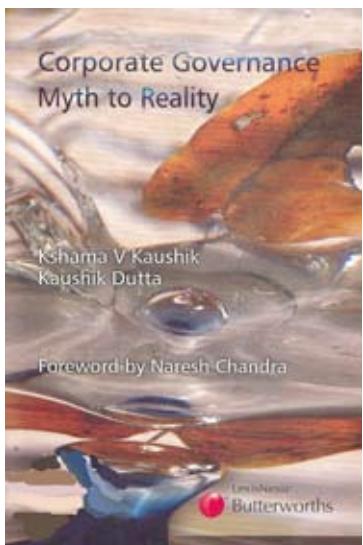


An Excellent Book On Corporate Governance



Title: "Corporate Governance Myth to Reality"
Authors: Kaushik Dutta and Kshama V Kaushik.
Pages: 257
Publication: Butterworths
Price: Rs. 60

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alliances, or other corporations acting through a holding company or cross shareholdings, can significantly influence corporate behaviour. The subject of Corporate Governance leapt to global business limelight from relative obscurity after a string of collapses of high profile companies. Enron, the Houston, Texas-based energy giant, and WorldCom, the telecom behemoth, shocked the business world with both the scale and age of their unethical and illegal operations. While corporate practices in the US companies came under attack, it appeared that the problem was far more widespread.

Large and trusted companies from Parmalat in Italy to the multinational newspaper group Hollinger Inc., revealed significant and deep-rooted problems in their corporate governance. Even

the prestigious New York Stock Exchange had to remove its director, Dick Grasso, amidst public outcry over excessive compensation. It was clear that something was amiss in the area of corporate governance all over the world. The issue of Corporate Governance is particularly important for developing countries since it is central to financial and economic development. Recent research has established that financial development is largely dependent on investor protection in a country – *de jure* and *de facto*.

With the legacy of the English legal system, India has one of the best corporate governance laws. Since the opening up to the forces of competition and globalization in the year 1992 serious efforts have been directed at overhauling the system. One of the first among such endeavours was the CII Code for Desirable Corporate Governance developed by a committee chaired by Rahul Bajaj.

The committee was formed in 1996 and submitted its code in April 1998. Later SEBI constituted two committees to look into the issue of corporate governance – the first chaired by Kumar Mangalam Birla that submitted its report in early 2000 and the second by Narayananurthy three years later. The SEBI committee recommendations have had the maximum impact on changing the corporate governance situation in India, which were codified by instituting the Clause 49 in the Listing Agreements. However, enforcement of corporate laws remains the soft underbelly of the legal and corporate governance system. In its 2004 report on India, the World Bank's Reports on the Observance of Standards and Codes (ROSC) found that while India observed or largely observed most of the principles, it could do better in certain areas.

Researchers in finance have actively investigated the topic

for at least a quarter century and the father of modern economics, Adam Smith, himself had recognized the problem over two centuries ago. There have been debates about whether the Anglo-Saxon market- model of corporate governance is better than the bank-based models of Germany and Japan. In this book, a treatise and one in the series of research in this arena, the authors (both Chartered Accountants) have attempted to give an in-depth analysis (with references) of deals with issues of critical importance in each and every area of corporate governance in many parts of the world i.e. quality of reporting, setting of accounting standards, transparency in disclosures and the tasks that need to be performed by the board of directors (particularly the independent directors) and the members of the audit committee.

This is the one of the best books for CEOs, board members, investor relations' staff, and others concerned with ensuring the market fully reflects a Company's value. Institutional and individual investors, who take an ownership perspective, will also find insights here on the difficulties of measuring good corporate performance and governance. The chapters are chock-full of information and provide a rich source of information and reference material to those engaged in the task of introducing changes in the law and regulations.

The book has been nicely divided into twelve chapters, this book, which helps in understanding of various issues involved in formulating a functioning and integrated corporate governance mechanism. A unique but a very relevant chapter, which should interest all the readers and the players in Corporate Governance field is Chapter Twelve, which deals with the future of Corporate Governance and Reporting.