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CONTENTS

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   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

CORPORATE GOVERNANCE IN EMERGING ECONOMIES IN INDIA - A REVIEW

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ABSTRACT
The Research a paper majorly discusses information with regard to identifying market in emerging economies and how it act as driving force for better corporate governance. The Present research paper provide a detailed specific overview on defining better workable delivery application wise approach and key needs to be taken into consideration. The operational view of this corporate governance has been generally considered as with regard to addressing the performance of an organization work operations. The present research journal provides us a details approach with information exchange of how financial and performance based structural responsibilities are taken up for medium and family managed companies. To further evaluate things, which would require adoption of better principles and sound based knowledge and practices for better deliverance of performance.

KEYWORDS
Corporate Governance, Emerging Economies, Sectors and Issues.

INTRODUCTION
This paper primarily focuses on the Codes of Corporate Governance (CG) in emerging economies, which is the driving force for corporate performance and overall economic prosperity, a dire need of the day in view of the global market environment. It generates interest in the structure and the status of CG practices in emerging economies, particularly India, which is recognized as one of the fast growing economies in the world. It is moving according to the world market changes in all dimensions and directions. The corporate sector in India would remain changing and moving ahead as per the developments that were taking place in the other counterparts and developed economies like the US, UK and other parts of the corporate world. The notorious collapse of Enron in 2001, one of the America's largest companies, has focused international attention on company failures and the role that strong corporate governance needs to play to prevent them (Jill Solomon, 2007). The UK responded by producing the Higgs Report (2003) and Smith Report (2003), where as the US enacted the Sarbanes Oxley Act (2002). In fact, the developments in UK had tremendous influence on India too. They triggered off the thinking process in the country, which finally led to the government of India and regulators laying down the ground rules on corporate governance. As a result of the interest generated in the corporate sector by the Cadbury Committee's report of the United Kingdom, the issue of corporate governance was studied in India in depth and dealt with by the Confederation of Indian Industry (CII), the Associated Chambers of Commerce and the Securities and Exchange Board of India (SEBI). Although some studies have focused on the shareholders' rights and a few other issues of a general nature, none can claim to be wider and more comprehensive than what the Cadbury report has covered. The amount of research carried out in CG in India is negligible and lacks research evidence to make effective comparisons with its counterparts and developed economies to strengthen the CG's codes and mechanism. It is imperative to generate research literature on the subject.

BACKGROUND
WORLD SCENARIO
The term 'Corporate Governance' refers to the system through which the behavior of a Company is monitored and controlled. Corporate Governance (CG) has been gaining a lot of importance and momentum the world over. It has become a buzz word in the world corporate sector. It has emerged as a means of achieving corporate excellence and a driving force for accomplishing much better performance, maximizing the stakeholder's wealth and corporate value. As such corporate governance affects the creation of wealth and its distribution into different pockets. It shapes the efficiency of firms, the stability of employment, the fortunes of suppliers and distributors, the portfolios of pensioners and retirees, the endowments of orphanages and hospitals, the claims of the rich and the poor (Peter Alexis Gourevitch and James J. Shinn, 2005). Getting corporate governance right is important to economic prosperity. However, as yet there is little objective evidence that good governance will either prevent further corporate failure or contribute to improved organizational effectiveness (Paul Moxey (2004). Besides, the corporate scams and frauds that came to light have brought about a change and necessitated substantial external regulations apart from internal controls and regulations. The response of society to these frauds is reflected in the legislative and regulatory changes brought out by governments, and large institutional investors demand for better CG practices. It has resulted in appointment of several committees and commissions to probe into the various issues in depth and to make appropriate recommendations for better corporate governance practices. A series of events for the last two decades have placed corporate governance issues as of paramount importance both for the international business community and international financial institutions. Business failures and frauds in the USA, several scandals in Russia and the Asian crisis (1997) have brought corporate governance issues to the forefront in developing countries and transition economies. The virtual collapse of the Russian economy in 1998 resulted in large measure from the weakness of governance mechanisms.

INDIAN SCENARIO
Interest in corporate governance by policy makers in developed countries had grown significantly by the early 1990 (Stephen Y.L Cheung and Bob Y. Chan, 2004). In India too it had its beginning in the early 1990s. In India the CG represents the value, ethical and moral framework under which business decisions are taken to maximize stakeholder value. The emergence of CG in India is the result of a spate of scandals in corporate and stock markets, unlike corporate failures in the other parts of the world. A good number of Committees and commissions have been appointed for improving CG practices in India also. Though in India there have not been such massive corporate failures such as Enron, Maxwell etc., it has resolved wisely and with forethought to incorporate better governance practices in the corporate sector emulating stringent international standards.

Many large corporations are multinational in nature. They have their impact on citizens of several countries across the globe. If things go wrong, they are bound to affect many countries, some more severely than others. Therefore, it is necessary to look at the international scene and examine possible international solutions to corporate governance issues and problems. Corporate governance is needed to create a corporate culture of consciousness, transparency, confidence among investors and prospective investing public. It refers to a combination of laws, rules, regulations, procedures and voluntary practices to enable companies to maximize shareholders' long-term value. It should lead to increasing customer satisfaction, shareholder value and wealth creation. Corporate Governance issues in India Most of Indian corporate governance shortcomings are no worse than in other Asian countries and its banking sector has one of the lowest proportions of non-performing assets, signifying that corporate fraud and tunneling in India are not out of control (Rajesh Chakraborthi, William L. Megginson and Pradeep K. Yadav, 2007). The governance of most countries' industrial and business organizations in India has thrived on unethical business practices at the market milieu. These organizations have shown scant regard for human and organizational values while dealing with their stakeholders in the organization. Industrial growth along with the development of corporate culture began in India since independence.

REVIEW OF LITERATURE

Before undertaking the present Study on 'Corporate Governance and Financial Performance in Medium sized Family Managed Companies', we carried out a review of research works done on the same subject. Several studies have been carried out in developed and developing markets to understand the relationship between corporate governance and firm performance. A study which combined all the corporate governance parameters into a combined index has concluded that better governed firms are relatively more profitable, more valuable and pay out more cash to their shareholders. Some of the key sub-indices of corporate governance which have significantly influenced financial performance are Minority Shareholders' Rights, Ownership Pattern, and Disclosures of Transactions with Related Parties, Executive and Director Compensation and Board procedures.

Most of the studies in developing countries have concentrated on a few selected parameters of corporate governance relating to ownership such as board size, board independence (adequate number of independent directors on the board), promoters' control on board, insider ownership and ownership concentration, CEO and board autonomy, to assess their impact on financial performance of firms and firm value. The association between corporate governance and financial performance is driven more by board structure sub-index in Korea, where it is positively associated with higher profitability. Recent study conducted for India (2008) has also considered all the major indices of Corporate Governance and combined them into a composite index, Indian Corporate Governance Index (ICGI) to assess its influence on firm performance. The study has found evidence of a positive and statistically significant relationship between overall Corporate Governance Index and Tobin's Q which is an indicator of the market value of listed firms. However, this is more true of a larger sized firms included in the BSE-200 index. It is not significant for smaller sized firms.

OBJECTIVE OF THE STUDY

In this research, major consideration is given to different facts of various strategies taken up with regard to corporate governance. The objective of the study on 'Corporate Governance and which is a review of Measuring Performance of exchanges and Financial Performance of Medium sized Family Managed Companies':

- To identify factors that would provide better corporate governance for measuring performance of exchanges.
- To ensure the structure, responsibilities and functions of exchanges and Financial Performance of Medium sized Family Managed companies.
- To evaluate the steps that required to adopt sound and prudent principles and practices for the governance of the company.

DRIVING FORCES OF CORPORATE GOVERNANCE

Good corporate governance is a reflection of quality management with the highest caliber understanding the role that high corporate governance standards plays in maintaining checks and balances within the organization, increasing transparency and preventing corporate abuse and mismanagement. Management of good corporate governance companies also understands the importance of investors of long-term, sustained operating performance and tends to be inherently performance-drive (Christopher Leahy, 2004). The corporate governance scenario in India has been changing fast over the past decade, particularly with the enactment of Sarbanes-Oxley type measures and legal changes to improve the enforceability of creditors 'rights. India should have the quality of institutions necessary to sustain its impressive current growth rates in the years to come, if the same trend is maintained (Rajesh Chakraborthi, William L. Megginson and Pradeep K. Yadav, 2007). Corporate governance provides a mechanism which improves the efficiency, transparency; accountability of the corporate's and builds the confidence of the stakeholders. Corporate governance describes the structure of rights and responsibilities among the parties that have a stake in the firm (Augilera & Jackson, 2003). But the kind of responsibility and structure of the firm varies from region to region and countries to There are a number of causes for the emergence of corporate governance in India, apart from the ethically ambiguous business practices and scams in the market environment. There are three major driving forces in the market that can be identified for the emergence of corporate governance in India. These include

1. Unethical business practices and security scams,
2. Globalization and
3. Privatisation.

a) Unethical Business practices and Security market scams

The need for corporate governance was first realized in the country when the "Big Bull", Harshad Mehta's securities scam came into light in 1992. A large number of banks were involved in the scam resulting in the stock market distress for the first time in India. This was followed by a sudden growth of cases in 1993 when transnational companies started consolidating their ownership by issuing equity allotments to their respective controlling groups at steep discounts to their market price. In this preferential allotment scam alone investors lost roughly Rs. 5,000 crore. The third scandal of the decade was the disappearance of companies during 1993—94. During this period, the stock market index shot up by 120 per cent and 3,911 companies that rose over Rs. 25,000 crore and disappeared without starting any business. In this misdeed of companies, innocent investors had lost a lot of money. During this artificial boom hundreds of obscure companies were allowed to make public issues at large share premium with their misleading prospectuses. Again the Plantation companies scam took place in 1995-96 followed by the non-banking finance companies scam in 1995—97. Yet another scandal was the one in which the BPL, Sterlite and Videocon price rigging happened with the help of Harshad Mehta. In the IT scam between 1999- 2000, firms changed their names to include 'infotech', and investors saw their stocks run away overnight. The year 2001 witnessed yet another scam in which Ketan Parekh resorted to price rigging in association with a bear cartel. This brought the evaluation of the corporate governance issue into the mainstream. It is strange but true that the early initiative for better corporate governance in India came from the more enlightened listed need/importance of the study

STATEMENT OF THE PROBLEM

Corporate governance effect on firms' performance is a very vital and important issue in Grievances readressal mechanism over the world. The main issue of the constraints of the approach is to address the technical constraints faced in stock exchange and its regard for better approach in stock exchange in Stock exchange NSE, BSE and other key stakeholders

The study is trying to answer the following questions:

1) What are the factors which might affect the 'Corporate Governance and Financial Performance in Medium sized Family Managed Companies'?

2) What is the effect of corporate governance on performance exchanges?

RESEARCH METHODOLOGY

BASIC PHILOSOPHY

Corporate Governance encompasses laws, procedures, practices and implicit rules that determine a management's ability to take sound decisions vis-à-vis all its stakeholders – in particular, its shareholders, creditors, the State and employees. There is a global consensus on the objective of Good Corporate Governance: Maximizing long-term shareholder value. Since shareholders are residual claimants, this objective follows from a premise that in well-performing capital and financial markets, whatever maximizes shareholder value must necessarily maximize corporate value, and best satisfy the claims of creditors, employees and the State. A company which is proactively compliant with the law and which adds value to itself through Corporate Governance initiatives would also command a higher value in the eyes of present and prospective shareholders. Marico therefore believes that Corporate Governance is not an end in itself but is a catalyst in the process towards maximization of shareholder value. Therefore, shareholder value as an objective is woven into all aspects of Corporate Governance - the underlying philosophy, development of roles, creation of structures and continuous compliance with standard practices. Corporate Governance as a concept has gained considerable importance of late, primarily because of the proposal to enshrine many of the accepted good governance principles into corporate law. For Marico, however, good corporate governance has been a cornerstone of the entire management process, the emphasis being on professional management, with a decision making model based on decentralization, empowerment and meritocracy. Risk Assessment and Risk Mitigation Framework

Marico believes that:

- Risks are an integral part of any business environment and it is essential that we create structures that are capable of identifying and mitigating them in a continuous and vibrant manner.
- Risks are multi-dimensional and therefore have to be looked at in a holistic manner, straddling both, the external environment and the internal processes.

Marico's Risk Management processes therefore envisage that all significant activities are analyzed keeping in mind the following types of risks:

- ❖ Business Risks
- ❖ Controls Risks
- ❖ Governance Risks

RESULTS & DISCUSSION

Several studies focusing on developed and emerging markets have concluded that well governed companies have registered better performance in financial terms. Adoption of best practices in Governance has led to:

a) Improved access to external financing resulting in greater efficiencies due to greater knowledge of investors with regard to the company's strategies
b) Lower cost of capital
c) Improved operational performance through more efficient management and better asset allocation
d) Better financial performance and company valuation as seen in:
i) **Improved Economic Value Added (EVA)** - A Credit Lyonnais South Asia (CLSA) 20015 study of 100 largest emerging markets, has shown that best corporate governance practices in emerging markets had 8 percentage points higher EVA than the average of all firms in the country.
ii) **Improved Profitability** – An ABN/AMRO Study of Brazil based firms6 with CG Ratings showed that their P/E ratios were 20 percent higher, RoEs at 45 percent higher and Net margins 76 percent higher than those with below average CG practices. A Study by L Brown and M Caylor of Georgia State University7 in 2004 has shown that well governed companies outperformed poorly governed ones by 18.7 percent in terms of RoI and 23.8 percent for RoE. Boards are not fully independent and conflicts of interest arise due to cross share ownership. More importantly implementation and enforcement mechanisms are weak. The Indian corporate landscape is no different from that in other emerging countries and is marked by concentrated ownership of equity, pyramiding and tunneling of funds among group companies. Independent directors on boards have largely been ineffective and institutional directors have by and large failed to carry out their monitoring functions. Enforcement of corporate laws has remained soft. Pyramiding and Family control of businesses is quite evident as seen by the high shareholding of promoters averaging as high as 48.1 percent in 2002 (Topalova 2004).

The Satyam episode is a case in point of drastic shortcomings of the Boards and their failures particularly those of Independent Directors to detect glaring mismanagement and expropriation of funds by promoters. Though there has been a steady improvement in the corporate governance regulatory norms and guidelines has improved steadily in India, largely based on the patterns followed in UK and USA, the bigger challenge of implementation of rules at the ground level still remains. While companies like Infosys, the Tata Group, the Godrej Group, in keeping with the international trends, have voluntarily adopted higher standards of governance and CSR

FINDINGS

RESEARCH IN SECURITIES MARKET

In order to deepen the understanding and knowledge about Indian capital market, and to assist in policy-making, SEBI has been promoting high quality research in capital market. It has set up an in-house research department, which brings out working papers on a regular basis. In collaboration with NCAER, SEBI brought out a 'Survey of Indian Investors', which estimates investor population in India and their investment preferences. SEBI has also tied up with reputed national and international academic and research institutions for conducting research studies/projects on various issues related to the capital market. In order to improve market efficiency further and to set international benchmarks in the securities industry, NSE supports a scheme called the NSE Research Initiative with a view to develop an information base and a better insight into the working of securities market in India. The objective of this initiative is to foster research, which can support and facilitate (a) stock exchanges to better design market micro-structure, (b) participants to frame their strategies in the market place, (c) regulators to frame regulations, (d) policy makers to formulate policies, and (e) expand the horizon of knowledge. The Initiative has received tremendous response.

TESTING AND CERTIFICATION

The intermediaries, of all shapes and sizes, who package and sell securities, compete with one another for the chance to handle investors/issuers' money. The quality of their services determines the shape and health of the securities market. In developed markets and in some of the developing markets, this is ensured through a system of testing and certification of persons joining market intermediaries in the securities market. This sort of arrangement ensures that a person dealing with financial products has a minimum standard of knowledge about them, market and regulations so as to assist the customers in their dealings. This allows market participants and intermediaries to build their own tailored staff development strategies and improves career prospectus of certified professionals, while maintaining and enhancing the confidence of the investors in the market.

A testing and certification mechanism that has become extremely contribution of screen-based trading in spreading the stock market activity to the far corners of the country has been significant and this aspect has received considerable attention. Impressive as the growth of turnovers in the stock market has been, the first generation trading systems implemented in the country have unfortunately not resulted in the broadening of the market and more specifically, in generating liquidity for securities of small and medium-sized companies. With the benefit of hindsight, it is now realized that while migrating from the trading floor to the computer screen, a key characteristic of the open outcry market that contributed to market breadth was left out. The computer system failed to capture the intuitive logic used by the floor traders to create liquidity and depth in the market. One immediate fall out of this is the disappearance of market making in securities. Jobbing, though not having the same rigor as market making, was an integral part of the open outcry trading and was responsible for generating liquidity in a large number of securities. Jobbers almost invariably took a contrarian view of the market and in the process, facilitated price formation in a large number of securities. The pure order-driven mechanisms implemented at the stock exchanges in India, while being immensely suited for the active securities, fell short of the requirements for the vast number of the remaining securities. The other significant impact of screen-based trading as implemented now is that the system does not allow the aggregation and assimilation of order flow information for improving the efficiency of the price discovery process. At present, trading in all the securities is done through a continuous auction model, which means that buy orders seek favorable sell orders, and vice versa, throughout the trading window of 5½ hours. This system suits the active securities, whose order flow characteristics are intrinsically better. For the less active securities, however, the continuous auction market is not the ideal option and options such as market making and call auction market would be much better. The market making system is not elaborated here, as the purpose of this article is to dwell upon the features of the call auction market. Quite a number of stock exchanges, including the leading ones in the US, Europe and Asia, including most stock exchanges in India, use the call auction route for determining the opening prices of securities

RECOMMENDATIONS/SUGGESTIONS

The Board of Directors adopts guidelines to ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed accurately, timely, and in full. The purpose of this is to provide investors with reliable and comparable information, with which they can understand and evaluate the company's performance and business activities, and can make their selection among the investment opportunities. The company's management shall ensure that disclosure practices follow the guidelines adopted by the Board of Directors.

Transparency and openness about the activities of the different boards and committees are important parts of corporate governance policy. Consequently, the company's disclosure practices may be crucial to the perception of the company. For an adequate evaluation of the company, shareholders and potential investors need adequate, in-depth, regular, reliable and comparable information. The greater the transparency in the company's operations, the more accurately its share prices can be evaluated. Disclosure about the efficiency of company operations plays a strategic role since it strengthens shareholder- and stakeholder confidence in the company. In addition, the company's disclosure practices demonstrate to what extent its Directors and Executives are willing to cooperate with the market players and the company's owners. Insufficient or ambiguous information may shake confidence in the company, its Directors or executive management, to the extent that poor disclosure practices might have an unfavorable effect on fund raising .Besides laws and regulations on transparency and disclosure, a large professional literature explores the relevant issues. One of the main recurring issues is the roles and responsibilities of governing boards with respect to transparency and disclosure. In addition to compliance with the Companies Act, the Accounting Act (Act C, 2000, on Accounting),

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Besides laws and regulations on transparency and disclosure, a large professional literature explores the relevant issues. One of the main recurring issues is the roles and responsibilities of governing boards with respect to transparency and disclosure. In addition to compliance with the Companies Act, the Accounting Act (Act C, 2000, on Accounting),

CONCLUSIONS

The emergence of corporate governance in any country is not an overnight occurrence and through which governance issues are brought to light, redesigned, improved just suit to their requirements. A good code of governance is pre-requisite for any economy irrespective of its stage of development and it is much more so for fast developing economies like India. The code of corporate governance in India is a well proven set of governance mechanism on par with the worlds' best governance codes. It is evident from the Global Investor Opinion Survey- Key Findings of Mc Kinsey & Company, July 2002 that companies with good corporate governance mechanisms have performed better than companies with poor governance records. Therefore it is advisable to restructure and redesign the corporate governance codes to meet the global changes to tone up the performance and gain investor confidence of the company.

SCOPE FOR FURTHER RESEARCH

The main scope of this research is to address the mechanism of corporate governance redressal mechanism. It further evaluates things which would make up better governance approach.

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