COMPANIES ACT 2013 AND CORPORATE GOVERNANCE

NEHA SHARMA*; SURYA PRAKASH RATHI

*ASSISTANT PROFESSOR (AD-HOC),
BR AMBEDKAR COLLEGE,
DELHI UNIVERSITY.

ABSTRACT
With the dynamic global economic environment demanding that laws be amended and adapted to suit the modern times, the government passed the Companies Act 2013 in August 2013. The Companies Act 2013 has created a movement towards greater corporate democracy. It lays great stress on protection of minority holders and investor protection. India has moved from a socialist, heavily public sector driven economy to a vibrant private sector led one. The new Act improves transparency and accountability in India’s corporate sector.

In 2012, India was rocked by its biggest corporate governance scandal after Satyam; Reebok India initiated action against its former Managing Director Subhinder Singh Prem and former Chief Operating Officer Vishnu Bhagat over a fraud of rupees 8700 crore.

The concept of KMP, independent directors and their detailed qualifying parameters and mandatory provision of a woman director will create more quality and diversity at the board level. The increased disclosure norms empower the equity shareholders and class action makes audit firms and management more accountable. The role of auditor has been laid down in detail as well as an efficient mechanism of filtering added to prevent auditor’s colluding with management. The Audit committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee act as pillars of corporate governance.

KEY WORDS: Corporate governance, audit, board of directors, independent directors, SEBI, Companies Act 2013, audit committee, class action, corporate social responsibility ….