CORPORATE GOVERNANCE – A SOURCE OF COMPETITIVE EDGE

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ABSTRACT

Good governance is imperative for edge in competition and critical to economic and social progress. In an ever-increasing globalised economy, firms need to tap domestic and international capital markets for investment, but capital providers have a choice and the quality of corporate governance is increasingly becoming a deciding factor for investment and lending.

Recent events in India have put the spotlight on corporate governance practices of Indian companies. A key aspect that is being debated in the corridors of India Inc. is whether we need major regulatory changes to improve corporate governance, or whether improved standards of corporate governance could be achieved through adoption of principle-based standards of conduct. India Inc. has generally been proactive in promulgating corporate governance regulations. In doing so, a good balance has been achieved i.e. headway has been made, in terms of helping ensure that regulations are not stifling our entrepreneurial initiatives. From a purely regulatory standpoint, India compares favorably with most other developing and Asian economies as far as its corporate governance rules are concerned.