

---

**WORKING PAPER 173/2018**

---

# **Corporate Governance Practices in India**

**Ekta Selarka**



**MADRAS SCHOOL OF ECONOMICS**  
**Gandhi Mandapam Road**  
**Chennai 600 025**  
**India**

**May 2018**

# *Corporate Governance Practices in India*

**Ekta Selarka**

Associate Professor, Madras School of Economics

[ekta@mse.ac.in](mailto:ekta@mse.ac.in)

**WORKING PAPER 173/2018**

**May 2018**

**Price : Rs. 35**

**MADRAS SCHOOL OF ECONOMICS  
Gandhi Mandapam Road  
Chennai 600 025  
India**

**Phone: 2230 0304/2230 0307/2235 2157**

**Fax : 2235 4847/2235 2155**

**Email : [info@mse.ac.in](mailto:info@mse.ac.in)**

**Website: [www.mse.ac.in](http://www.mse.ac.in)**

# Corporate Governance Practices in India

**Ekta Selarka**

## **Abstract**

*This paper provides the overview of corporate governance practices in India by providing the institutional background that paved the way for recent corporate governance reforms and practices since early 2000. We present the current status of various dimensions of corporate governance structure by using a sample of CNX 500 companies which are top listed companies of Indian corporate sector trading on National Stock Exchange. The paper explores the features of corporate governance practices in Indian firms by focusing specifically on ownership structure and concentration, board of directors and its practices, corporate social responsibility, market for corporate control and finally relationship between corporate governance and firm performance. The paper aims to provide our readers an overall picture of corporate governance and starting points for future research in different facets of corporate governance.*

**Key words:** *corporate governance, India, ownership structure, board of directors, firm performance*

**JEL Codes:** *G30, G32*

## **Acknowledgement**

*I would like to thank the editors and Virtus Interpress to compile and publish "Corporate Governance in Emerging Economies: Theory and Practice" where the revised version of the paper is published. Usual disclaimer applies.*

**Ekta Selarka**

## INTRODUCTION

With 20 million shareholders India is one of the largest emerging markets. The concern of corporate governance in India was coupled with industrial reforms in 1991. Trade and other structural reforms in the country are manifestations of desire of policymakers to put efficient allocation and use of resources at the heart of economic activity. Among other things, this depends upon whether a firm's management can be induced to use resources efficiently and this is why corporate governance as an issue becomes important. Majority of large corporations are controlled by wealthy families and business houses. Family control through cross-shareholdings further separates control from cash flow rights. Controlling owners hold control over the management through persons acting in concert which are usually private companies controlled by controlling owners called *promoters – a person or group that is in control of a company*<sup>1</sup>. In such a way a divergence between ownership and control is present in most of the family controlled companies. This divergence generates incentives for expropriation of minority shareholders' wealth. Therefore, the issue of corporate governance in India is primarily that of regulating the controlling shareholder and protecting the rights of small investors. Having realized this, ongoing corporate sector reforms are aimed towards encouraging the participation by other equity holders' like domestic and foreign institutional investors and increasing the awareness of small investors. Development financial institutions (DFI) play an important role as a provider of long-term finance and commercial banks play an important role as a provider of short-term working capital. These DFIs were privatised since 2000 to help reforming the efficiency of corporate

---

<sup>1</sup> For SEBI's formal definition of a promoter see paragraph 2(1)(h) of the Takeover Code. Also see Section 8 of listing agreement Clause 35 and Issue of Capital and Disclosure Requirements Regulations, 2009

financing in India. In addition to, since liberalization foreign investors and private corporate bodies have emerged as large-block shareholders.<sup>2</sup>

Companies Act provides the basic framework for regulation of all the companies. Certain provisions were incorporated in the Act to highlight checks and balances over powers of board and empower shareholders to appeal in case of oppression or mismanagement.<sup>3</sup> Securities and Exchange Board of India (SEBI) was further empowered through SEBI Act 1992 to prescribe conditions for listing. In light of increasing globalisation and openness in trade following the liberalisation reform in India, initiative of good corporate governance came from the industrial association of India – the Confederation of Indian Industry (CII) which drafted the country's first Code for Desirable Corporate Governance in 1998. Large corporations of India responded positively and adopted the recommendations of the CII code. Later in 2000, India's capital market regulator, Securities of Exchange Board of India (SEBI) subsequent to the global emergence of code of best corporate governance practices (like Cadbury Greenbury and Hampel Committee reports), formulated the country's first code of best practices in corporate governance. The CII and SEBI codes have emphasized the independence of board, specified the structure of audit and remuneration committees, and outlined the accounting standards for financial reporting. The objective of corporate governance reforms in India seem to have largely relied upon the stewardship theory being the focus of

---

<sup>2</sup> Sarkar and Sarkar (2000) provide an informative study on India's financial and banking sector development. Goswami (2002); Chakrabarti *et. al.* (2007) presents the state of corporate governance pre- and post-reforms.

<sup>3</sup> Among other provisions include: Loan to directors or relatives or associated entities (need CG permission) (Sec 295); Interested contract needs Board resolution and to be entered in register (Sec 297) ; Interested directors not to participate or vote (Sec 300) ; Appointment of director or relatives for office or place of profit needs approval by shareholders. If the remuneration exceeds prescribed limit, CG approval required (Sec 314); Audit Committee for Public companies having paid-up capital of Rs. 5 Crores (Sec 292A).

such codes in the developed countries.<sup>4</sup> The recommendations of the code were instituted through a new Clause 49 in the listing agreement. Positive effect of passage of the Clause reflected in stock market gains for large and medium sized firms (Black and Khanna 2007, Roe *et. al.* 2006).<sup>5</sup> Since 1997, SEBI has modified the existing takeover code to facilitate an efficient market for corporate control.

Since 2000 there has been a series of revisions introduced in Clause 49 to incorporate the recommendations of committees such as Naresh Chandra Committee (2002) and Narayan Murthy Committee (2003). Following the corporate scandals of the US, the Department of Corporate Affairs (DCA), government of India set up the Naresh Chandra Committee to examine corporate governance issues focusing on role of auditors and audit committee. Many recommendations of the report are incorporated in the Companies Act 2013. Later in 2004, Narayan Murthy committee was constituted by SEBI to review the performance of corporate governance in the country as well as to determine the role of companies in responding to rumour and other price sensitive information circulating in the market in order to enhance the transparency and integrity of the market (SEBI 2003). Based on the recommendations of these committees and public comments received, amendments were made in Clause 49 of the Listing Agreement and revised Clause 49 came into effect since 2005 which formulates the corporate governance in new and existing companies listed on the stock exchanges of India. The Clause 49 revises the requirements of board structure and conduct significantly by defining independent director and board independence explicitly for the first time since the reforms. In addition, recommendations about the code of conduct and formation of audit committee were mandated through this Clause. The issue of corporate

---

<sup>4</sup> The Indian code of corporate governance has been developed from on the international codes of UK and OECD.

<sup>5</sup> SeeVarrotti (2010) available at <http://ssrn.com/abstract=163482> for a detailed evaluation of Voluntary guidelines of 2009. In a related context, Afsharipour (2010) provides an overview and assessment of the effectiveness of corporate governance reforms in India.

governance in India is primarily that of regulating the dominant shareholder and protecting the rights of small investors. Having realized this, ongoing reforms are aimed towards encouraging the participation by other equity holders' like foreign institutional investors and increasing the awareness of small investors. However, on the other hand, Takeover Regulations relating to *creeping acquisitions* provide routes, which could be potentially used by companies to raise promoter shareholding, which could lead to increased concentration of shareholdings in the hands of insiders. Most recently, since the enactment of new Companies Act 2013, the listing agreement with the stock exchanges is now replaced by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 conforming to the new companies act making the Clause 49 erstwhile. Table 1 summarises the evolution of corporate governance regulations over two decades in the country.

The Table 1 shows the timeline of corporate governance reforms and regulations that were implemented as a result of such reform process.

**Table 1: Chronology of Corporate Governance Regulations**

<b>Year</b>	<b>Authority</b>	<b>Outcome</b>
1997	SEBI	Substantial Acquisitions of Shares and Takeovers (SAST)
1998	CII	Desirable Corporate Governance: A Code
2000	SEBI	Clause 49 of Listing Agreement. Mandatory disclosure along with Annual Report.
2002	Department of Company Affairs (DCA)	Naresh Chandra Committee Report. Recommendations about Audit Committee functions and responsibilities
2004	SEBI	Revision of Clause 49
2004	Ministry of Corporate Affairs (MCA)	New companies bill draft
2011	SEBI	Revised Substantial Acquisitions of Shares and Takeovers (SAST) 2011
2013	MCA	Companies Act 2013
2014	SEBI	Revised Clause 49 conforming the New Companies Act 2013
2015	SEBI	Listing Obligations and Disclosure Requirements 2015. Clause 49 becomes erstwhile

**Source:** Author's compilation from various sources.

To draw on the trends of corporate governance structure and practices among Indian firms we employ a sample of SandP CNX 500 companies. These are the largest companies based on the market capitalization and most traded firms on National Stock Exchange of India (NSE). These firms represent about 96 percent of total market capitalization and about 93 percent of the total turnover on the NSE. The SandP CNX 500 covers 72 industries broadly classified as manufacturing and allied activities, banking and financial services and other non-financial services. Table 1 describes the distribution of this sample. As highlighted earlier in this section Indian corporate landscape is dominated by business group affiliated firms which further shapes some of the regulations which are specific to this observation. Indian standalone firms are privately held firms which may still be founded by individual or a

group of individuals but are not affiliated to a business group. Firm specific information on group-affiliation, ownership structure, board of directors etc is being sourced from PROWESS which is maintained by Center for Monitoring Indian Economy (CMIE). The database is widely used in well cited papers on India (for example see Khanna and Palepu 2000, Gopalan *et. al.* 2007, Sarkar and Sarkar 2009).

The Table 2 indicates the distribution of CNX 500 firms that are listed on National Stock Exchange (NSE) across four ownership groups. Indian business group firms are firms that are affiliated to a parent business group. Indian standalone firms are private owned companies. Foreign firms are either foreign firms that are listed on NSE as a subsidiary of foreign business group or operate as a standalone entity. Others include government controlled and joint sector companies.

**Table 2: Distribution of Companies Across Major Ownership Groups**

	<b>No of Companies</b>	<b>Percentage of Companies</b>
<b>Major Ownership Groups</b>		
Indian business groups	261	52
Indian stand alone	110	22
Foreign firms	59	12
Government owned and cooperatives	70	14
<b>Major Industries</b>		
Manufacturing and other non-financial firms	423	86.60
Banking and finance services	77	15.40

**Source:** Author's calculations based on data from CMIE database PROWESS.

## **OWNERSHIP STRUCTURE AND CONCENTRATION**

Concentration of ownership in the hands of families is a dominant feature of several countries including India. Family control through pyramids and cross shareholdings generates a Type II agency problem that is not generally the case in widely held firms. This is the inter-corporate transfer of resources among firms to advantage the controlling shareholder which becomes detrimental to shareholder value if at least one of the firms involved is a listed company.<sup>6</sup> In India controlling owners are wealthy families who use control pyramids and cross shareholdings to exert control over the management. Since 2001, all the listed companies are required to disclose the shareholding pattern in accordance with Clause 35 of Listing Agreement. The Clause mandates the disclosure along two major classes of owners – promoters and non-promoters respectively. Promoters are controlling shareholders who are either individuals or corporate bodies. In case promoters are individuals these are directors and relatives holding who are in control of the firm. Non Promoters are non-controlling shareholders. These are Institutional Investors, corporate bodies and investors from public. Institutional investors are classified among domestic institutional investors - Banks and Financial Institutions, Mutual Funds, Insurance Companies and Foreign Institutional Investors respectively. Corporate bodies include venture capitalists, Indian companies registered outside India. Public shareholding includes shareholding by Indian public. Table 2 presents the ownership structure across major owners between a time period of 2008-2016. It can be observed that Indian corporate ownership remains concentrated with controlling shareholders retaining full control over management by virtue of their ownership. Relatively smaller shareholding by non-controlling outsiders makes the issue of shareholder activism in India questionable.

---

<sup>6</sup> For detailed discussion on Tunnelling see Johnson *et. al.* 2000.

The Table 3 describes the average percentage of voting rights held by controlling and no-controlling owners of CNX 500 firms in India that are listed on the National Stock Exchange (NSE). Controlling owners are individuals as well as corporate entities that are in control of management and non-controlling owners are outsiders with no control over the management decisions other than voting rights. Non-controlling shareholding is further classified into shareholdings of banks, financial institutions other than banks, mutual funds, insurance companies and foreign institutional investors. Finally non-controlling public shareholding includes high net worth individuals and other small investors from Indian Public.

**Table 3: Year-wise Distribution of Ownership Structure of Firms in India**

Year	Controlling Owners	Non-controlling institutions				Public
		Banks and Other Financial Institutions	Mutual Funds	Insurance Companies	Foreign Institutional Investors	
2008	53.77	1.27	4.91	3.45	10.69	14.4
2009	54.48	1.38	4.85	3.76	8.68	14.97
2010	54.50	1.47	5.24	3.48	10.05	14.17
2011	54.97	1.46	4.78	3.25	11.18	13.54
2012	55.25	1.56	4.63	3.11	11.28	13.45
2013	55.26	1.55	4.29	2.94	12.36	13.14
2014	55.22	1.41	3.90	2.78	13.32	12.90
2015	54.72	1.22	5.00	2.62	13.68	12.43
2016	54.48	1.17	5.59	2.78	13.74	12.51

**Source:** Author's calculations based on data from CMIE database PROWESS

Among the institutional investors foreign institutional investors hold significantly larger shares followed by mutual funds, insurance companies and banks and domestic financial institutions. One reason is the regulatory limit of equity holding by banks and insurance companies. Second, due to less developed capital markets, firms especially older and business group firms rely on relationship financing through banks and

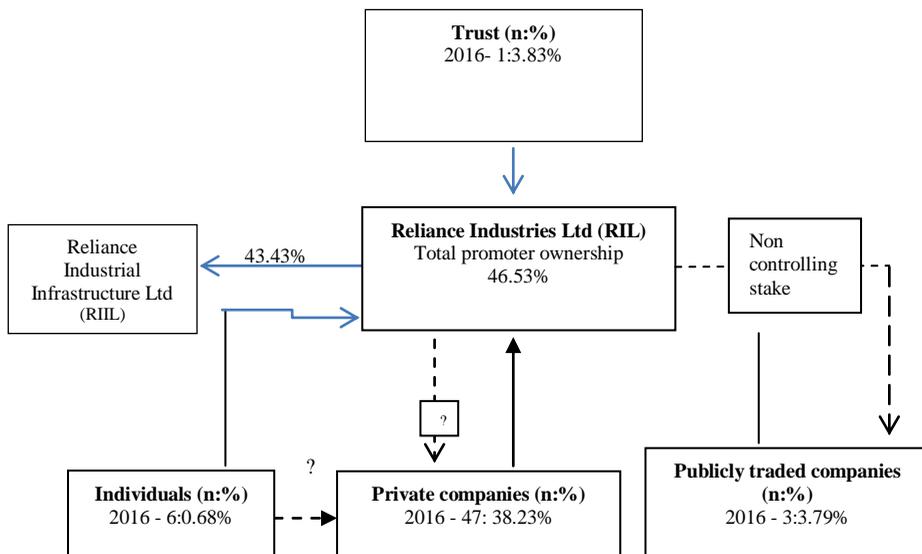
financial institutions which limits the use of voice or exit as governance system.

Another interesting feature of ownership structure among Indian companies is the phenomenon of cross-shareholdings which facilitates 1) wedge between control and direct cash flow rights of controlling owners and 2) inter-corporate transfers. Such characteristics are more prominent among group firms as illustrated in Figure 1 that describes the controlling ownership structure of a business group firm. The figure shows that out of 46.53 percent shareholding by promoters a small number of individuals who are mostly the members and relatives of founding family hold significantly smaller amount of 0.68 percent (lower cash flow rights) as a direct ownership and most of the control is retained through as many as 47 privately owned entities. The wedge is the divergence between control rights and cash flow rights which is computed as the difference between total promoter ownership and direct ownership of individuals and other controlling owners. With respect to the RIL as of March 2016, the wedge is 3.79 percent. On an average the wedge between insiders' direct ownership (cash flow rights) and total control (through Persons Acting in Concert) is 10 percent (Selarka 2005, Sarkar and Sarkar 2008). This is due to the mandate that such reporting of ownership is necessary only if a single owner holds 1 percent or more voting rights. There is another type of opacity which is prevalent among business groups. The dotted line with question mark shows this point. It is not clear who are the ultimate owners of private companies which hold significantly large block together. Another interesting feature is cross-shareholding. For example in Figure 1 RIL holds directly 43.43 percent of total shareholdings of RIIL which is belong to the same group. The ultimate owner can exercise control through controlling the private companies.

The Figure 1 shows the concentrated ownership structure by illustrating the pattern of shareholdings of the controlling owners of one of the largest group affiliated firm Reliance Industries Ltd. (RIL). RIL is

one of the oldest group affiliated firms in India and is the most valuable company on NSE with market capitalisation of Rs. 50,00,00 Million. The figure reports both number of shareholders in each category and their respective per cent shareholding.

**Figure 1: Illustration of Concentration of Ownership Structure in a Business Group**



**Source:** Author’s calculations based on Shareholding Pattern obtained from the stock exchange as of March 2016.

This distinguishing feature of ownership concentration is persistent as described in Table 3 which presents the ownership structure of two types of firms namely business group affiliated and standalone firms. Even though the aggregate ownership in hands of controlling owners is similar in these two types of firms (Table 2), such concentration of control is exercised through corporate bodies in group affiliated firms and through individuals in standalone firms. Such a picture demonstrates the manifestation of the conjecture by researchers in

corporate governance literature that poor enforcement and weak protection to small investors in developing and emerging economies are the main arguments in the literature for concentrated shareholding and control in hands of few dominant investors, in mitigating *classical*<sup>7</sup> agency problems between managers and shareholders (Shleifer and Vishny 1997). Type II agency problem identified in concentrated ownership structure is that between outside shareholders and the controlling shareholder(s), which can expropriate corporate resources via transactions between other corporations controlled by shareholder(s) (Villalonga and Amit 2006). Among non-controlling owners, institutional investors held significantly larger stake in group-affiliated firms. However, the difference has reduced over a period of time especially since the enactment of new Companies Act 2013 which came into effect in April 2013. Public shareholding remains marginally higher for standalone firms.

The table 4 describes the distinguishing features of ownership structures of group affiliated firms and standalone firms that are drawn from SandP CNX 500 listed on the National Stock Exchange (NSE). Controlling owners are individuals as well as corporate entities that are in control of management and non-controlling owners are outsiders with no control over the management decisions other than voting rights. Non-controlling shareholding is further classified into shareholdings of banks, financial institutions other than banks, mutual funds, insurance companies and foreign institutional investors. Finally non-controlling public shareholding includes high net worth individuals and other small investors from Indian Public.

---

<sup>7</sup>Separation of ownership and control is the basis of corporate governance literature referenced in the thesis by Jensen and Meckling (1976).

**Table 4: Distinguishing Features of Ownership Structure of Group Affiliates and Standalone Firms in India**

Year	Controlling Owners Individuals		Controlling Owners Corporate Bodies		Non-Controlling Owners Domestic Institutions		Non-Controlling Owners Foreign Institutional Investors		Non-Controlling Owners Public	
	Business groups	Stand-alone	Business groups	Stand-alone	Business groups	Stand-alone	Business groups	Stand-alone	Business groups	Stand-alone
2008	11.17	34.85	36.82	15.27	10.21	6.59	12.05	10.07	14.69	18.37
2009	11.33	34.03	37.27	16.49	10.45	6.49	10.10	7.86	15.53	18.83
2010	10.74	33.65	38.24	16.70	10.56	7.44	12.04	7.95	14.38	18.33
2011	10.88	31.95	38.23	18.43	9.78	6.81	13.10	9.76	13.90	17.76
2012	11.15	30.84	38.91	19.14	9.19	6.93	13.17	10.03	13.86	17.61
2013	10.83	30.75	39.25	16.82	8.49	7.65	14.20	11.81	13.73	16.62
2014	11.03	30.60	39.25	16.85	7.60	6.68	15.34	13.18	13.56	16.08
2015	10.16	30.51	39.52	16.62	8.18	8.26	15.53	14.24	13.20	14.81
2016	10.34	33.11	38.25	15.47	9.01	8.46	15.93	14.43	13.32	14.17

**Source:** Author's calculations based on data from CMIE database PROWESS.

Under concentrated ownership structure which is a norm rather than a rule (LaPorta *et. al.* 1999) outside block holders may exercise effective governance by presenting a potential threat for takeover (Holderness *et. al.* 1999). Even if the block holding for separate investors is less, a takeover threat can be erected through co-ordination among large block holders. For example, Companies Act in India empowers shareholders with 10 percent voting rights to appeal in case of oppression or mismanagement. To explore the status of outside block-holding, we identify non-controlling investors who hold at least 5 percent and report the average ownership of such block-holdings in Table 4. We also report the minimum and maximum number of blockholders to understand if possibility of co-ordination exists in India.

The Table 5 describes the block-holdings of non-controlling investors across four major ownership categories in SandP CNX 500 firms listed on National Stock Exchange of India (NSE). A block-holder is a single investor holding at least 5 percent of total share ownership. Block-holding is calculated as sum of shareholdings of individual blocks. Indian business group firms are firms that are affiliated to a parent business group. Indian standalone firms are private owned companies. Foreign firms are either foreign firms that are listed on NSE as a subsidiary of foreign business group or operate as a standalone entity. Others include government controlled and joint sector companies. Values in parentheses indicate the minimum and maximum number of block-holders.

**Table 5: Year-wise Distribution of Block-Holdings by Non-Controlling Investors**

Year	Indian Business Groups	Indian Standalone	Foreign	Others
2008	8.97 (1,5)	8.66 (1,4)	9.91 (1,3)	10.11 (1,4)
2009	9.15 (1,5)	8.96 (1,4)	10.16 (1,3)	10.00 (1,4)
2010	8.76(1,5)	8.58(1,3)	9.58 (1,3)	10.13 (1,3)
2011	8.54 (1,5)	8.11 (1,4)	9.11 (1,4)	9.95 (1,3)
2012	8.47 (1,6)	7.88 (1,4)	9.12 (1,3)	10.21(1,3)
2013	8.41 (1,6)	8.46 (1,5)	9.13 (1,3)	10.20 (1,3)
2014	8.50 (1,5)	8.30 (1,5)	9.14 (1,3)	10.22 (1,3)
2015	8.58(1,3)	7.71(1,3)	8.93 (1,7)	10.80 (1,3)
2016	8.42 (1,5)	7.70 (1,4)	8.56 (1,3)	12.05 (1,2)

**Source:** Author's calculations based on data from CMIE database *PROWESS*

Table shows that Indian group and standalone firms have smaller blockholding compared to their foreign counterparts. The dispersion of these blocks is relatively higher in Indian private firms compared to foreign firms. It is interesting to note that neither business groups nor standalone firms have average block-holding exceeding 10 percent which allows shareholders to appeal against mismanagement. In this context, as reported by Selarka (2005) factors as different types of first and second largest blockholders pose potential barriers to exercise joint block-holding which in turn has a significant impact on firm performance.

## **MARKET FOR CORPORATE CONTROL**

Along with several recommendations on internal corporate governance mechanisms the stock market regulator SEBI introduced the Substantial Acquisition of Shares and Takeovers Regulation in 1997 (Takeover Code, 1997) to facilitate profitable exit opportunities for minority shareholders as well as to provide protection to minority shareholders in the event of change in control through creeping acquisitions. Very recently the Takeover Code 1997 has been amended in 2011 which revises the trigger for mandatory open offer to minority shareholders to 25 percent unlike 15 percent in earlier regulation of 1997. This is defined as substantial acquisition of shares or voting rights which entitles an acquirer along with persons acting in concert to exercise 25 percent or more. Such [substantial] acquisition can be executed through mandatory open offer bid to minority shareholders. The new Takeover code allows stronger toehold by an outside acquirer as well as mandates promoters or controlling owners to acquire from public limiting engagement into private dealings. Such an open offer is required to be made for at least 26 percent from the shareholders of the target company.

### **Acquisition to Change in Control**

Irrespective of existing shareholdings in a target company, an acquirer can acquire direct or indirect control over a target company through a public announcement of open offer to acquire at least 26 percent.

### **Creeping Acquisitions**

Creeping acquisitions are the acquisitions made by promoters of a firm who own or control between 15 percent and 75 percent to acquire upto 5 percent every financial year without requiring to make a public announcement for open offer. This route allows any individuals as well as promotes to increase their shareholdings without purchasing shares from the stock market.

### **Consolidation of Shareholdings**

Any acquirer (including promoters) who is holding more than 25 percent but less than 75 percent of voting rights in a firm is required to make a mandatory open offer bid to shareholders to acquirer more than 5 percent of shares. Such an open offer is required to be made for at least 26 percent.

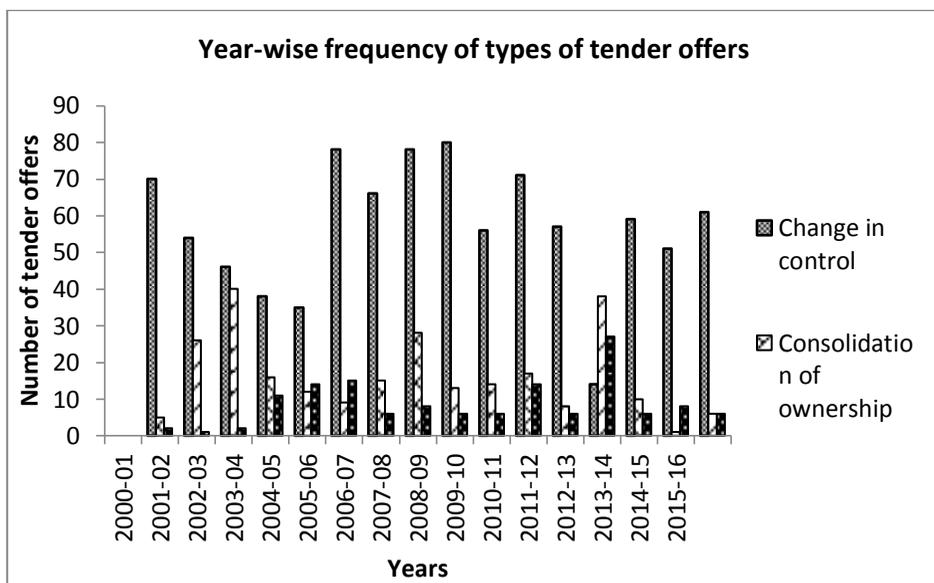
### **Voluntary offer**

A concept of voluntary offer has been introduced in the Takeover Code of 2011, by which an acquirer who owns more than 25 percent but less than 75 percent, is entitled to voluntarily make a public announcement of an open offer for acquiring additional shares subject to their aggregate shareholding after completion of the open offer not exceeding the maximum permissible non-public shareholding. Such voluntary offer would be for acquisition of at least such number of shares as would entitle the acquirer to exercise an additional 10 percent of the total shares of the target company. This would facilitate the substantial shareholders and promoters to consolidate their shareholding in a company.

Figure 2 presents the trends in the number of successful tender offers between 2001 and 2016 across three types of acquisition categories. Acquisitions to change in control of the management dominate the market for corporate control followed by consolidation of shareholdings. Open offers to acquire substantial acquisitions of more than 5 percent are relatively insignificant compared to the former two types of acquisitions.

The Figure 2 presents the frequency distribution of tender offers completed between March 2001 and March 2016. These tender offers are classified across three types based on their objective as stated in the offer letter – change in control, consolidation of ownership and substantial acquisition – respectively. Change in control leads to change in management of target firm irrespective of the pre-offer ownership of the acquirer. Consolidation of ownership is triggered when acquirer who is already in control of the management or owns between 25 percent and 75 percent, bids to buy shares from public to further consolidate shareholdings. Substantial acquisition is triggered when acquirer makes an open offer to increase shareholding in target firm upto 25 percent or more.

**Figure 2: Trends in Distribution of Tender Offers by objectives of acquirer**

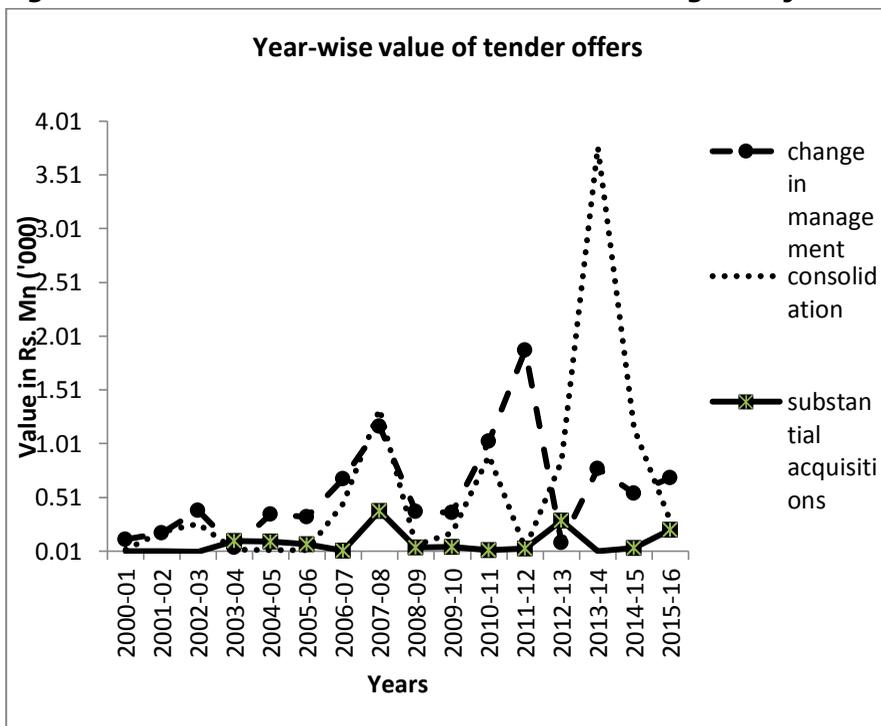


**Source:** Author’s compilation of data from various issues of SEBI Bulletins and Handbook of Statistics

When we look at the value of these three types of acquisitions consolidation of shareholding, even few in numbers, are significantly large transactions followed by change in management (Figure 3). This shows the takeover premium which is expected to be higher when acquirer is already in control and or bidding to consolidate further. Among the acquirers making an open offer for consolidation mostly include foreign and high promoter-ownership firms towards consolidating their ownership in their listed subsidiaries.

The figure 3 shows the year-wise value of tender offers completed between March 2001 and March 2016 across the three types of objectives as required by the Takeover Regulations in India (SAST 2011). These objectives are change in management, consolidation of ownership and substantial acquisitions respectively. Change in control leads to change in management of target firm irrespective of the pre-offer ownership of the acquirer. Consolidation of ownership is triggered when acquirer who is already in control of the management or owns between 25 percent and 75 percent, bids to buy shares from public to further consolidate shareholdings. Substantial acquisition is triggered when acquirer makes an open offer to increase shareholding in target firm upto 25 percent or more.

**Figure 3: Trends in Value of Tender Offers According to Objectives**



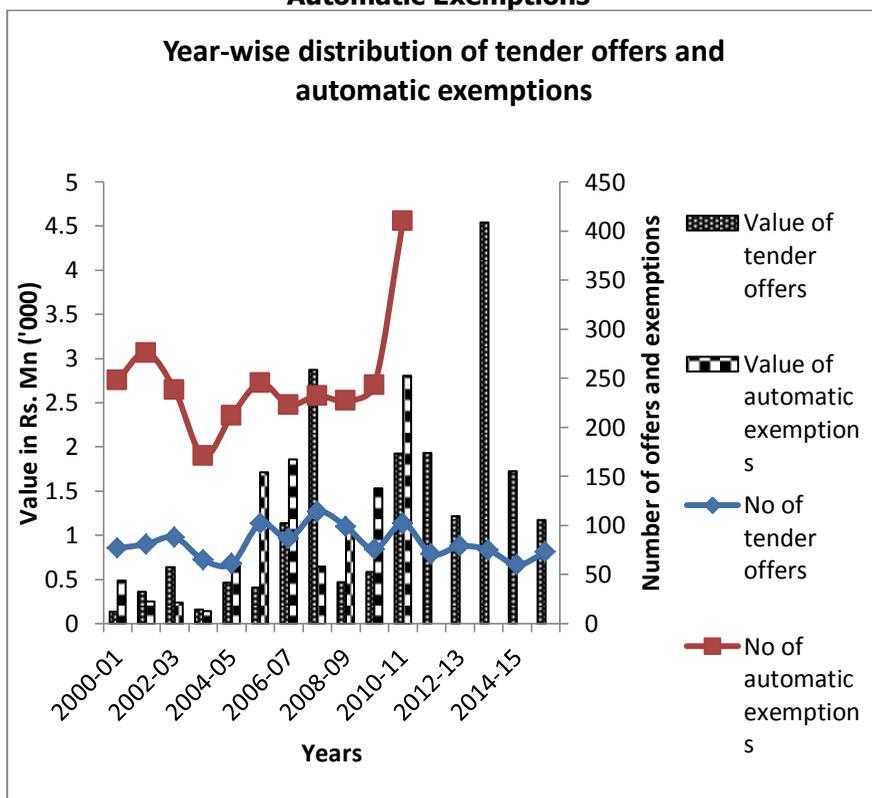
**Source:** Author's compilation of data from various issues of SEBI Bulletins and Handbook of Statistics.

### Automatic Exemptions

Inter-se transfers among immediate relatives, subsidiaries, holding company, promoters and persons acting in concert are exempted from mandatory bid. In addition, increase in shareholdings through rights issue is exempted subject to the conditions highlighted in the Takeover Code 2011. Figure 4 indicates that number of exemptions is significantly higher but their value is significantly lower than that in tender offers. Since the advent of new Takeover Code in 2011 SEBI evaluates exemptions on case basis.

Figure 4 shows the year-wise distribution of tender offers completed between March 2001 and March 2016. Automatic exemptions are provided by SEBI to allotment of inter-se or preference shares. Since 2011, SEBI does not provide statistics on automatic exemptions and provide case by case details. Primary axis shows the value of tender offers and automatic exemptions. Secondary axis on the right side shows the number of tender offers and automatic exemptions.

**Figure 4: Trends in Value and Distribution of Tender Offers and Automatic Exemptions**



**Source:** Author's compilation of data from various issues of SEBI Bulletins and Handbook of Statistics

Since the maximum permissible non-public shareholding in a listed company is 75 percent consolidation of shareholdings might result in eventual delisting of shares if most of the minority shareholders trade in their shares. Most recently, SAST Regulations 2015 have been amended by SEBI to introduce Delisting offers to provide a way to acquirers to delist the company by declaring the intention to delist at the time of public announcement. Such a delisting will be triggered in accordance with the provisions of SEBI Delisting regulations 2009. One of such provision is when public shareholding reduces below 10 percent through consolidation.

## **BOARD OF DIRECTORS – STRUCTURE AND PRACTICES**

Dominance of concentrated ownership structure among Indian companies has resulted into unique board structure and composition compared to developed and other emerging markets. Indian boards have presence of promoter-directors, non-executive directors who are affiliated to promoter group with high extent of multiple directorships held by directors. Table 5 describes the year-wise trends in board structure and composition of SandP CNX 500 firms. Average board size remains between 9 and 10 with around 27 percent of the board position occupied by executive or inside directors. Over the sample period proportion of board positions held by non-executive or outside directors has reduced from 74 percent to 73 percent. Proportion of independent directors has increased from 43 percent to 49 percent post enactment of Companies Act 2013 which formally includes regulations about duties of such directors.

The table 6 describes the structure and composition of board of directors across our sample of CNX 500 listed on National Stock Exchange (NSE) of India. Other than the board size all other variables are reported as proportion of the board size. Board size is total number of directors in the board. Inside directors are the executive directors. Outside directors are the non-executive directors. Grey directors are non-

executive directors who belong to the promoter group which is by definition controlling owner group that can exercise control over the management by virtue of their ownership. Independent directors are the directors who are independent as per the revised definition of independent directors in the Listing Agreement Clause 49. Nominee directors are the representative directors of institutional investors.

**Table 6: Trends in Board Structure and composition**

<b>Year</b>	<b>Board size (nos)</b>	<b>Inside directors (percent)</b>	<b>Outside directors (percent)</b>	<b>Grey directors (percent)</b>	<b>Independent directors (percent)</b>	<b>Nominee directors (percent)</b>
2008	9.76	26.30	73.70	30.92	42.78	3.07
2009	9.82	25.82	74.18	27.85	46.33	3.23
2010	9.85	26.21	73.79	25.13	48.66	3.03
2011	9.80	26.14	73.86	24.70	49.16	3.05
2012	9.76	26.14	73.86	24.72	49.14	2.41
2013	9.68	26.24	73.76	23.69	50.08	2.66
2014	9.68	26.40	73.60	23.88	49.73	3.90
2015	9.60	27.68	72.32	24.54	47.78	3.93
2016	9.77	27.29	72.71	32.69	49.02	4.17

**Source:** Author's calculations based on data from CMIE database PROWESS

Board independence in the Listing Agreement Clause 49 as well as Companies Act 2013 is stipulated on listed firms as per the board chair. Specifically:

- (a) If the chairman of the board is a non-executive director, at least one-third of the board must comprise of independent directors.
- (b) If the company does not have a regular non-executive chairman, at least half of the board must comprise of independent directors.
- (c) If the regular non-executive chairman is a promoter of the company, or is related to any promoter or person occupying a management position at board level or at one level below the board, at least one-half of the board must consist of independent directors.

Table 6 reports the distribution of companies and average percentage of independent directors across types of board chair. The table shows that most of the CNX 500 firms have appointed an executive chairman of the board but do not maintain 50 percent of the board independence. On the other hand, board independence exceeds 50 percent where promoter occupies the board chair position. Also, overall board independence has increased since 2008 irrespective of board chair positions.

The table 7 describes the number of companies and proportion of independent directors across different types of board chair for a sample of SandP CNX 500 companies where information on board of directors is available.

**Table 7: Year-wise Distribution of Companies and Average Board Independence by Type of Board Chair**

Year	No of firms	Executive chairman		Non-executive chairman		Promoter chairman		Chairman-CEO duality	
		No of firms	Board independence (percent)	No of firms	Board independence (percent)	No of firms	Board independence (percent)	No of firms	Board independence (percent)
2008	445	194	45.67	239	41.94	142	52.26	152	44.22
2009	441	182	46.41	236	46.86	129	54.13	145	45.35
2010	450	188	47.90	245	49.57	132	55.86	146	47.45
2011	461	188	49.12	249	49.71	141	56.68	149	48.30
2012	465	201	49.88	241	50.47	146	56.57	158	48.91
2013	469	263	49.87	242	51.84	147	56.16	154	49.50
2014	472	214	50.02	243	50.95	151	55.21	157	48.95
2015	459	204	48.66	235	49.58	133	54.50	150	47.09
2016	498	217	49.62	256	49.48	166	53.32	158	48.40

**Source:** Author's calculations based on data from CMIE database PROWESS

Board independence can be an outcome variable of concentrated ownership where by virtue of their voting rights, promoters can appoint directors to retain control over board. Given the nature of such concentrated ownership is different among group-affiliated firms and standalone firms, we document the board independence under different board chairs across these two types of firms (Table 7). The table shows

that on an average standalone firms have lower board independence compared to group-affiliated firms even though both types of firms maintain at least 50 percent board independence since 2012. This is consistent across all types of board chair. Also, reader should note that average board independence (Table 6) is less than 50 percent due to presence of other companies like government and foreign.

The table 8 describes the year-wise pattern in the board independence across Indian business groups and standalone firms. These subsamples are drawn from CNX 500 firms which are the largest and most traded on National Stock Exchange (NSE) of India. Board independence is measured as proportion of independent directors in the board. The three categories of exercise of board control is by documenting the chairperson of the board – executive, non-executive and promoter. The last two columns also report the board independence across group and standalone firms when the board chair is also the CEO of the firm.

**Table 8: Board Independence Across Different Categories of Board Chair**

Year	Executive chairman		Non-executive chairman		Promoter chairman		Chairman-CEO duality	
	Group firms	Stand-alone	Group firms	Stand-alone	Group firms	Stand-alone	Group firms	Stand-alone
2008	55.94	48.24	46.40	38.38	53.23	53.93	56.18	50.69
2009	55.09	50.04	50.41	47.11	55.49	52.66	55.07	51.80
2010	54.55	48.90	53.23	47.15	56.40	56.36	54.34	51.67
2011	55.93	53.09	53.47	43.78	56.73	56.82	56.44	54.98
2012	57.01	51.48	53.52	50.19	56.93	56.79	57.54	52.65
2013	57.17	52.08	54.45	54.56	56.99	55.74	59.33	53.94
2014	56.05	55.28	51.99	54.47	55.58	55.15	57.55	55.83
2015	55.52	54.58	50.86	53.76	55.22	54.70	56.11	54.52
2016	54.58	52.52	52.32	50.31	54.00	52.13	54.34	53.02

**Source:** Author's calculations based on data from CMIE database PROWESS

## **Directors' Remuneration Practices**

Executive directors' remuneration is governed under Companies Act of India. Section 197 of the Companies Act, 2013 prescribed the maximum ceiling for payment of managerial remuneration by a public company to its managing director whole-time director and manager which shall not exceed 11 percent of the net profit of the company in that financial year computed in accordance with section 198 except that the remuneration of the directors shall not be deducted from the gross profits. A director may receive remuneration by way of fee for attending the Board/Committee meetings or for any other purpose as may be decided by the Board with maximum ceiling prescribed in the Companies Act 2013. Listing Agreement Clause 49 made a recommendation of constitution of nomination and remuneration committee (NRC) to formulate the nomination and remuneration policy and recommend such policy to the board. All members of NRC are recommended to be non-executive directors, with the chairperson and at least 50 percent of such directors being independent directors.<sup>8</sup> Table 8 provides a striking picture that until very recently, most of the India's largest companies lacked nomination committee.

The table 9 reports the number of SandP CNX 500 companies that reported to have a nomination and remuneration committee (NRC) in years 2008, 2011, 2014, and 2016 respectively. 2011 was the year of companies bill, 2014 is post companies act 2013 enactment and 2016 is most recent year of observation.

---

<sup>8</sup> Section 178 (1) of Companies Act 2013 prescribes the following: The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors: Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

**Table 9: Number of companies with Nomination and Remuneration Committee with Independent directors**

<b>Year</b>	<b>No. of companies</b>
2008	43
2011	63
2014	211
2016	468

**Source:** Author's calculations based on data from CMIE database PROWESS

Empirical evidence on executive remuneration is divided among two types namely, firm specific and governance determinants of executive remuneration and sensitivity of executive remuneration to firm performance. Large firms on an average pay higher remuneration to executive directors (Subramanian 2013, Chakrabarti *et. al.* 2011) With respect to profitability and market performance of firms the pay-performance relationship is significant only for large standalone firms but not in group-affiliated and other small firms (Raithatha and Komera , 2016). Among corporate governance factors promoter-CEOs receive higher pay compared to non-promoter CEOs (Parthsarathy *et. al.* 2006, Jaiswall and Firth 2007), CEOs pay increases with promoter shareholding in business group firms (Chakrabarti *et. al.* 2006) and presence of institutional ownership and board independence are ineffective in determining executive compensation (Kotha and Sridhar 2015).

## **SHAREHOLDERS' ACTIVISM**

Minority shareholder's rights were protected from Oppression and Mismanagement in the Indian Companies Law. Recently, the new Companies Act 2013 has specifically added two provisions to empower minority shareholders against the controlling shareholders.

1. Introduction of Class Action that allows minority shareholders to institute a class action against the company as well as against the auditors of the company. <sup>9</sup>

---

<sup>9</sup> For more details see Section 245 of Companies Act 2013

2. Any related-party transaction that is not done in the ordinary course of business and is not at an arm's length will need approval of minority shareholders by way of a special resolution. In addition to, the shareholders who are related or interested parties in the aforementioned transaction are not permitted to vote in resolutions relating to payment of brand fees or management fees to majority shareholders.<sup>10</sup>

Since 2012, to increase the participation by minority shareholders in the activities listed under Companies Act, capital market regulator SEBI mandated the large listed companies to provide e-voting and postal ballots facilities. To further protect the rights of minority shareholders SEBI has set up a centralized online system for lodging and tracking investor complaints. (<http://scores.gov.in>).

With the advent of continuous initiatives by capital market regulator and MCA to implement an effective corporate governance system in the country, there have been incidences of shareholder activism in India. Even though such incidences are negligible compared to developed countries it is observed that the incidence of shareholder activism in India is more than that in other Asian countries (BNP Paribas Asia Strategy). The impact of ongoing legal changes is visible in India where large companies have seen shareholder activism. Since 2008, shareholders have voiced their dissent in cases of related party transactions by promoters and increasing remuneration of chief executive officer.<sup>11</sup> One of the Indian corporate sector biggest scandal came in light after institutional investors forced Satyam Computers to call off is \$1.6 million to acquire two real estate firms controlled by Satyam promoters. Very recently, shareholder activism came in light against the professional management where postal ballot results showed promoter

---

<sup>10</sup> See Section 188 of Companies Act 2013

<sup>11</sup> Few examples include the following: In 2014, 94 percent of non-promoter shareholders voted against related party transactions of Panacea Biotec with PanEra Biotec. In 2014, shareholders voted against the excessive remuneration of former managing director of Tata Motors.

dissent as only 23.57 percent percent of promoter votes were cast in favour of the resolution reappointing Mr. Vishal Sikka as managing director and CEO of Infosys Ltd and increasing his compensation.

## **CORPORATE GOVERNANCE AND FIRM PERFORMANCE**

The empirical literature investigating corporate governance and firm performance can be divided into two major groups. First set of studies investigated impact of ownership structure and concentration on firm performance and second set of studies explored the impact of board structure, composition and activities on firm performance.

Among the first set of studies include Khanna and Palepu (2000), Sarkar and Sarkar (2001), Selarka (2005) and Pant and Pattanayak (2007). In general the accepted evidence is that there is non-linear relationship between ownership concentration and firm performance which is driven by trade-off between entrenchment by insiders and alignment with outsiders. There is also an argument that large institutional investors do not co-ordinate even if they form a block together (Black *et. al.* 1994). Selarka (2005) explores this issue of coordination between top two outsiders in Indian companies and finally if the effect depends on whether these outside shareholders are institutional investors, financial institutions, foreign investors or other corporations. She includes a wider set of mechanisms, such as identity and ownership of outside block shareholders holding at least 5 percent of total equity of the firm. The study provides a closer look at the role of institutional investors to see if these investors align their interests to constrain the insiders from expropriating corporate resources especially when these investors hold significant voting rights. These studies demonstrate the benefits of concentrated ownership over expropriation effects associated with high insider stakes.<sup>12</sup>

---

<sup>12</sup> For more details on concentrated ownership and firm performance see Chapter 4 in Sarkar and Sarkar (2012)

Using a sample of MandA, Bhaumik and Selarka (2012) examine the impact of mergers, takeover and acquisitions on firm performance and draws conclusions about the impact of concentrated ownership and entrenchment of owner-managers in an emerging market context. Finally, to understand the role of differing governance structures of business groups and standalone firms, Chacar and Vissa find that business group affiliation results in greater persistence in poor performance than standalone firms.

With respect to the role of outside directors on firm performance, Ghosh (2006) finds no statistically significant effect for a sample of large listed firms from manufacturing sector. In similar vein, Sarkar *et. al.* (2008) do not find any effect of board independence on opportunistic earnings management for a sample of 500 large companies for the years 2003 and 2004. Instead, earnings management is found to be positively influenced by the quality of boards as captured in terms of diligence of independent directors, negatively by both CEO duality and the presence of controlling shareholders on board. Analysis of the effect of multiple directorships on firm value for 2003 (Sarkar and Sarkar 2009) finds that multiple directorships of independent directors correlate positively with firm value.

## **CORPORATE SOCIAL RESPONSIBILITY**

Concept of CSR is not new to India as large business groups like Tata and Birla have been imbibing the case for social good in their operations for decades long before CSR become a popular cause. The new Companies Act 2013 formally specifies the CSR activities and implementation through board committees. Indeed India has become the first country to make CSR mandatory through following:

1. The new Companies Act 2013 mandates 2 percent of profit to be spent on CSR. This is applicable on the companies with more than Rs. 5000 Million net worth. However, the Companies Act

- 2013 does not define the CSR but provides the list of activities that can be included by companies in their CSR activities.
2. Along with other committees, CSR committee should be formed and chaired by an Independent Director. In addition, the Companies Act 2013 also revises the definition of independent director and the board independence requirement.
  3. SEBI's mandate for listed companies, starting with the top 100 firms, to describe measures taken by them along the key principles enunciated in the 'National voluntary guidelines on social, environmental and economic responsibilities of business,' framed by the Ministry of Corporate Affairs (MCA).

Given the specific nature of corporate governance problem of disciplining dominant shareholders who are in control of the management and most of the times serve on the board because of concentrated nature of their ownership, the fiduciary duties of board in general can be questioned. Existing research on India supports the evidence that large outside shareholders and mergers and acquisitions are not quite effective as corporate governance mechanisms. In such a scenario, mandating CSR may lead to curb the expropriation activities and increased reputational effects that would force managers to use resources efficiently and constraint private benefits of control.<sup>13</sup>

Bhaduri and Selarka (2016) analyze the interaction between quality of governance and its effect of CSR activities undertaken by firms in India. The authors find significant positive relationship between CSR and proportion of controlling shareholders which implies that founding families or government are driven by strategic decision of investing into CSR related activities. This is also in line with the positive relationship between insiders' control over board and CSR. In contrast, after controlling for firm-specific controls the authors find that fraction of

---

<sup>13</sup> For detailed discussion about the evolution of CSR and development of legal framework see Bhaduri and Selarka (2016). The book presents exhaustive study on evolution of CSR practices in India and also provides a comprehensive study of development of legal framework recognising CSR as an economic issue.

independent directors does not affect the CSR even though univariate analysis suggests that firms with higher proportion of independent directors spend on an average more on CSR activities.

## REFERENCES

- Balasubramanian, N., Samir Barua and D. Karthik (2013), "Corporate Governance Issues in Executive Compensation: The Indian Experience (2008-2012)", Indian Institute of Management Bangalore, WP 426.
- Bhaduri, Saumitra and Ekta Selarka (2016), "Corporate Governance and Corporate Social Responsibility", Springer.
- Bhaumik, Sumon and Ekta Selarka (2012), "Does Ownership Concentration Improve M and A Outcomes in Emerging Markets? Evidence from India", *Journal of Corporate Finance*, 18(4): 717-726.
- Black, B., V.Khanna (2007), "Can Corporate Governance Reforms Increase Firms' Market Values?", Event Study Evidence from India, *Journal of Empirical Legal Studies*, 4, 749-796.
- BNP Paribas (2014), Asia Strategy – Corporate Governance and Shareholder Activism in Asia.
- Chacar, A. and B. Vissa (2005), "Are Emerging Economies Less Efficient? Performance Persistence and the Impact of Business Group Affiliation", *Strategic Management Journal*, 26 (10): 933-946.
- Chakrabarti, R., Williamson Megginson, and Pradeep Yadav (2008), "Corporate Governance in India", *Journal of Applied Corporate Finance*, 20:59-72.
- Chakrabarti, Rajesh, Subramanian, Krishnamurthy, Yadav, K.Pradeep and Yesha Yadav (2011), Executive Compensation in India 2011, HANDBOOK ON EXECUTIVE COMPNSATION, Randall Thomas and Jennifer Hill, eds., Edgar Elgar.

- Confederation of Indian Industry (CII) (1998), "Desirable Corporate Governance: A Code", Available online at [www.mca.gov.in/Ministry/latestnews/Draft\\_Report\\_NareshChandra\\_CII.pdf](http://www.mca.gov.in/Ministry/latestnews/Draft_Report_NareshChandra_CII.pdf)
- Ghosh, S. (2006), "Do Board Characteristics Affect Corporate Performance? Firm Level Evidence from India", *Applied Economic Letters*, 13(7):435-43.
- Goswami, Omkar (2000), "The Tide Rises Gradually: Corporate Governance in India", Draft for Presentation at the Informal Workshop, OECD. Availability online at <http://www.OECD.org/dataOECD/6/47/1931364.pdf>.
- Holderness, Clifford, and Dennis Sheehan (1988), "The Role of Majority Shareholders in Publicly Held Corporations: An Exploratory Analysis", *Journal of Financial Economics*, 20:317-46.
- Jaiswall, Manju and Michael Firth (2007), "Top Management Compensation and Firm Performance in the Emerging Markets: Evidence from India", Indian Institute of Management Calcutta, Working Paper Series, Working Paper No. 602.
- Khanna, Tarun and Krishna Palepu (2000), "Is Group Affiliation Profitable in Emerging Markets? An Analysis of Diversified Indian Business Groups", *Journal of Finance*, 55 (2): 867-91.
- La Porta, Rafael, Florencio, Lopez-de-Silanes and Andrei Shliefer (1999), "Corporate Ownership Around the World", *Journal of Finance*, 54(2): 471-517.
- Ministry of Corporate Affairs (MCA) (2013), "Companies Act 2013", available online at [www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf)
- Pant, Manoj and Manorangjan Pattanayak (2007), "Insider Ownership and Firm Value: Evidence from Indian Corporate Sector", *Economic and Political Weekly*, 21 April.
- Parthasarathy, A., K. Menon and D.Bhattacharjee (2006), "Executive Compensation, Firm Performance and Corporate Governance: An Empirical Analysis", *Economic and Political Weekly*, 41: 4139-47.

- Raithatha Mehul and Surenderrao Komera (2016), "Executive Compensation and Firm Performance: Evidence from Indian Firms", *IIMB Management Review*, 28(3):160-169.
- Sarkar, J., S.Sarkar and K.Sen (2008), "Board of Directors and Opportunistic Earnings Management: Evidence from India", *Journal of Accounting, Auditing and Finance*, 23(4):517.
- Sarkar, Jayati and Subrata Sarkar (2000), "Large Shareholder Activism in Developing Countries: Evidence from India", *International Review of Finance*, 1(3):161-94.
- Sarkar, Jayati and Subrata Sarkar (2008), "Debt and Corporate Governance in Emerging Economies: Evidence from India", *Economics of Transition*, 16(2):293-334.
- Sarkar, Jayati and Subrata Sarkar (2009), "Multiple Board Appointments and Firm Performance in Emerging Economies: Evidence from India", *Pacific Basin Finance Journal*, 17:271-93.
- SEBI (1997), (Substantial Acquisition of Shares and Takeovers) Regulations.
- SEBI (2000a), Report of the Committee Appointed by the SEBI on Corporate Governance, Securities and Exchange Board of India. Available online at <http://www.sebit.gov.in/commreport/corpgov.html>
- SEBI (2009), Issue of Capital and Disclosure Requirements Regulations, Available online at [http://www.sebi.gov.in/legal/regulations/jun-2017/sebi-issue-of-capital-and-disclosure-requirements-regulations-2009-last-amended-on-may-31-2017-\\_34697.html](http://www.sebi.gov.in/legal/regulations/jun-2017/sebi-issue-of-capital-and-disclosure-requirements-regulations-2009-last-amended-on-may-31-2017-_34697.html)
- SEBI (2011), (Substantial Acquisition of Shares and Takeovers) Regulations Amended, Available online at [http://www.sebi.gov.in/legal/regulations/apr-2017/sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-last-amended-on-march-6-2017-\\_34693.html](http://www.sebi.gov.in/legal/regulations/apr-2017/sebi-substantial-acquisition-of-shares-and-takeovers-regulations-2011-last-amended-on-march-6-2017-_34693.html)
- Selarka, Ekta (2005), "Ownership Concentration and Firm Value: A Study from the Indian Corporate Sector", *Emerging Market Finance and Trade*, 41(6):83-108.

- Sheifer Andrei and Robert W. Vishny (1997), "A Survey of Corporate Governance", *Journal of Finance*, 52(2):737-83.
- Sridhar, I. and Kiran Kotha (2015), "A Panel Data Analysis of Determinants of Executive Compensation: Evidence from India", *International Research Journal of Finance and Economics*, 112-125.
- Villalonga, Belen and Raphael Amit (2006), "How Do Family Ownership, Control and Management Affect Firm Value?", *Journal of Financial Economics*, 80(2): 385-417.

## ***MSE Monographs***

- \* Monograph 30/2014  
Counting The Poor: Measurement And Other Issues  
*C. Rangarajan and S. Mahendra Dev*
- \* Monograph 31/2015  
Technology and Economy for National Development: Technology Leads to Nonlinear Growth  
*Dr. A. P. J. Abdul Kalam, Former President of India*
- \* Monograph 32/2015  
India and the International Financial System  
*Raghuram Rajan*
- \* Monograph 33/2015  
Fourteenth Finance Commission: Continuity, Change and Way Forward  
*Y.V. Reddy*
- \* Monograph 34/2015  
Farm Production Diversity, Household Dietary Diversity and Women's BMI: A Study of Rural Indian Farm Households  
*Brinda Viswanathan*
- \* Monograph 35/2016  
Valuation of Coastal and Marine Ecosystem Services in India: Macro Assessment  
*K. S. Kavi Kumar, Lavanya Ravikanth Anneboina, Ramachandra Bhatta, P. Naren, Megha Nath, Abhijit Sharan, Pranab Mukhopadhyay, Santadas Ghosh, Vanessa da Costa and Sulochana Pednekar*
- \* Monograph 36/2017  
Underlying Drivers of India's Potential Growth  
*C.Rangarajan and D.K. Srivastava*
- \* Monograph 37/2018  
India: The Need for Good Macro Policies (*4<sup>th</sup> Dr. Raja J. Chelliah Memorial Lecture*)  
*Ashok K. Lahiri*
- \* Monograph 38/2018  
Finances of Tamil Nadu Government  
*K R Shanmugam*
- \* Monograph 39/2018  
Growth Dynamics of Tamil Nadu Economy  
*K R Shanmugam*

# ***MSE Working Papers***

## **Recent Issues**

- \* Working Paper 164/2017  
Microfinance and Women Empowerment- Empirical Evidence from the Indian States  
Saravanan and Devi Prasad DASH
- \* Working Paper 165/2017  
Financial Inclusion, Information and Communication Technology Diffusion and Economic Growth: A Panel Data Analysis  
Amrita Chatterjee and Nitigya Anand
- \* Working Paper 166/2017  
Task Force on Improving Employment Data - A Critique  
T.N. Srinivasan
- \* Working Paper 167/2017  
Predictors of Age-Specific Childhood Mortality in India  
G. Naline, Brinda Viswanathan
- \* Working Paper 168/2017  
Calendar Anomaly and the Degree of Market Inefficiency of Bitcoin  
S. Raja Sethu Durai, Sunil Paul
- \* Working Paper 169/2018  
Modelling the Characteristics of Residential Energy Consumption: Empirical Evidence of Indian Scenario  
Zareena Begum Irfan, Divya Jain, Satarupa Rakshit, Ashwin Ram
- \* Working Paper 170/2018  
Catalyst Role of Indian Railways in Empowering Economy: Freight or Passenger Segment is on the Fast Track of Expansion or Exploitation?  
Zareena Begum Irfan, Shivani Gupta, Ashwin Ram, Satarupa Rakshit
- \* Working Paper 171/2018  
Sustainable Debt Policies of Indian State Governments  
P.S. Renjith, K. R. Shanmugam
- \* Working Paper 172/2018  
Sustainability and Efficiency of Microfinance Institutions in South Asia  
Brijesh C. Purohit, S. Saravanan

---

\* Working papers are downloadable from MSE website <http://www.mse.ac.in>  
\$ Restricted circulation