Corporate Governance

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Constituted Committees for the Recommendation on Corporate Governance

The Council for Fair Business Practices (1966) and Code for Indian Business (by Great Industrialist)	Protection of consumer interest and their rights to information, to choose and to be heard; Equitable distribution at times of shortages; Best manufacturing practices and strive for zero defects in their products: Quality inspection and assurance of raw materials and packaging materials and finished products; Uniform price on identical quantities and fair returns to distributive trade; Proper information of products /services to the buyers; Honest advertising; Prompt after-sales service; Quality, fair price and value for money to consumers; Adequate steps against adulteration and short weights and measures; Supply of spares in time; Fair business practices and self-regulation in self-interest and in the interest of consumers; More and more manufacturers should voluntarily seek certification marks like "I.S.I." and "Agmark" for their products.
Sachar Committee (1978) (India)	The Committee inter alia, looked into the **social responsibilities of companies**. Every company apart from being able to justify itself on the test of economic viability will have to pass the test of a socially responsible entity.
Cadbury Report, United Kingdom 1992 (UK)	The objective of the Cadbury committee was to investigate how large public companies should adopt corporate governance guidelines with a focus on the

	procedures of financial report production and the role of the accounting profession. Issues included the role of the board of directors, standards of financial reporting, accountability of the auditors and directors pay.
Greenbury Report, United Kingdom, 1995 (UK)	The report dealt with the remuneration of executives and non-executives board members and recommended the setting up of a remuneration committee in each public company to determine remuneration packages for the board members. It also provided suggestions on the disclosure of remuneration and the setting up of remuneration policy and service contracts and compensation.
Hampel Report, United Kingdom, 1998 (UK)	Four major issues were discussed with practical guidelines offered; (a) the role of directors (b) directors compensation (c) the role of shareholders (d) accountability and audit.
CII Voluntary Code of Corporate Governance, 1998 (India)	The first of the voluntarily evolved codes in India. It was developed after extensive consultations with stakeholders. This was followed by several other codes, aimed at assisting companies to put in place systems that allow for greater transparency and meet regulatory standards.
Kumar Mangalam Birla Committee, India, 1999 (India)	The mandatory recommendations of the Kumar Mangalam committee include the constitution of Audit Committee and Remuneration Committee in all listed companies, appointment of one or more independent directors in them, recognition of the leadership role of the Chairman of a company, enforcement of Accounting Standards, the obligation to make more disclosures in annual financial reports, effective use of the power and influence of institutional shareholders, and so on. The

	Committee also recommended a few provisions, which are non- mandatory.
Dr. R. H. Patil Committee (RBI), 2001 (India)	The standing committee on International Financial Standard and Codes (Chairman Dr Y V. Reddy) constituted the Advisory Group on "Corporate Governance" under the Chairmanship of Dr. R. H. Patil. The group made recommendations on the areas of responsibilities of the board of directors, accountability to stakeholders/ shareholders, selection procedures for the appointment of directors of the board, size and composition and independence of the board, constitution of committees like audit, nomination, remuneration and shareholders redressed to oversee the practice of corporate governance, disclosure and transparency standards, role of shareholders and auditors, etc.
Sarbanes-Oxley Act, 2002 (US)	A major initiative of corporate compliance, the Sarbanes-Oxley Act of 2002, is also known as the Public Company Accounting Reform and Investor Protection Act of 2002 is a US federal law that has main features such as ; establishment of the Public Company Accounting Oversight Board (PCAOB), auditors independence, corporate responsibility, enhanced financial disclosures, analyst conflict of interest, commission resources and authority, corporate and criminal fraud accountability, while collar crime penalty enhancement, corporate tax returns and corporate fraud accountability.
Higgs Report, 2003 (UK)	Review of the role and effectiveness of non-executive directors
Smith Report, 2003 (UK)	The independence of auditors.
Naresh Chandra Committee,	The auditor-company relationship, list of

2002 (India)	disqualification for audit assignment, auditing the auditors, certain services not render by auditors, Independent directors: Role, remuneration and training.
Narayana Murthy Committee, 2003 (India)	The key mandatory recommendations focus on strengthening the responsibilities of audit committees; improving the quality of financial disclosures, including those pertaining to related party transactions and proceeds from initial public offerings; requiring corporate executive boards to assess and disclose business risks in the annual reports of companies; introducing responsibilities on boards to adopt formal codes of conduct; the position of nominee directors; and stock holder approval and improved disclosures relating to compensation paid to non-executive directors. Non-mandatory recommendations include moving to a regime where corporate financial statements are not qualified; instituting a system of training of board members; and the evaluation of performance of board members.
OECD Principles, 2004 (Paris, France)	The OECD Principles cover five aspects of governance (a) the rights of shareholders (b) the equitable treatment of shareholders (c) the role of stakeholders (d) disclosure and transparency (e) the responsibilities of the board.
J.J. Irani Committee (2005) (India)	The main recommendations are no any limit to the maximum numbers of directors in a company. This should be decided by the companies or by its Articles of Association. There should be at least one director resident in India. Both the managing director as also the whole time directors should not be appointed for more than five years at a time. Age limit of the director may

	be prescribed in the law. There should be adequate disclosure of age of the directors in the company's document. A minimum of one-third of the total strength of the BoD as independent directors. Detail of transactions of the company should be placed periodically before the board through the audit committee. All non-audit services may be pre-approved by audit committee. The rights of minority shareholders should be protected during general meetings of the company. Majority of the directors of the audit committee should be independent directors if the company is required to appoint independent directors. The Committee kept silence on two major issues on corporate governance: (i) Chairman and CEO duality (particularly in regard to separation of these two posts), and (ii) Appointment of nomination committee.
Clause 49 of the Listing Agreement, SEBI, regulations, 2015 (Clauses 17 to 27) and SEBI Circular dated 8th February, 2019	Board of directors- composition of board, executive and non executive directors, meeting of BoD, Code of conduct, responsibility. Independent Audit Committee, other committees of the board, vigil mechanism, related party transactions, Independent directors, Management committees, CEO/CFO Certification, Report on Corporate governance and Secretarial Audit (Sect. 204)
Uday Kotak Committee, 2017 (India)	SEBI formed a committee on corporate governance in June 2017 under the Chairmanship of Mr. Uday Kotak with a view to enhancing the standards of corporate governance of listed entities in India. The committee consisted of officials from the government, industry, professional bodies, stock exchanges, academicians, lawyers, proxy advisors, etc. The committee was requested to submit its report within four months. The

	committee has submitted its report on October 5, 2017. The committee were to make recommendations to SEBI on the issues of Ensuring independence in spirit of Independent Directors and their active participation in functioning of the company; Improving safeguards and disclosures pertaining to Related Party Transactions; Issues in accounting and auditing practices by listed companies; Improving effectiveness of Board Evaluation practices; Addressing issues faced by investors on voting and participation in general meetings; Disclosure and transparency related issues, if any; Any other matter, as the Committee deems fit pertaining to corporate governance in India.