Recommendations on Corporate governance

Why in news?

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Recently Committee on Corporate Governance has made recommendations pertaining to the profession of company secretaries.

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What are the recommendations?

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- The existing definition of 'senior management' means and includes officers or personnel of the listed entity who are members of its core management team, excluding board of directors.
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- Normally this comprises of all the members of the management one level below the executive directors, including all functional heads.
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- The Committee, while redefining senior management, recommended that the term 'senior management' shall specifically include 'company secretary'.
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- The Committee, recognising that secretarial functions are critical to efficient board functioning, recommended that secretarial audit must be made compulsory for all listed entities.
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- It also clarified that the same may be extended to all material unlisted Indian subsidiaries.
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- This is in line with the theme of strengthening group oversight and improving compliance at a group level.
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- Committee also recommended certificate from a company secretary, providing that none of the directors have been debarred or disqualified from being appointed or continuing as directors by any such statutory authority.
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What is the need for corporate governance?

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- Most leading corporates adhere to rules and regulations, but they are less likely to stand scrutiny when their governance practices are examined.
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- Examining deeper will show that law may have been followed, but the spirit of regulations turns out to be biased, this is where the contention between law and spirit steps in.
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- Corporate India plays a key role in nation building, and corporate governance is an integral part of the broader governance of the country.
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- It plays a major role in recognising leading corporates as promising entrepreneurs, emerging SMEs and the broader community at large.
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Source: Financial Express

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