
STRENGTHENING CORPORATE ACCOUNTABILITY IN INDIA: A GOVERNANCE PERSPECTIVE

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ABSTRACT

This paper explores the development, issues, and latest trends in India's corporate governance regime, tracing its path from the 1990s liberalisation period to today's regulatory paradigm. The period of liberalisation was a defining moment for India's economic history, experiencing rapid growth but also opening up key regulatory lacunae. These failures, marked by weak monitoring and absence of accountability, resulted in massive investor losses, impacting confidence in the corporate arena. To counter this, India brought about various reforms aimed at consolidating corporate governance, beginning with the passing of the Companies Act, 2013, which sought to modernize and tighten corporate activities.

The Securities and Exchange Board of India (SEBI) also contributed significantly through its Listing Regulations, which further strengthened governance norms, specifically in relation to financial disclosures, transactions between a company and its related parties, and the functioning of independent directors. Having independent directors has been touted as a building block of corporate governance, with the ability to provide objective oversight and minimize the risk of conflicts of interest, above all, in family firms.

Over the past few years, new regulatory authorities such as the National Financial Reporting Authority (NFRA) have been created to improve the quality of financial reporting and auditing, in response to corporate mismanagement and accounting scandals. Additionally, the increasing significance of Environmental, Social, and Governance (ESG) factors has prompted initiatives such as the Business Responsibility and Sustainability Report (BRSR), which requires companies to report their sustainability practices, ensuring businesses are responsible and sustainable.

Even with these developments, corporate governance in India continues to be challenged, especially with respect to the ethical behavior of promoters and the embracing of international best practices. Yet, as the regulatory landscape continues to change, corporate governance in India will play a vital role in promoting investor confidence and long-term economic stability and growth.

Keywords: Corporate Governance, Regulatory Reforms, Family-Owned Businesses, Transparency and Accountability

Introduction:

Corporate Governance means the system of systems, concepts, and practices by which an enterprise is led and regulated. It forms the basis of ascertaining whether or not an enterprise operates well, ethically, and accountably to stakeholders. It lays down rules regulating the dynamics among an enterprise's management, its board of directors, its stockholders, and other material players—including workers, creditors, consumers, vendors, regulators, and society as a whole.

This definition is supported by the Financial Reporting Council (FRC), which states: "Corporate Governance is the system of rules, practices and processes that are put in place to manage and control a company"¹.

At its essence, corporate governance creates a framework by which the company's goals are set and the ways of achieving them are decided. It not only gives strategic guidance but also guarantees proper monitoring of performance and adherence to legal and ethical requirements. An effective corporate governance system harmonizes the interests of all concerned and fosters long-term value creation.

Key characteristics of effective corporate governance are transparency, accountability, responsibility, fairness, and ethical behaviour. These are aimed at minimizing risk, avoiding scandals or corporate fraud, and establishing confidence among investors. Transparency ensures that stakeholders receive accurate and clear information about the operations and performance of the company. Accountability mandates that the executives and directors of the company are held responsible for their actions and decisions. Ethical conduct encourages a corporate culture that honours laws and norms as well as encourages integrity.

In the wider business environment, corporate governance has an important role to play in shaping investor choices, ensuring market integrity, and increasing economic stability. It

¹ Financial Reporting Council, Corporate Governance, (Last Visited Feb. 18, 2025), <https://www.frc.org.uk/>

entails an on-going process of aligning corporate conduct with society's expectations and the jurisdiction's legal framework in which the firm operates.

Therefore, corporate governance is not just a regulatory imperative but a pillar of sustainable and responsible business conduct. It has become more important in today's world, where corporations are not only supposed to make profits but also to positively contribute to social and environmental progress. Corporate governance is a critical element of the contemporary business world, focusing on transparency, accountability, and ethical behaviour in organizations. Generally, it includes the relationship between shareholders, creditors, corporations, financial markets, institutions, and employees².

The meanings of corporate governance are very different and typically belong to two broad categories. The first is concerned with the behavioural aspects, meaning the real performance of corporations in matters of performance, competence, growth, capital structure, and treatment of shareholders and other stakeholders. The second concerns the normative regime of governance, meaning the official rules and regulations by which firms are governed. Such regulations are usually formed by outside influences like the judiciary and legal frameworks, capital markets, and the labour markets.

A broader definition states corporate governance as "the complex set of constraints that shape ex post bargaining over the quasi-rents generated by the firm," emphasizing value creation as well as its sharing among stakeholders"³ which mostly gives its focus on the focuses on the claims division. As per the analysis, corporate governance is the multifaceted set of constraints that determine quasi-rents (profits) generated by the corporation in the course of associations and shape ex post negotiating over them. This definition refers to both the determination of value-addition by firms and the allocation or sharing of such value among stakeholders that have legitimate relationships with the firm⁴.

Corporate governance plays a pivotal role in shaping the ethical and transparent functioning of businesses. In India, the landscape of corporate governance has undergone significant

² Ozden Deniz, "The importance of Corporate Governance for a well functioning financial system: Reforming Corporate Governance in developing countries" 14 Duq. Bus L J 219

³ Shleifer and Vishny, 'A Survey of Corporate Governance', Journal of Finance, pp 737-8

⁴ Luigi Zingales, 'Corporate Governance', The New Palgrave Dictionary of Economics and the Law, Macmillan, London,

transformations in recent years. As the economy expands and businesses become more complex, the need for robust corporate governance practices becomes increasingly crucial.

Evolution of Corporate Governance in India:

Despite the realization that international corporate governance practices adoption has not had much impact in India, corporate governance is still likely to make a very significant contribution towards India's sustainable and long-run economic growth. India started making a transition to a more open and market friendly economy in the year 1991⁵.

Since the liberalisation of the Indian economy in 1991, the country has witnessed a remarkable transformation in its financial landscape, particularly in the growth of its stock markets. The number of firms listed on Indian stock exchanges has increased significantly, and so has the overall market capitalisation, reflecting the growing confidence of investors and the expanding scale of corporate India. This growth trajectory underscores the increasing relevance and need for strong corporate governance (CG) mechanisms to ensure fair, transparent, and accountable business practices⁶.

The significance of corporate governance was particularly realized between the boom in the capital market of 1993 and 1995. During this time, the markets witnessed a record run in public offerings. But without strong regulatory controls and governance standards, the boom was tainted with malpractices galore. Most of the companies that had collected large amounts from the public through IPOs did not fulfil their commitments. Many of these corporations defaulted on investor obligations and otherwise disappeared from business, resulting in heavy losses as well as declining investor confidence.

Hundreds of relatively unknown and obscure companies, often lacking credible business models or financial strength, were able to access public funds. This was facilitated by equally obscure merchant or investment bankers, who aided in preparing misleading prospectuses and promoting inflated valuations. These entities often floated public issues at large premiums, luring investors with unrealistic projections and promises of high returns. The aftermath

⁵ Lalita S. Som. "Corporate Governance Codes in India." *Economic and Political Weekly*, vol. 41, no. 39, 2006, pp. 4153–60. *JSTOR*, <http://www.jstor.org/stable/4418757>. Accessed 18 Apr. 2025.

⁶ *ibid*

exposed severe gaps in regulatory mechanisms, and brought to light the urgent need for reform in corporate governance, disclosure standards, and investor protection.

This phase served as a wake-up call for regulators and policymakers, eventually paving the way for significant reforms in the Indian capital market and corporate governance frameworks in the years that followed.

Regulatory Response and Strengthening of Corporate Governance

The malpractices and investor losses during the 1993-95 capital market boom prompted a serious re-evaluation of India's regulatory and corporate governance mechanisms. In response, Indian policymakers and regulatory authorities, particularly the Securities and Exchange Board of India (SEBI), initiated a series of reforms aimed at restoring investor confidence and strengthening corporate accountability⁷.

One of the most significant developments was the introduction of Clause 49 of the Listing Agreement in 2000, based on the recommendations of the Kumar Mangalam Birla Committee constituted by SEBI. This clause marked a landmark shift in corporate governance by mandating specific norms for listed companies, including:

- Composition of the Board of Directors with a defined number of **independent directors**.
- Establishment of **Audit Committees** to oversee financial reporting and internal controls.
- Enhanced **disclosure and transparency** requirements.
- Procedures for **related party transactions**.
- Code of conduct for board members and senior management.

Thereafter, more reforms were made following the suggestions of the Naresh Chandra Committee (2002) and Narayana Murthy Committee (2003). These committees suggested auditor independence, strict financial disclosure norms, and ethical governance principles. The

⁷ Lalita S. Som. "Corporate Governance Codes in India." *Economic and Political Weekly*, vol. 41, no. 39, 2006, pp. 4153–60. *JSTOR*, <http://www.jstor.org/stable/4418757>. (last visited 18 Apr. 2025).

concern was slowly being moved from just regulatory compliance to developing a culture of accountability and integrity in corporate operations.

Companies Act, 2013- A Comprehensive Legal Framework

The Companies Act, 2013 was a landmark legislation that replaced the old Companies Act of 1956 and revolutionized corporate governance in India. The Companies Act of 2013 brought several corporate governance practices within the realm of formal law, which were previously regulated by SEBI rules or through voluntary codes. Key provisions of the Act include:

- **Mandatory Appointment of Independent Directors:** The Companies Act, 2013 mandates that certain classes of public companies appoint a specified number of independent directors to their boards, enhancing board independence and oversight⁸.
- **Establishment of Nomination and Remuneration Committees:** The Board of Directors of every listed public companies were required to form such committees to ensure transparent processes for director appointments and fair remuneration practices⁹.
- **Introduction of Corporate Social Responsibility (CSR):** India became the first country to mandate CSR activities for companies meeting certain financial thresholds, promoting responsible business conduct¹⁰.
- **Strengthened Penalties for Fraud and Mismanagement:** The Act imposes stricter penalties for corporate fraud and mismanagement, aiming to deter unethical practices and enhance accountability.
- **Improved Whistle-Blower Mechanisms:** The Companies Act, 2013 introduces provisions for vigil mechanisms, encouraging employees to report unethical behaviour without fear of retaliation¹¹.

These reforms collectively aim to foster a culture of transparency, accountability, and ethical business practices within the Indian corporate sector.

⁸ The Companies Act, 2013, s. 149 (1)

⁹ The Companies Act, 2013, s. 178

¹⁰ The Companies Act, 2013, s. 135

¹¹ The Companies Act, 2013, s. 177

Recent Developments and the ESG Imperative

In the last decade, Indian corporate governance has continued to evolve, particularly with growing awareness around Environmental, Social, and Governance (ESG) factors. SEBI's introduction of the Business Responsibility and Sustainability Report (BRSR) for listed companies marks a new era, encouraging firms to go beyond profits and incorporate sustainability and ethical conduct into their business models¹².

In summary, India's journey in corporate governance has been shaped by both economic opportunity and hard-earned lessons. From the market excesses of the 1990s to the comprehensive regulatory regime in place today, the evolution reflects an ongoing effort to build transparent, responsible, and sustainable corporate practices that safeguard the interests of investors and stakeholders alike.

Challenges in Corporate Governance:

Although India has taken considerable steps forward in corporate governance, a number of challenges continue to exist, especially in the case of family businesses. These businesses, which form a major part of India's corporate structure, tend to face problems that can hinder proper governance. These challenges can be further examine under the following heads:

Concentration of Power in Family-Owned Businesses

Family-owned businesses in India frequently exhibit a concentration of ownership and control within the founding family. This structure can lead to potential conflicts of interest, especially when family priorities overshadow the interests of other stakeholders. Such dominance may result in decisions that favour family members, compromising the principles of fairness and equity essential to robust corporate governance¹³.

¹²Jayshree P Upadhyay, Ira Dugal, Exclusive: India to review ESG disclosures for listed firms, market regulator says, <https://www.reuters.com/sustainability/boards-policy-regulation/india-review-esg-disclosures-listed-firms-market-regulator-says-2025-04-05>

¹³Arjun Dev Patel, Nitin Gupta, and Rohit Anand Tiwari. "assessing the role of board composition and ownership structure in enhancing corporate governance effectiveness in Indian family-owned enterprises, JRSSH, vol. 3, no. 4, Apr. 2024, pp. 12-17, <https://www.pioneerpublisher.com/jrssh/article/view/756>.

Lack of Independent Decision-Making

The intertwining of family and business roles often blurs the lines between ownership and management. This overlap can hinder independent decision-making, as strategic choices may be influenced by familial considerations rather than objective business assessments.¹⁴ The absence of independent directors and external oversight mechanisms exacerbates this issue, potentially leading to suboptimal governance outcomes.

Implications for Transparency and Accountability

The challenges inherent in family-owned businesses can undermine transparency and accountability. Without clear governance structures, there is a risk of inadequate disclosure practices and insufficient checks and balances. This environment can erode investor confidence, as stakeholders may perceive a lack of commitment to equitable treatment and ethical standards.

Need for Strengthened Governance Frameworks

Meeting the needs of corporate governance in family-controlled businesses entails the implementation of well-rounded and high-quality governance models that are attentive to the peculiarities and internal dynamics of these firms. Family businesses are plagued by issues including concentrated ownership, succession planning, ad hoc decision-making processes, and conflicts of interest between the family and professional managers. If these issues go uncorrected, they have the potential to impede long-term development, erode stakeholder confidence, and degrade efficiency in operations¹⁵.

To overcome such challenges, it is critical to incorporate governance mechanisms that not only foster professionalism but also honour the legacy and values of the original founding family. One of the initial steps is the creation of an independent and capable board of directors.

¹⁴ Michael-Tsabari, N., Houshmand, M., Strike, V. M., & Efrat Treister, D. (2020). Uncovering Implicit Assumptions: Reviewing the Work–Family Interface in Family Business and Offering Opportunities for Future Research. *Family Business Review*, 33(1), 64-89. <https://doi.org/10.1177/0894486519899789> (Original work published 2020)

¹⁵ Harvard Business Review, When Your Family Business Has a Conflict Over Governance, (last visited on Feb. 18, 2025), <https://hbr.org/>

Independent board members contribute outside viewpoints, objectivity, and expertise that can improve strategic decision-making and minimize the effect of familial bias in business practices.

Clear financial and operational reporting processes are also important. Such practices guarantee the stakeholders—non-family shareholders, creditors, employees, and regulatory agencies—real-time and accurate access to information. Openness builds confidence and reduces the likelihood of mismanagement or fraud, as well as compliance with legislative requirements.

In addition, establishing distinct roles and responsibilities in the family and in the business is essential. It entails the creation of formal governance documents like constitutions for families, shareholder agreements, and succession policies. Such tools can be used to demarcate boundaries between family engagement and professional management, reduce conflict, and assure business continuity over generations.

The inclusion of such governance frameworks assists in aligning family business operations with wider corporate governance principles. It assists such businesses in sustaining their competitiveness while enhancing accountability, professionalism, and sustainability. This allows family businesses to navigate complex challenges more effectively, facilitate investment, and make significant contributions towards economic growth.

In the end, adopting structured governance not only increases the business resilience of family businesses but also ensures the preservation of their legacy and its strengthening for generations to come.

Though family businesses are a part of India's economy, their governance framework needs to be given meticulous care so that they align with the fundamental concepts of corporate governance. By overcoming the inherent difficulties, these businesses can improve their credibility, draw in investment, and contribute to the country's economic growth more positively¹⁶.

¹⁶ Dhameja, N. L., Bobek, S., & Dhameja, M. (2022). "Family Businesses: Need for Good Corporate Governance and Succession Planning." *Journal of Management Research*, 22(2)

Measures to Enhance Corporate Governance:

India has taken several measures to address the challenges and enhance corporate governance standards. SEBI has been instrumental in formulating and updating the corporate governance code through the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These regulations mandate the adoption of various governance practices, including board composition, audit committee formation, and disclosure of related party transactions¹⁷.

Independent directors have a crucial role in enhancing the corporate governance system by acting as unbiased and objective voices in the boardroom. Their core responsibility is to act as effective checks and balances in a company's decision-making processes so that the interests of all stakeholders, especially minority shareholders, are protected. By providing an outside and objective point of view, independent directors assist in reducing the threat of dominance by promoters or management and promote transparency, accountability, and ethical behavior in corporate activities.

The importance of independent directors has been explicitly acknowledged in India by the Companies Act, 2013, which lays down detailed provisions on their appointment, duties, responsibilities, and qualifications. According to the Act, specified classes of companies—i.e., listed companies—are required to have a minimum number of independent directors as members of their boards. This statutory mandate reflects the key role they are expected to play in maintaining good governance standards¹⁸.

The Act assigns independent directors a number of important responsibilities, such as ensuring the integrity of financial control and risk management systems, reviewing the performance of the management, and assessing board processes. They are supposed to protect the interests of all stakeholders, particularly minority shareholders, and be actively involved in committees like the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee. Such committees play a critical role in governing corporate disclosures, executive remuneration, internal audit, and grievance redressal systems.

¹⁷ SEBI. (2023). Review of provisions regarding corporate governance norms for High Value Debt Listed Entities (HVDLEs)

¹⁸ Sarkar, Jayati. "Board Independence & Corporate Governance in India: Recent Trends & Challenges Ahead." *Indian Journal of Industrial Relations*, vol. 44, no. 4, 2009, pp. 576–92. JSTOR, <http://www.jstor.org/stable/27768232>. (last visited Feb. 19, 2025).

Independent directors are also anticipated to provide technical expertise, strategic perspective, and industry knowledge, thus contributing to more informed boardroom discussions and effective monitoring. Being independent of the company's management ensures decisions are made on merit, unbiased by undue influence or personal interest.

Essentially, independent directors are the guardians of corporate integrity and custodians of shareholder value. They add to the credibility of the board and improve investor confidence, especially in listed companies where accountability and transparency are critical. As corporate governance continues to become more sophisticated, the role of independent directors continues to be central to the culture of ethical and responsible corporate conduct.

To further strengthen financial reporting and boost investor confidence, the National Financial Reporting Authority (NFRA) was established. The NFRA oversees the compliance of accounting and auditing standards, ensuring that financial disclosures are accurate and transparent.

The Insolvency and Bankruptcy Code, 2016, is another significant legislative development aimed at ensuring corporate accountability. This code provides a time-bound and efficient resolution process for insolvent companies, promoting transparency in financial distress situations.

Conclusion:

Indian corporate governance has experienced a dramatic shift over the last several decades, moving from being largely reactive and compliance-oriented to more proactive, principle-based, and integrated in nature, focusing on accountability, transparency, ethical behavior, and inclusiveness of stakeholders. This shift has been spurred by a string of high-profile corporate malfeasance, global financial crises, and the increasing awareness of the importance of having robust governance systems in place to build investor confidence and ensure sustainable business practices.

Early corporate governance in India was primarily focused on compliance with the minimum legal requirements. However, the growth of a global economy and the rising involvement of Indian firms in the global marketplace led to a focus on adopting global best practices in

governance. This change was also accelerated by legislative changes, primarily the enactment of the Companies Act, 2013, which replaced the archaic 1956 Act and brought in detailed provisions to increase board independence, enhance financial disclosures, and improve oversight mechanisms.

In addition to legislative measures, regulatory bodies such as the Securities and Exchange Board of India (SEBI) have played a crucial role in shaping the governance landscape. SEBI's implementation of the Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, along with the adoption of recommendations from committees such as the Kumar Mangalam Birla Committee and the Uday Kotak Committee, has further reinforced the framework for corporate governance in listed companies.

Today's corporate governance in India goes beyond mere compliance. It encourages the evolution of an organizational culture rooted in integrity, fairness, and responsibility. Such a cultural transition can be seen in the growing focus on Environmental, Social, and Governance (ESG) factors, stakeholder dialogue, and corporate social responsibility (CSR). Indian corporations are being urged to operate not only for profits, but also in a way that is attuned to societal values, environmental stewardship, and ethical standards.

In addition, effective corporate governance ensures the alignment of the interests of different stakeholders—shareholders, employees, creditors, consumers, regulators, and the public at large—such that business decisions add to long-term value creation and public good. As businesses become increasingly complex and interconnected, the need for a transparent operating strategy, equitable decision-making, and ethical leadership expands ever greater.

Overall, India's corporate governance framework is no longer remedial or reactive but increasingly forward-looking and based on principles. It is a bedrock of economic resilience, organizational trust, and sustainable development. The challenge is to take codes of governance and legal frameworks to practical practices that are ingrained in the corporate culture and systematically practiced at all levels of the organization.

The post-liberalisation period of the 1990s exposed the weaknesses in India's corporate governance framework, particularly in the capital market boom period, when investor confidence was eroded by poor supervision and unethical business conduct. These events,

however, proved to be turning points as important trigger points, which led to regulators such as SEBI and legislators initiating sweeping reforms for strengthening corporate governance standards and investor protection.

Right from the dawn of corporate regulation until now, India has seen an evolutionary but definite shift in its corporate governance regime. One of the landmark developments in this process was the inclusion of Clause 49 of the Listing Agreement by the Securities and Exchange Board of India (SEBI) in 2000. The clause was an innovative step that brought in holistic corporate governance standards for listed corporations, inspired from overseas practices and designed to improve transparency, accountability, and the functioning of independent directors. It established the basis for institutionalization of corporate governance in India by requiring disclosures, standards of board composition, and establishment of board committees.

Drawing on this basis, a series of expert committee reports, such as those by the Kumar Mangalam Birla Committee (1999), Naresh Chandra Committee (2002), and Narayan Murthy Committee (2003), provided useful inputs that helped further frame governance reforms. These committees emphasized the necessity of independent monitoring, risk administration, and ethical corporate behavior, and their recommendations were increasingly included in regulatory policy.

The companies act, 2013 signaled a sea change in the era of governance with the introduction of a contemporary and dynamic statutory platform aligning global norms with addressing India's unique requirements of its corporate frameworks. Perhaps one of the most signature elements of the Act was making it compulsory for appointing independent directors in particular classes of companies. The section aimed at safeguarding objective directions, mitigating interest conflicts, and increasing effectiveness of the boards.

Furthermore, the Act required the establishment of key board-level committees like the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee. These committees are responsible for monitoring financial reporting, executive appointments, and shareholder grievance redressal, respectively—thus internalizing internal checks and balances in the corporate setup.

Another noteworthy leap was the enactment of Corporate Social Responsibility (CSR) provisions under Section 135 of the Companies Act, 2013. India led the world in making CSR a law that mandates firms crossing certain financial thresholds to invest a part of their profits in social and developmental activities. This was a turn away from being profit-oriented to being stakeholder-oriented as a business.

The Act further enhanced whistle-blower provisions, allowing employees and stakeholders to lodge complaints against unethical conduct without fear of retribution. This was an important measure towards encouraging organizational integrity and a culture of accountability.

Collectively, these reforms demonstrate India's firm commitment to building a legal and regulatory environment conducive to ethical corporate conduct, responsible management, and investor protection. They show unmistakably that India is looking to transcend mere compliance-oriented reactive attitudes and embrace a positive governance culture based on transparency, justice, and long-term sustainability.

As the world business landscape keeps changing, India's corporate governance structure continues to be dynamic, adjusting to evolving challenges and stakeholder demands through ongoing regulatory adjustments and policy innovations.

The recent evolution in India's corporate regulatory framework, specifically the launch of the Business Responsibility and Sustainability Report (BRSR), represents a crucial progression towards a more forward-looking, progressive approach of corporate governance. The BRSR, launched by the Securities and Exchange Board of India (SEBI) in 2021 and compulsory for the largest 1,000 listed companies (by market cap) from FY 2022-23 onwards, is an indicator of the increasing move away from the conventional profit-focused corporate performance measures to a more holistic, comprehensive assessment of business behavior.

In contrast to traditional financial reporting, the BRSR framework focuses on non-financial disclosures about Environmental, Social, and Governance (ESG) factors. It prompts firms to evaluate and disclose publicly their sustainability practices, social impacts, and governance policies such as those in energy efficiency, carbon emissions, labor rights, employee well-being, diversity and inclusion, ethical sourcing, data privacy, and anti-bribery mechanisms.

This shift in paradigm marks that corporate governance is no longer limited to accounting for finances and boardroom matters. Rather, it is increasingly considered a living tool to encourage long-term value creation, not only for shareholders, but also for all stakeholders—employees, communities, consumers, investors, and the environment. The BRSR positions corporate governance towards the objectives of sustainable development and good corporate citizenship.

By requiring such disclosures, SEBI seeks to promote transparency, comparability, and accountability in ESG performance so that investors and stakeholders can make informed choices. It also pushes companies to integrate sustainability into the heart of corporate strategy, shifting ESG issues from the fringes to the core of business planning and risk management.

This evolution harmonizes India's corporate reporting practices with global conventions, including the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), and United Nations Sustainable Development Goals (SDGs). It enhances the incorporation of ESG considerations in investment choices and encourages sustainable investing, which is increasingly popular worldwide.

Finally, the BRSR reflects a vision of change for Indian corporate governance—one that transcends profits to include purpose, planet, and people. It is a reflection that acknowledges that businesses have an important role to play in creating a sustainable, inclusive, and equitable future, and that governance structures must change to meet this greater responsibility.

However, there are challenges, particularly in the case of family businesses that control India's corporate sector. Concentration of power, absence of independent oversight, and opaque decision-making remain challenges to full governance maturity. These need to be addressed with a balanced approach that reconciles familial heritage with professional management and institutional accountability.

In order to fully unleash the potential of corporate governance for sustainable economic growth, India has to further improve its institutions, enhance corporate literacy, and strictly enforce existing legislation. Capacity building of board members, inculcating a culture of ethical leadership, and transparency in disclosure will be instrumental in achieving this.

Essentially, corporate governance is not a fixed idea but a dynamic paradigm that has to adjust to the shifting shape of the global economy. India's way forward is to strengthen its governance reforms, build stakeholder trust, and create a corporate culture where integrity and responsibility are essential to business success. Indian corporations can then not only improve investor confidence but also become drivers of inclusive and sustainable growth.