Research Paper Management

Corporate Govenrance with A Specific View of Lokpal & Other Bills Passed by The Government

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ABSTRACT

There are various principles of corporate governance which includes delegation of authority, professional decision making, accountability, transparency and conflict of interest. All these principles affect the ethical and professional dimensions of the overall management and working of the organization as a whole. Along with the corporate laws which are voluntarily taken care of by various companies, there are many acts passed by the Indian government so that the implementation and regulations of these corporate governance principles can become easy and effective. This paper combines the two ends of the corporate governance companies and the government. Here the implementation is a very difficult aspect. It is something which restricts the effectiveness of the corporate governance principles. This paper shows the connection of corporate governance with the Indian laws such as recently passed LOKPAL BILL also. Various aspects of this bill along with some other bills are analyzed here and their possible effectiveness on Corporate governance is studied in brief.

KEYWORDS Governance, Lokpal, Ethics

Introduction
There are several principles of corporate governance. Among these principles following are the ones which are directly related with the ethical and managerial decision making along with the proper corporate governance.

Delegation of authority
In any company, the origin of authority is ownership. However, the company may soon reach a point in its development where the main shareholder is no longer able to simultaneously fulfill the roles of shareholder, lead director, and manager. At that point, it becomes necessary to reflect on the most effective way to delegate authority from the owner to the board and the management.

The articles of association (or equivalent constitutional document) and shareholder resolutions exist to formalize the rights of shareholders. The owner and/or the board should develop a systematic approach towards the delegation of authority and formalize this in writing. A schedule of matters reserved for the board and for executive management should be established, which sets out the parameters of the delegated authority (with attention for any financial thresholds regarding decision-making powers).

Delegated authorities should be reviewed periodically to ensure that they remain appropriate given the structure, size, scope, and complexity of the firm

Professional decision-making
The focus of collective decision-making in most companies is the board of directors. However, directing an organization through a board is more difficult than is commonly supposed. Simply placing competent people of goodwill around a boardroom table will not necessarily result in an effectively functioning board. Building an effective board takes time and patience on the part of board members, and benefits from a professional approach to boardroom procedure.

It is also important to ensure that due care is taken over the choice of board members, and that board members have the necessary skills and competencies to fulfill their responsibilities. Directors will need to undertake specialized professional training if they are to effectively make the transition from operational manager (with a focus on one aspect of a firm's activities) to company director (where they must exercise oversight over the firm as a whole).

Accountability
Within a company, there should be a hierarchy of accountability. Each level in the hierarchy is granted defined responsibilities and powers. However, these powers must be associated with meaningful accountability regarding performance and the exercise of powers.

For accountability to exert an effect over behaviour, it is important that each employee, manager, and board member understands expectations about the nature and scope of his or her responsibilities. As the company expands in size and complexity, this will require formalization in the form of explicit business conduct rules (including ethical principles). At the board level, directors should clarify their responsibilities by defining corporate governance principles for the firm, which should be regularly reviewed and updated.

Transparency
A certain level of transparency in the firm's activities may be mandated by law and regulation (e.g. publication and audit of financial statements). The nature of such statutory transparency is likely to be relatively tightly defined. However, unlisted companies may choose to voluntarily disclose more information than required by law as a means of gaining the confidence and commitment of external stakeholders. Given the fact that unlisted companies are often labeled as "closed" companies, the case for greater external transparency will need to be made to a possibly skeptical company owner/ founder.

Conflicts of interest
An important principle of company law is that directors have a duty to promote the success of the company as a whole. They are specifically prohibited from directing the activities of the company in favour of themselves or particular shareholders and/or stakeholders.

INITIATIVES TAKEN BY THE GOVERNMENT FOR INCREASING THE CORPORATE GOVERNANCE USING VARIOUS LAWS

Right of Citizens for Time Bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011:
As Arun Jaitley pointed out in RS, Parliament was obliged to pass this Bill to honor its 2011commitment before Anna Hazare broke his fast. One of the three clauses of the Sense of the House resolution passed then was a promise to enact a

citizen's charter for every public authority. This Bill subsequently introduced seeks to create a mechanism under which the charter will detail goods and services to be provided and their delivery timelines.

The proposed mechanism will have to redress within 30 days grievances related to the charter, functioning of the public authority and violations of a law or policy. It provides for the appointment of central and state public grievance redressal commissions, which will fine errant officers up to Rs 50,000. While Lokpal will deal with corruption, this Bill is about grievances like potholed roads or failure to supply ration cards.

Whistleblowers Protection Bill, 2011:
The government came up with this Bill to strengthen safeguards for whistleblowers. It widened the whistleblower definition to include not just a conscientious public servant exposing corruption but also "any other person" including NGOs so that even RTI activists get similar protection. Disclosures of whistleblowers could be about an act of corruption, misuse of power or any criminal offence by public servants.

Under this, whistleblower can make his disclosure in confidence to the central or state vigilance commission. Anyone disclosing the complainant's identity will be penalized. It imposes a penalty on whistleblowers if they knowingly make false complaints.

Judicial Standards and Accountability Bill 2010:
This lays down enforceable standards of conduct for SC and HC judges. Sixteen of the 18 enumerated standards are derived from SC's code of conduct for judges and requires judges to declare their and their kin's assets and liabilities. Given the need to maintain judicial independence, it creates three mechanisms to deal with complaints on grounds of misbehavior or incapacity. Once a complaint is filed, the proposed Judicial Oversight Committee will serve as first check. It will be a five-member body comprising two serving judges, a retired judge, attorney general and an eminent person. In keeping with the practice in countries like UK and US, this panel will allow non-judicial members to evaluate complaints.

If the complaint is in order, the oversight committee will forward it to the Scrutiny Panel comprising judicial members. Two of the three members will be judges sitting in the same court as the judge against whom there is a complaint. If the scrutiny committee is convinced of the complaint's truthfulness, it will be referred to the Investigation Committee, which will have civil court powers. Penalties that may arise from this network of committees could range from an advisory to public censure of a sitting judge. This may also lead to a recommendation to the President for a judge's removal.

Prevention of Corruption (Amendment) Bill 2013:
After the coal scam, the government came up with a radical proposal scrapping the notion of punishing somebody for corruption even when there is no quid pro quo or bribery. The proposed amendment seeks to delete the clause in the corruption law against "misuse of official position to extend undue favours". This will ensure that a public servant isn't booked for a judgment error on his part unless there's evidence of graft.
The Prevention of Bribery of Foreign Public Officials Bill: It penalizes Indian companies and individuals bribing foreign state or international agency officials.

Public Procurement Bill:
It seeks to ensure transparency in procurement by the Central government and its entities. It exempts procurements for disaster management or strategic purposes, and those below Rs 50 lakh. It sets open competitive bidding as preferred procurement method and mandates publication of all information on a portal.

Literature Review
The Ministry of Finance, Singapore (CORPORATE GOVERNANCEC 2001) defines corporate governance as "the processes and structure by which the business and affairs of the company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of other stakeholders.

The corporate governance structure specifies the distribution of rights and responsibilities among different participants In the Corporation, such as the Board, managers, shareholders and other stakeholders, and spells out the rules and procedure for making decisions on corporate affairs. By doing this, it also provides the structures through which the company objectives are set, and the means of attaining those objectives and monitoring performance.

Methodology of Research:
The methodology that will be followed in research will be ex-posto facto research under which the data published in several magazine, journals, publications, websites, newspapers and outcome of the several surveys conducted by different research agencies will be used for the research.

Findings
While studying various aspects of the corporate governance vis s vis various bills passed by the Indian government,it was found that effective efforts are already taken by the government in the same direction. It adds a lot in the accountability and transparency of the various Indian Corporates.

Research Limitations
There are many limitations of the survey undertaken by us which can be associated with the lack of time. Due to shorter period of time the study is limited to specific region or companies only. Each country is located in separate region and the cultural aspect of different nations can influence the practices of the business and its corporate governance so the findings of the study cannot be generalized. Due to the shortage of time the empirical aspect of study never being came into focus.

Conclusion:
This research paper is highlighting the significance of effective corporate governance today's competitive era. The issue of control, ownership and its effect on corporate governance is the focal point of this paper. The findings show that effective corporate governance reduces the problems of ownership and control and helps to fix responsibility which helps to achieve success in this globalised era.

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