=2 (Accessed on 11/11/23)

¹⁶ U.S. Securities and Exchange Commission, “SEC Statement Regarding Andersen Case Conviction” (2002) (Accessed on 11/11/23))

¹⁷ U.S. Congress, “H.R. 3763-Sarbanes-Oxley Act of 2002” (2002) (Accessed on 11/11/23)

Dodd-Frank Wall Street reform into the federal Laws in 2010, in response to the 2007-08 financial crisis. The act laid certain provisions and duties that a company was required to incorporate in its corporate governance model. This act gave provisions, whether employer or employee, to hedge any decrease in the market value of the company's stocks.

3. Enron's Scandal resulted in few other new companies such as Financial Accounting Standards Board(FASB) to increase the level of ethical conduct of the company. The Board of Directors became more independent, and could now monitor the audits of the company. these measures turned out to be an important mechanism to find out the loopholes that companies used to avoid showing in their accounting standards.

SATYAM SCANDAL

The Satyam Scandal exposed many loopholes in the Indian Legal system and shredded light on the financial system of India. Satyam Computers was established in 1987 by Raju Brothers and was listed in the BSE in 1991, where the shares were manipulated over 17 times. Its growth was unusually quick and the company was achieving milestones year after year. Satyam showed its ideal success stories to the world and that were supported by extravagant figures being supported by numerous fake bills, receipts and bank statements. Satyam, to create a delusion, also appointed its own ERP accounting system for its fictitious bills and receipt. Fake bill amounted to almost 5000 Cr. INR in a F.D.. Twist and Turn came when the board of directors in 2009 Insisted upon investing the idle money in F.D's. When the Raju brothers decided to invest in Matyas, the shareholders opposed it. there then happened the heated disagreement and pressure built from world bank's interrogation, made the price of the shares fall subsequently, and the inability to meet the real estate statements of Matyas to an IT company put the failure of Satyam and Pwc in highlight. It was also a manifestation of the agency problem due to the separation of ownership and control.

the Govt. attempted to prevent such frauds by implementing strict rules and provisions into the Companies Act, 2013 and SEBI worked to make necessary changes in clause 49. New laws and regulations also mandated the rotation of audit firms after every 10 years. However in India, issues lies with weak enforcement, loopholes, and other treacherous practices.

COMPARISON OF CORPORATE GOVERNANCE IN USA AND INDIA

BOARD STRUCTURE: The USA and India have a unitary board structure for public companies. All the Board of Directors hold equal footing and are held legally for business in the company.

ROLE OF BOARD OF DIRECTORS: The USA has more liberal laws on directors' roles while India has more detailed directors' roles.

Role of Board of Directors in US companies:

1. The responsibilities of the CEO to choose, evaluate and compensate.
2. In the matters of company strategy, debating and eventually approving those.
3. Making sure the company is functioning in the shareholders' best interest.
4. Supervising the auditing process.

The role of Directors for India are laid by the Birla Committee:

1. The role of directors by directions
 - i. In creating and evaluating the company's policies, goals, performance goals.
 - ii. Keeping an eye on corporate performance and implementation.
 - iii. Supervising in the matters of capital expenditures, divestitures and acquisitions.
 - iv. Financial control and other laws in the interests of stakeholders.
2. The role of directors by control
 - i. Establishing the code of conduct.
 - ii. look after the disclosure and communication process.
 - iii. Making sure that the financial control systems are effective and appropriate.

- iv. Monitoring risk
- v. Keeping in check the works of the Chief executive, management, and directors.
- vi. Reducing conflicts management and business shareholders by supplying checks and balances.

COMPOSITION OF THE BOARD OF DIRECTORS: In the USA, the number of directors depends on the company and varies accordingly as there is no law or rules under the SEC or any federal laws. Directors are elected by shareholders from the natural persons. The majority of the directors have to be independent as per the listing rules of the NYSE and Nasdaq. The board needs at least one or more members.

In India, SEBI under clause 49 of the listing agreement says:

- i. 50% or more directors on the Board to be independent in case of chairperson is the executive director.
- ii. In case the chairperson is a non-executive Director then 30% or more directors on the Board should be independent Directors.

INDEPENDENT DIRECTORS: In the US, NYSE Stock exchange defines independent directors. Rules specified under the NYSE Stock Exchange for defining independent directors are:

- i. Directors to not have material relationships with the company listed or with any related organizations
- ii. Directors or their immediate family members cannot be employees or executives for a minimum three years after the employment ends.
- iii. Not independent director if it receives over \$100,000 per year as compensation except for direct fees or pensions.
- iv. Not Independent director if director or immediate family members are working as auditors, or professionally in the company.

- v. Not independent directors if directors/ immediate family members working as executives of another company and are on company's compensation.
- vi. Not independent director if directors/ immediate family member is a executive officer in a company and gets monetary benefit from the listed company for services that exceed US\$1 or 2% of the gross revenues

An additional clause defining independent directors is stated under the Sarbanes-Oxley Act. It says down restrictions for the independence of the Audit committee members:

- i. Accept any compensation pay or few for any services from the issuer.
- ii. Be an associated individual with the issuer or any subsidiaries.

The Naresh Chandra Committee 2002, put forth that the directors are not for managing shareholders but rather play the role of fiduciaries of shareholders. This is why they are expected to perform "Independent Oversight Judgement." This came with little changes in the recommendations of the Narayan Murthy Committee in 2003. Such as the age was a minimum of 21 years for Independent directors.

TERMS OF SERVICE IN CASE OF DIRECTORS: India has a limit of not more than nine years for the service of independent directors whereas in the US there is no law specifically for the term of service of a Director in a company.

COMMITTEES UNDER CORPORATE GOVERNANCE: For better delivery of judgments there are concepts of sub-committees. They are mandatory under the Corporate Governance Code. In the US the committees are the audit committee, Compensation committee, and Nominating Committee. In the case of India there is the Audit committee, shareholder/ Investors' Grievance Committee and remuneration Committee.

HISTORICAL TRENDS CORPORATE GOVERNANCE¹⁸

¹⁸ Kezia Farnham, December 15, 2023, Top corporate governance trends for 2024 & beyond. Available at : <https://www.diligent.com/resources/blog/corporate-governance-trends> , (Accessed on 22/12/2023).

2016	Investor skepticism	Transparency effective corporate governance	Promoting shareholder involvement in ESG matters
2017	To have uniform governance	Boards to be responsible for companies' long-term performance.	Boards to address various business activities
2018	Expecting investors to have an impact on company strategy	focusing on engagement with activist investors	focusing on board composition
2019	Board quality and performance of utmost importance	Governance to input value for investors	ECG for boards and investors
2020	Expanding remote working	Diversity on boards(Ethnic and racial)	scrutinising executive compensation
2021	Environmental and social issues	Importance of corporate social impact	Improved Board oversight of HCM

<p>2022</p>	<p>widening standards of sustainability reporting</p>	<p>Gender diversity on boards</p>	<p>focusing on board effectiveness</p>
<p>2023</p>	<p>Scrutinizing board quality and effectiveness</p>	<p>Board oversight and CEO performance</p>	<p>Maturation of ESG Programs and disclosures</p>

LATEST TRENDS OF CORPORATE GOVERNANCE: Corporate governance in general would mean to have legal and financial constructs. The growth of corporate governance in India and globally has been influenced by many factors. With the global crisis of Covid-19, corporate governance is no longer just limited to board composition, executive compensation, tax planning and finance. The corporate governance practices have to change according to the standpoint of global pandemic. It changes very quickly which is why the need of the hour is to understand the top issues of corporate governance.

IN USA

Scrutinising board quality: The support level has decreased for new directors. They will be facing meaningful opposition. Investors are not supporting the directors due to bad governance practices, diversity on boards, and focus on shareholder voting. Directors on board are required to have the industrial and functional expertise, diversity and tenure. Matters like illegal interlocking Directorates are under major scrutiny. In the case Solarwinds Corp, and Dynatrace, Inc, all the three directors had to resign due to issue of alleged interlock under section 8, Clayton Act.

Board oversight and CEO performance: There has been a rise in forced CEO successions in the year 2022, according to the data of Conference Board and ESGauge. Boards have enhanced their focus on CEO succession planning.

Executive compensation: With the rise of focus on CEO performance, executive

compensation has taken more attention. Recently the SEC finalized the clawback rule that gives power to the public companies to make rules for recovering, under certain circumstances incentive based compensation paid to the executives. However no laws have been made as exemptions to the clawback rule.

Maturation of ESG initiatives: Institutional investors and stakeholders are demanding boards to have oversight of the ESG risks. Sustainability is a matter of concern post COVID-19. ESG value is of great concern over the anti-ESG movement. SEC made the **Climate Disclosure Rule** that requires public companies to disclose matters related to climate that will have an impact over the company's business materially.

Board Diversity: Director nomination should strive for diversity in terms of knowledge, backgrounds and experiences. SEC approved the Board diversity rule by Nasdaq in 2021. However, this was challenged in the court.

Human Capital Management: As Gary Gensler, SEC chair stated "Investors have said that they want to understand one of the most critical assets of a company: its people." The matter of shareholders asking for labour rights audits at companies like Starbucks and Apples shows investors looking for a long term value creation through human capital management. Proposals have been made to have Diversity, equity and inclusion, which signifies companies' concerns can't be only limited to financial matters.

IN INDIA

The Reserve Bank of India conducted a survey on climate and sustainable finance that exposed that medium to small banks are not prepared to adopt ESG norms into their existing models for reasons such as ambiguity. The RBI while acknowledging climate risk states it to be financial risk.

ESG: SEBI released a consultation paper asking for comments on new ESG disclosure and ratings. These frameworks should be implemented so that the large companies in India may be required to provide assurance on their ESG reporting's and supply the chain level disclosure. ESG investments funds would hence encounter more stringent portfolio and stewardship criteria to enhance transparency and mitigate the risk of greenwashing. to meet the needs of ESG disclosure assurance, SEBI has introduced the "BRSR core" in their paper for consultation

comprising of specific key indicators. SEBI's consultation paper regarding ESG investing presents several recommendations to increase disclosure of ESG funds and improve the transparency risk.¹⁹

Board Diversity: Diversity has become an significant element in the corporate board in recent years that is drawing more attention and needs to be scrutinised. One aspect of this is the under-representation of females in the corporate boards, particularly in countries like India. This could be a key factor in improving the business performance. The more diverse the board, improved decision making, creative ideas and innovation, better understanding of diverse customers and increased profitability simultaneously gets attracted. in the recent years, there's a growing demand for board diversity in India, with policy makers, investors, business leaders and all governing bodies.

Appointment of Female Directors Under Indian Legislation: Companies Act of 2013, introduced a revolutionary provision aimed at promoting gender equality and increasing female representation in corporate decision making. Clause 2 of section 149(1)²⁰ of the act requires certain companies to have at least one female director, if not may attract a penalty for both the companies and the defaulting directors and officers.

SEBI REGULATIONS: The mandate to have at least one female board directors is not only mentioned in the act of 2013 but also in the SEBI regulations, 2015. its rules are applicable on all the listed entities within India and interpret that the companies must have a combination of executive and non-executive members. This mandate demonstrates the Indian regulatory authorities' commitment to promote gender equality.

HUMAN CAPITAL MANAGEMENT: Human Capital Management plays a crucial role in the corporate governance, representing the acknowledgement that a company's success is inherently tied to the effectiveness and wellbeing of its workforce. the theory of Human Capital Management as per the practices of macroeconomics and business administration.

¹⁹ ESG disclosures, rating and investing, SEBI, Available at: https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-esg-disclosures-ratings-and-investing_68193.html (Accessed on 23/12/2023)

²⁰ Section 149, Companies Act 2013.

CONCLUSION

The examination of corporate governance in the United States with that of India reveals both similarities and distinctions in the regulatory practices. The United States, with its well established legal and regulatory infrastructure, places a strong emphasis on the rights of the shareholders, transparency and accountability. The SEC plays a vital role in overseeing Corporate compliances, ensuring fair disclosure and maintaining the market integrity. On the other side of the book, when it comes to India, India has undergone significant changes in recent years and has enhanced its corporate governance policies. The Companies Act of 2013, marked a milestone, introducing measures to strengthen the role of independent directors, encourage board diversity and intensify shareholders. SEBI has played a crucial role in managing and fostering the culture of responsible corporate behaviour. Both the countries look forward to safeguarding the interest of the shareholder and maintaining the confidence in the market, the culture, the economic context. Both SEC and SEBI play crucial roles and would prove to be more important in upcoming days.

It is seen that both the countries have common practices of corporate governance, the only difference is the approach. Despite the difference of approach, it is very evident that both the USA and India recognise the importance of effective corporate governance in fostering economic growth, attracting investments, and ensuring sustainable business practices. The recent trends in both the countries suggest, approach of corporate governance has changed. The inclination is towards sustainability and it is linked to good governance.

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