



ISSN: 2583-7753

LAWFOYER INTERNATIONAL JOURNAL OF DOCTRINAL LEGAL RESEARCH

[ISSN: 2583-7753]

Volume 3 | Issue 4

2025

DOI: <https://doi.org/10.70183/lijdlr.2025.v03.221>

© 2025 LawFoyer International Journal of Doctrinal Legal Research

Follow this and additional research works at: www.lijdlr.com

Under the Platform of LawFoyer – www.lawfoyer.in

After careful consideration, the editorial board of LawFoyer International Journal of Doctrinal Legal Research has decided to publish this submission as part of the publication.

In case of any suggestions or complaints, kindly contact (info.lijdlr@gmail.com)

To submit your Manuscript for Publication in the LawFoyer International Journal of Doctrinal Legal Research, To submit your Manuscript [Click here](#)

CORPORATE GOVERNANCE REFORMS AND THEIR IMPACT ON BUSINESS PRACTICES

Gunjan Madaan¹

I. ABSTRACT

This paper examines the evolution of corporate governance changes in India, their impact on business performance, and the implementation challenges they pose. India's corporate governance reforms have reached a crossroads. Although the changes have noble intentions, it's important to seek holistic solutions that address India's unique difficulties. Corporate governance reforms have been implemented in recent years to increase openness and accountability in business activities, including stronger disclosure standards, board independence, and regulatory supervision. Corporate governance reforms strive to improve various practices and processes. Reforms typically involve board independence, executive compensation, shareholder rights, disclosure, and regulatory monitoring. The study explores the link between corporate governance reforms and their effects on business practices in modern corporate structures. Governance changes have been implemented around the world in recent decades to improve corporate transparency, accountability, and ethical conduct. This study will look at how such reforms affect managerial decisions, stakeholder relationships, financial performance, and overall corporate culture. Efforts to improve corporate governance procedures have increased in response to frequent scams and failures on the global corporate map. India has expanded its legal framework to line with industrialized countries' corporate governance rules. However, achieving good governance and assuring results remains a major priority for stakeholders today. This study uses a descriptive qualitative approach to assess significant governance reforms, such as Clause 49, by reviewing relevant scholarly articles, industry reports, and regulatory documents. The Companies Act of 2013 and the Securities and Exchange Board of India's Listing Obligations and Disclosure Requirements Regulations (2015) are both applicable. Although corporate governance in Indian corporations has improved, there has been a decrease in the number of independent directors appointed to boards since the second reform phase. Corporate governance improvements can improve shareholder

¹ LLM Student, School of Law, IILM University, Greater Noida (India). Email: gunjanmadaan2012@gmail.com.

value by increasing accountability, transparency, and investor confidence, but their effectiveness varies according on circumstances. This analysis examines how governance methods improve openness, accountability, and investor trust, offering valuable insights for policymakers, regulators, and practitioners to optimize corporate governance systems. The findings could help policymakers, regulators, and firms promote sustainable and transparent governance practices.

II. KEYWORDS

Corporate Governance, Business transactions, Governance Reforms, Indian Corporate Sector, Transparency and Accountability.

III. INTRODUCTION

Corporate governance in India has undergone considerable changes over the years. Corporate governance reforms are highly effective regulatory measures that promote transparency and accountability, resulting in enhanced corporate performance. Additionally, increased transparency and accountability led to improved company performance. In 1991, India initiated market-oriented reforms to attract investors and enhance governance structures, marking a significant step toward economic liberalization.

Corporate governance involves ensuring a company's management aligns with its stakeholders' best interests. Corporate governance is a system of management and control of a corporation. It encourages justice, transparency, honesty, and accountability inside the firm. Effective corporate governance protects shareholder interests, promotes transparency in company activities, and assures compliance. They adhere to regulatory and legal regulations, conduct themselves ethically, and prioritize stakeholder value. In 1992, the Cadbury Committee defined corporate governance as "a system for managing and supervising a company." This definition is frequently used today. The board of directors manages the corporation. Shareholders nominate directors and auditors to guarantee good governance.

The OECD Corporate Governance Guidelines define corporate governance as the complicated connection between a company's management, board of directors,

shareholders, and stakeholders. Corporate governance establishes a framework for setting company goals, achieving them, and monitoring achievements. According to Shleifer and Vishny (1997), corporate governance involves ensuring that investors receive a return on their investment. According to Sir Adrian Cadbury's foreword to the World Bank publication *Corporate Governance: A Framework for Practice*, corporate governance aims to balance economic and social goals, as well as individual and social aspirations.

Management structures aim to optimize resource utilization while also ensuring accountability for resource management. Our purpose is to align the interests of people, companies, and society as closely as possible. A company's motive is to meet corporate objectives and attract investment. The motivation is for states to grow their economies while combating fraud and mismanagement. According to Standard and Poor's, corporate governance involves establishing and managing a corporation to ensure equitable distribution of income and assets among all financial stakeholders. The Confederation of Indian Industry's draft regulations define corporate governance as the legislation, processes, procedures, and implicit standards that regulate a corporation's ability to make management decisions for its members, including shareholders, creditors, the state, and employees. Corporate governance involves controlling an organization's operations through authority, accountability, leadership, direction, guidance, and control, as defined above.

A. Research Definition and Objectives

Research is a systematic approach to discovering, analysing, and developing new knowledge, insights, or solutions to specific issues or occurrences. It involves data collection, analysis, and interpretation utilizing rigorous approaches increase knowledge in a certain topic or discipline.

Objectives are here:

1. To trace and analyse specific governance reforms from 1991-2025 and their sequential impact. of corporate governance reforms in India.
2. To investigate how these reforms have affected key performance indicators of Indian business firms.

3. To evaluate problems in implementing corporate governance changes and develop solutions for the Indian corporate sector.
4. To evaluate the impact of governance improvements on accountability, transparency, and investor trust.
5. To examine how contextual factors affect the implementation and impact of corporate governance measures on the value of shareholders.
6. Our objective is to help policymakers, regulators, and practitioners optimize corporate governance frameworks and create more shareholder value.

B. Research Questions:

1. How have corporate governance reforms evolved in India since the 1990s economic liberalization?
2. What is the impact of Companies Act 2013 and SEBI LODR Regulations 2015 on corporate transparency and accountability?
3. What are the primary challenges in implementing corporate governance reforms in family-owned Indian enterprises?

C. Research Hypotheses:

1. Corporate governance reforms have significantly improved financial transparency in Indian listed companies.
2. Independent director requirements under the Companies Act 2013 have enhanced board accountability.
3. Implementation challenges vary significantly between family-owned and professionally managed corporations.

D. Research Methodology

Doctrinal research entails analysing legal concepts, legislation, case laws, and publications to achieve research objectives. To analyse the influence of corporate governance reforms on shareholder value, a doctrinal method involves researching and synthesizing relevant legal sources to establish a theoretical framework and contextual understanding of the topic.

The method involves accessing main legal documents, including statutes, laws, and judicial decisions, on corporate governance reforms and shareholder rights. The above sources outline the legal basis for corporate governance practices, as well as shareholder rights and duties in the regulatory environment. Doctrinal research examines secondary legal materials, such as scholarly publications, textbooks, and commentaries, to understand the legal concepts, ideas, and controversies surrounding corporate governance reform.

The researcher has gone through the web pages and collected information from the reports published on corporate website on corporate governance and business ethics. The websites of these corporates are visited, and the text in the ethics policies & corporate governance as stated on these websites are analysed to serve as the input data for study.

E. Literature Review

Good corporate governance standards benefit both firms and stakeholders. Audit committees are necessary to achieve this. There is a need for further research on corporate governance in emerging markets, as better standards offer numerous benefits. To build a framework for corporate governance, a comprehensive evaluation of recent research is necessary. All components of corporate governance, including board structure and ownership structure, are crucial. Business governance reforms were implemented in many both developing and developed countries, impacting both investor protection and business investments.

The study explored the relationship between governance methods in corporate management, control, and accountability. The study investigated how reforms like the Companies Act of 2013 and Clause 49 of SEBI affect company performance and shareholder trust. The study found that when Indian companies approach global markets, effective governance is crucial for transparency, financial integrity, and investor confidence.

The study found that effective governance enhances sustainability, profitability, and investor fulfilment. Involving a diverse board in strategic opportunities positively impacts financial performance, but strong regulations that reflect local fiscal and

cultural needs are beneficial, and circumstances resulted in increased transparency and accountability.

The study examined the major factors influencing effective corporate governance practices. The study investigated the links between governance methods and corporate outcomes. The study found that corporate governance strongly impacts economic performance. The Study suggests that insider ownership positively impacts business value, while concentrated outside ownership has a negative impact on market value.

Understanding the challenges associated to corporate boards of directors may shed light on numerous areas of business ethics and their impact on governance. Corporate governance relies heavily on ethics. Corporate governance is an essential component of modern industry.

IV. HISTORICAL BACKGROUND OF CORPORATE GOVERNANCE IN INDIA

Since the 1990s, corporate India has experienced tremendous economic growth, emphasizing the importance of adopting internationally compatible corporate governance standards and procedures. The Confederation of Indian Industry (CII) is leading efforts to raise awareness about corporate governance issues among Indian enterprises. Legislative improvements to improve corporate governance for Indian corporations. In 1998, the publication "Good Corporate Governance: A Code" was issued, with a focus on listed companies. The legislation is voluntary and has extensive provisions. However, just a few companies have implemented this code. SEBI has significantly influenced corporate governance standards in India.

SEBI established two committees, Kumar Mangalam Birla Committee (2000) and Narayana Murthy Committee (2003), to provide suggestions on corporate governance for listed businesses in India. The committees made numerous suggestions pertaining the makeup of the board of directors of listed corporations: Board meetings, audit committees, audit reports, independent directors, Codes of conduct, financial disclosure, etc. the Committee acknowledges that compliance with the

recommendations requires: Restructuring of current firm boards. The recommendations SEBI has adopted these in a gradual manner Clause 49 of the Listing Agreement.

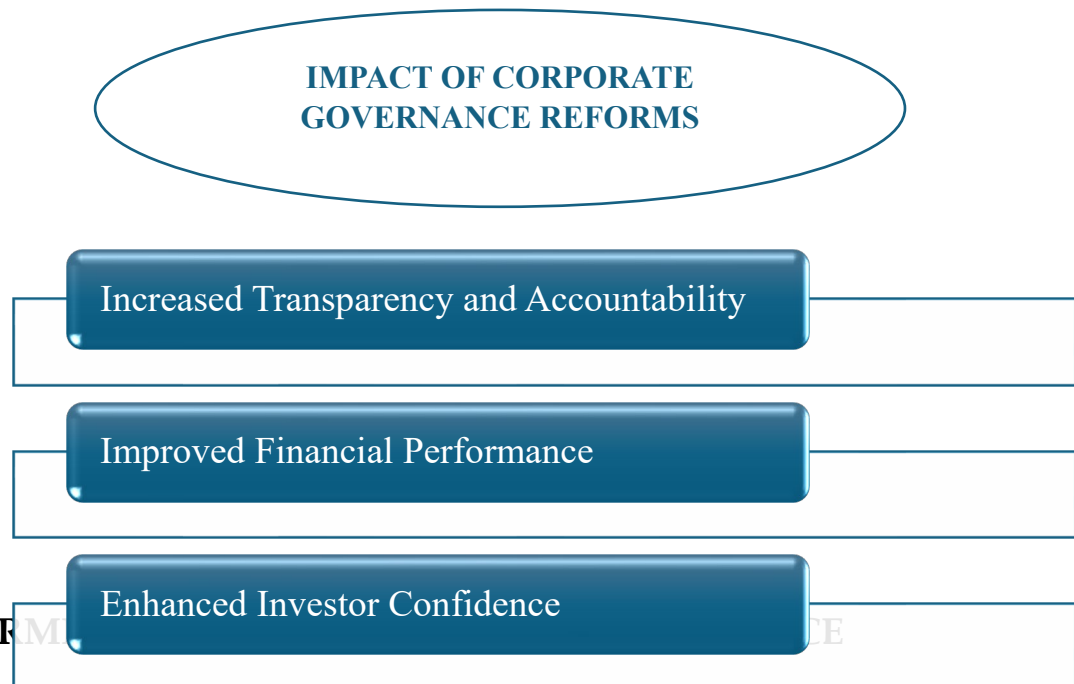
The Naresh Chandra Corporate Audit and Governance Committee, created by the Ministry of Corporate Affairs in 2000, analysed and recommended on corporate governance concerns in India. The committee addresses two pillars of corporate governance: disclosure of financial and non-financial information, independent auditing, and the prospect of board control of management. The committees' suggestions serve as the foundation for India's corporate governance laws. MCA collaborated with CII, ICAI, and ICSI to build the National Foundation for Corporate Governance (NFCG) aims to facilitate discussions on good corporate governance among business leaders, policymakers, regulatory agencies, law enforcement, and non-governmental organizations.

V. THE IMPORTANCE OF CORPORATE GOVERNANCE IN IMPROVING TRANSPARENCY AND ACCOUNTABILITY

Effective corporate governance promotes transparency and accountability, particularly in the Indian corporate sector. Regulatory reforms, including the Companies Act of 2013 and SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, have improved openness companies through required financial disclosures and impartial audits. Reforms aimed to improve corporate responsibility through board independence, increased shareholder rights, and harsh penalties for violations. Effective governance procedures address information asymmetry and prevent management disloyalty.

India's corporate governance reforms prioritize accountability, transparency, and sustainability through strict CSR procedures. Enhanced regulatory enforcement can improve openness among stakeholders, leading to more trusting investors in addition to increasing the corporate image and improving the quality of financial reporting. Despite existing disclosure rules and enforcement tools, their effectiveness is limited due to various obstacles. Despite legislation promoting openness, family-owned

businesses have large gaps in efficiency enforcement, limiting their benefits may easily accrue from these measures.



VI. REFORMS

Over the past decade, corporate governance changes in India have focused on improving openness, accountability, and performance. The Company's Act of 2013 was a significant reform that mandated and enhanced board independence, shareholder rights, and added more financial transparency. SEBI regulations, including the Listing Obligations and Disclosure Requirements (LODR) in 2015 and subsequent revisions, have impacted corporate governance requirements. Stricter compliance standards have now been implemented as part of the overall corporate governance framework. Effective company governance can reduce volatility in stock returns and increase financial stability. Improved governance standards in India have increased investor confidence in risk management and contributed to long-term financial stability and success. Corporate governance reforms in India have reduced earnings management techniques and improved financial integrity. However, despite such advancements, effective governance is still challenged in India, including inconsistent regulation and the power of family-owned enterprises.

CORPORATE GOVERNANCE REFORMS IN INDIA



1. **SEBI'S CLAUSE 49-** The implementation of Clause 49 of the Listing Agreement in 2000 marked a significant step forward in Indian corporate governance. The measures for independent directors, audit committees, and financial disclosures aim to improve openness, accountability, and investor protection. In 2014, a thorough reform to the Companies Act removed the Clause. Since then, stricter regulations regarding board independence and transactions have been implemented.
2. **COMPANIES ACT, 2013-** The Companies Act of 2013 significantly changes corporate governance in India compared to the Act of 1956. Stricter compliance requirements increased transparency, accountability, and investment protection. Some of the main provisions include mandated CSR and more autonomy for boards, and more stringent controls on related-party transactions.
3. **SEBI (LODR) REGULATIONS, 2015-** The LODR observed that unified legal regimes simplify company governance and strengthen citizenship standards in the country. Tougher standards for disclosures related to accountability at the board level were imposed. A change in shareholder rights was implemented.
4. **KOTAK COMMITTEE RECOMMENDATIONS 2017-** The Kotak Committee on company Governance, formed in 2017, suggested ways to improve openness, accountability, and efficiency in company operations. The proposals included separating the responsibilities of chair and CEO, as well as increasing the number of independent board members and enhanced transparency standards.

VII. CORPORATE GOVERNANCE- A CONCEPTUAL VIEW

A. Salient Features

Corporate governance is essential for understanding of vision, plan of action, and execution. Dr. Manmohan Singh, former Prime Minister of India, stated that while our policies and systems are good, their implementation is inadequate. Ethics and corporate governance are interconnected. Corporate governance establishes the company's objectives and determines how to achieve them and assess success.

Corporate governance is meant to establish a relationship between the corporation, shareholders, and directors. The board serves as managers, trustees, employees, and more.

B. CONSTITUENTS OF CORPORATIONS

Board of Directors, Employees, Suppliers, Shareholders, Society, Government.

Transparent, ethical, and responsible corporate governance arises from a business entity's inherent need for good governance. Legislation alone cannot always guarantee good governance; instead, ethical business practices without legislation can lead to good governance. The ideal environment for good governance is provided by society.

Corporate governance is essential for the following reasons: -

1. It influences the growth and future of the economy's capital markets.
2. Assists in raising financing from capital markets. Effective management practices boost investor trust in a company's ability to raise long-term funding.
3. It links the company's management and financial reporting system.
4. Improve transparency in company accounting methods to benefit investors. Companies share the structure of their financial statements.
5. This enhances corporate effectiveness and efficiency, leading to better economic outcomes. Corporate governance promotes economic growth.
6. Enhances the corporate sector's international image and helps domestic enterprises attract global funding.

C. Principles, Factors, and Merits of Corporate Governance

Corporate governance varies depending on a country's culture, political orientation, and legal system.

Good corporate governance follows basic concepts-

- Fairness
- Transparency
- Responsibility
- Accountability

Corporate governance aims to promote ethical, social, and environmental responsibilities through best management practices, legal compliance, and moral guidelines for effective management and wealth distribution.

Corporate governance in India is influenced by several factors-

- Including owner recognition of rights,
- The existence of foreign investors,
- The implementation of effective accounting practices by financial institutions, and
- The business environment is conducive to economic liberalization and globalization.

Corporate governance involves adhering to principles, conducting ethical business, and distinguishing between individual and corporate funds in the management of the business. Key components of good governance involve risk assessment and management, internal control systems, ethics and fraud prevention strategy, and transparency and trust.

VIII. BUSINESS ETHICS- CONCEPTUAL VIEW

Business ethics involves understanding what right and wrong thinking is and making ethical decisions to avoid harming others. It encompasses moral principles, standards, and a code of conduct that businessmen should follow when dealing with others. Business ethics encompasses the ethical management of stakeholders and the natural

environment. It aims to implement processes that align with the noble purpose of the enterprise. Social responsibility is inherent in all businesses, regardless of their economic status.

Corporate ethics emphasizes sustainability and social growth as a moral obligation rooted in business philosophy. Following moral standards in all activities leads to the best corporate governance practices. It highlights to the business community the significance of integrity, sincerity, and fairness, fostering awareness, promoting ethical behaviour, and easing the competing interests of different societal groups, while enhancing the relationship between business and society.

Business ethics levels can be categorized as follows: -



The board regulates and evaluates the effectiveness of ethical corporate behaviour in both the firm and society.

Nevertheless, there are specific misconceptions regarding business ethics. The well-known myths are shown as demonstrated:

- Ethics is personal.
- Business and ethics don't mix.
- Information is neutral and moral.
- Good business means Good Ethics.
- Business Ethics is relative.

The success of an ethics program depends on leadership, consistency, fairness, rewards, and value-driven motivation.

IX. INDIAN SCENARIO - CORPORATE GOVERNANCE IN INDIA AND ISSUES

Globally, Indian businessmen are regarded as sharp-witted but not as honest. Post-independence, businessmen began cheating and corrupting. Private firms disregard the age-old principles of honesty and uprightness, leading to conflicts with shareholders, investors, employees, and other stakeholders.

Unethical practices related to business licenses, import licenses, money abroad, corruption culture, tax evasion, scandals, etc., were discovered in an environment that supported corruption. Transparency and accountability, the two pillars of corporate governance, were hidden merely on the grounds of the state. India's high-profile corporate fraud and governance failures, such as the Satyam Scam, UTI, and Ketan Parikh scams, have prompted a call for transparency in corporate governance to improve the country's development.

A. Objectives of Corporate Governance in India

Transparency in corporate governance is important for a business's expansion, profitability, and stability. The necessity for good corporate governance has increased due to increased competition across all socioeconomic sectors, both nationally and internationally.

B. Importance of Corporate Governance in India

Good corporate governance boosts shareholder trust. Active and independent directors contribute to a healthy financial outlook, affecting share prices.

Corporate governance is a crucial factor for foreign institutional investors when choosing an organization to make investments in. In India, company procedures prioritize audit and finance operations with legal, moral, and ethical implications for the business and its shareholders. The Indian Companies Act of 2013 aims to balance statutory and governance reforms for corporate development and foreign investment, while ensuring transparency and safeguarding stakeholder interests.

C. Need for Corporate Governance

Corporate governance has suffered due to the misinterpretation of accountability and best practices in regulatory reports. From 2008 onwards, corporate governance collapsed as firms neglected responsibilities, laid off employees, and left the nation in debt.

The following factors illustrate the need for corporate governance: -

1. **Widespread of shareholders-** Shareholders' democracy is often limited to the law and articles of association, as many are unorganized and uninterested in corporate affairs. Practical implementation through code is necessary due to a large percentage of shareholders worldwide.
2. **Changing ownership structures-** As institutional investors (both foreign and Indian) and mutual funds become major shareholders in the corporate private sector, corporate managements face a significant challenge in adhering to established corporate governance codes to maintain a positive image in society.
3. **Corporate Frauds or scandals-** Corporate scams have eroded public trust in corporate management. The Harshad Mehta scandal, the most recent example, has raised concerns about corporate shareholding and social responsibility. Corporate governance is crucial.
4. **Higher Societal expectations-** Modern society desires more from the corporate sector, including reasonable prices, better quality, pollution control, and efficient resource utilization. Corporate governance rules are necessary to ensure the best management practices in both economic and social terms, meeting economic expectations.
5. **Globalization-** Indian companies seeking to list on world stock exchanges prioritize corporate governance, which has become an acronym in the corporate sector. The international capital market values well-managed corporations that adhere to standard corporate governance codes.
6. **Significant increase in top management compensation:** In both developing and developed economies, there has been a substantial rise in

compensation packages for top corporate executives. However, these payments are not justified as they come from corporate funds that belong to shareholders and society.

D. Corporate Governance Initiatives in India

The Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) have led corporate governance efforts in India. The SEBI established the first regulatory structure for listed companies in February 2000, based on Kumar Mangalam's recommendations.

By mid-2003, all listed companies in India were subject to SEBI and the code, because of economic reforms. Corporate regulation was necessary to protect share prices. SEBI lacks sufficient statutory powers to effectively govern corporations. Corporate governance involves separating ownership from governance, allowing for independent and professional governance in accordance with best practices.

E. Corporate governance in Companies Act,2013

The Indian Companies Act of 2013 has improved corporate governance in India by introducing transparent processes that benefit stakeholders, directors, and company management. Investment advisory services and proxy firms provide shareholders with clear information about these new regulations. Consulting firms provide corporate consulting services to help companies manage their activities efficiently, maintain their reputation, and serve the interests of their consumers and minority shareholders. Corporate governance in India maintains tight management practices and regulatory compliance in the ever-changing business landscape. Prior to the Companies Act, 2013, corporate governance was directed by Clause 49 of the Listing Agreement.

The Companies Act of 2013 established major corporate governance measures, including:

- 1. Independent Director-** The Companies Act of 2013 mandates the appointment of independent directors for certain companies under Section 149(4) and Rule 4 of Companies (Appointment and Qualifications of

Directors) Rules, 2014. Public companies with paid-up share capital of Rs. 10 crore or more OR turnover of Rs. 100 crore or more OR outstanding loans/debentures/deposits exceeding Rs. 50 crores must have at least TWO independent directors. Listed public companies must have at least one-third of the total number of directors as independent directors.

2. **Woman Director-** According to Section 149(1) of the Companies Act 2013, the following companies must have at least one female director:
 - All listed companies
 - non-listed public companies with Paid-up share capital of Rs.100 crores or more, or revenue of Rs.300 crores or more.
3. **Audit Committees-** The Companies Act of 2013 mandates the formation of audit committees for companies. The committee's constitution has changed from clause 49, requiring a minimum of three independent directors. The Chairperson must be able to read and comprehend the financial statement.
4. **Serious Fraud Investigation Office (SFIO)-** The Serious Fraud Investigation Office (SFIO), established under Section 211(1) of the Companies Act, 2013, investigates fraud in company affairs, upon receipt of an inquiry from the Registrar or Inspector, in the public interest, or upon inquiry from any agency of the Central or State Governments.
5. **Corporate Social Responsibility-** According to Section 135(1) of the Companies Act, 2013, companies with a net worth of Rs. 500 crores or more and a turnover of Rs. 1000 crores or more must form a Corporate Social Responsibility Committee with a minimum of one independent director.

F. IMPACT ON BUSINESS PRACTICES

1. **Enhanced Transparency and Disclosure:** Reforms frequently require stronger disclosure standards (for example, SEBI's LODR laws in India and the Sarbanes-Oxley Act in the United States), requiring corporations to offer more timely and balanced information to investors. This decreases information asymmetry and increases investor trust.

2. **Strengthened Board Structure and Accountability:** New legislation frequently mandates increased board independence, the formation of audit committees that have expertise, and limitations on the number of directorships a person can have. This enhances monitoring, strategic decision-making, and risk management.
3. **Improved Financial Integrity:** More stringent auditing requirements, limitations on non-audit services provided by external auditors, and management certifications of accounting records have greatly reduced practices such as managing earnings and enhancing the integrity of financial reporting.
4. **Focus on Stakeholder Rights and ESG:** Modern changes are consistent with global standards such as those set by the OECD, prioritizing shareholder rights while also considering broader interests of stakeholders. This promotes the integration of environmental, social, and governance (ESG) considerations into fundamental company strategy.
5. **Challenges and Resistance:** Despite the benefits, certain companies, particularly family-owned businesses, may experience difficulties or exhibit cosmetic compliance because of the severe standards and the potential loss of promoter control, which can undermine the overall effectiveness of reforms.

X. SUGGESTIVE MEASURES

To effectively combat corporate corruption, it is necessary to integrate ethical values and concepts into daily activities through the organizational environment. Ethics encompasses normative science, conduct, society, and right/wrong. Individual and company ethics should have distinct requirements. Individual ethics is guided by personal desires, thoughts, unconscious psychological impulses, sense of duty, etc., while business ethics is guided by organizational goals, collective goals, managers' judgments, and standards. To be effective, top management must cultivate ethics in theory and practice, companies should mandate board-approved codes of ethics with specific whistleblower protection mechanisms aligned with Section 177(9) of

Companies Act 2013, use ethics committees, teach ethics during training and development programs, and conduct ethics audits.

Ethics, as a standard discipline, encompasses values, social norms, and societal expectations. Moral education is crucial for elevating ethics, and decisions should prioritize the larger community over narrow interests. Codifying standard company procedures can establish trustworthiness and encourage global commerce. Business associations can play a beneficial part in revising norms and enforcing compliance.

Working groups and committees have established standards for consumers, rivals, employees, owners, suppliers, and communities. Business organizations can strengthen ethics and minimize corruption and uncertainty by developing codes of conduct. In May 1991, the London Stock Exchange established a committee chaired by Sir Adrian Cadbury to advise boards on presenting a fair and intelligible appraisal of their corporate status.

The Indian concept of trusteeship has encouraged Indian executives to conduct themselves ethically. Sections 407-434, section 132, and section 211 of the Indian Company's Act, 2013 establish regulatory bodies such as the National Company Law Tribunal (NCLT) and the National Financing Reporting Authority (NFRA), and the Serious Fraud Investigation Office (SFIO) oversee and regulate the actions of auditors and companies. Section 134(5)(e) of the 2013 Act mandates extensive internal financial oversight reporting on directors, strategic and operational aspects of the business, and its efficiency. Additionally, Section 143(12) of the Act requires auditors to report any findings during their duties.

In 2009, the MCA introduced the Corporate Social Responsibility Voluntary Guidelines. Section 135 of the 2013 Act establishes the Corporate Social Responsibility (CSR) Committee of the board and mandates spending at least 2% of the average net profit of the immediately preceding year. The committee is responsible for developing policies and activities outlined in Schedule VII under specific circumstances. Changing our national culture is necessary to build trust, which is the most valuable business asset. Corporations are expected to contribute to a better future for the world.

XI. CONCLUSION

India has seen significant structural and regulatory changes, including the Companies Act of 2013 and SEBI's listing responsibilities and disclosure rules, to strengthen governance standards and increase accountability. Modelling regulatory measures is crucial for achieving desired results. Despite the importance of ethics in governance, the corporate sectors in India have struggled to achieve success. The term "Corporate Governance and Business Ethics" has caused anxiety in these sectors. As international trade grows, we need to develop a systematic approach to ethics to enhance creditworthiness. Corporations in India are recognizing the importance of conducting business without compromising principles and ethical responsibilities for their long-term survival. Adherence to strong ethics policies can lead to long-term competitive advantages, as a corporation's ethical reputation does not always equate to success. Ethical business conduct fosters customer and employee loyalty in a competitive market. While profit is necessary for survival and growth, it must be pursued within ethical boundaries, including environmental protection and whistleblowing policies. Ethical business decision-making leads to better utilization of resources and organizational enhancement, ultimately benefiting society. Ethics is the initial line of defence against corruption, while law enforcement is reactive and remedial. However, good corporate governance practices alone cannot guarantee ethical behaviour. The MCA's "spend or explain" approach to CSR has received mixed reactions. It may take time for all corporations to cultivate CSR as a culture. The 2013 Act has far-reaching implications and will significantly change the way corporations operate in India.

XII. REFERENCES

1. Donaldson, John & Fafaliou, Irene, Business Ethics, Corporate Social Responsibility and Corporate Governance: A Review and Summery Critique, *European Research Studies*, 2003.6 (1-2): p. 90.
2. M. Bhasin, Audit Committee Mechanism to Improve Corporate Governance: Evidence from a Developing Country, *Modern Economy*, 2012. 3(7): p. 856-872.
3. S. Claessens and B. Yurtoglu, Corporate Governance in Emerging Markets: A Survey, *Emerging Markets Review*, 2013. p. 151-33.

4. S. L. Gillan, Recent Developments in Corporate Governance: An Overview, *Journal of Corporate Finance*, 2006. 12: p. 381-402.
5. K. Han and Y. Lu, Corporate Governance Reforms Around the World and Cross-Border Acquisitions, *Journal of Corporate Finance*, 2013.
6. V. C. Joseph and L. N. Terry, Audit Committee Characteristics and Auditor Dismissals Following "New" Going Concern Reports, Jan 2003. *The Accounting Review*, 78, (1): p. 95-117.
7. Vishwakarma, R., Corporate Governance and its Attributes: An Exploratory Study of MFIS, *Research Bulletin*, October 2016. The Institute of Cost Accountants of India, Kolkata, 42(3).
8. Albuquerque, Daniel, *Business Ethics, Principles and Practices*, 1st edition ed 2010. Oxford University Press, New Delhi, p. 373.
9. Christine, A. Mallin, *Corporate Governance*, 3rd edition ed 2010. Oxford University Press, New Delhi, p. 369.
10. Jain, T.K., *Ethics in Business, Corporate Social Accounting and Reporting*, 1999. Deep & Deep Publications Pvt. Ltd., New Delhi, p. 264.
11. Adrian Cadburg, *Developments in Corporate Governance*, The Chartered Secretary, May 1997. p. 487-490.
12. S. B. Young, *The Ethics of Corporate Governance, the North American Perspective*, *International Journal of Law and Management*, 2009. 51(1).
13. Schwartz, M, *The State of Business Ethics in Israel: A Light unto the Nations?* *J Bus Ethics*, 2012. 105: p.429-4