

EAGLE EYE ON THE NEW AGE OF CORPORATE GOVERNANCE: A CRITICAL ANALYSIS

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ABSTRACT

With the surfacing of several scams and frauds in the recent past, issues relating to Corporate Governance have gained a considerable importance in business world. The weak laws and policies on corporate law in India are only responsible for governance failure. In India, since 1990s, the regulators, policy makers and lawyers continuously and effortlessly have been working for the better corporate governance. And as result, the Companies Act, 2013 and Securities Law (Amendment) Act, 2014 have reframed several weak corporate governance norms. But it is interesting to watch, how much these new laws and policies guideline help corporate world to grow. The present research work in dealt with corporate governance divided into three parts, first part; discuss about the recent development in corporate governance particularly after the Companies Act, 2013. Second part; explain about SEBI amendment norms on corporate governance and final part of the paper discuss about the quasi-judicial and regulatory bodies framed to stop fraud and scams.

Keywords: *Corporate Governance, Fraud, Business ethics, Whistleblower*

1. INTRODUCTION

Nowadays Governance has become a key word which was rarely used by corporates few decades back. It has been experienced that number of organizations ranging from companies to universities, local authority and charity follow governance to run their organizations with particular emphasis on its accountability, integrity and risk management. Basically, corporate governance involves a set of relationships between a company's management,

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its shareholders, its creditors and other stakeholders. There were countless reasons which were accountable for underlining the importance of corporate governance. The surge of financial crisis in 1998 in Russia, some parts of Asia, and Brazil affected seriously the world economies and thereby destabilized the global financial system. Besides, the growing corporate scandals in United States of America and European countries were surfaced due to bad corporate governance practiced by corporates. In India, corporate governance has gained a lot of importance after the Satyam corporate fraud and other frauds of similar kinds. To cut down the cases of fraud, malpractices in companies and financial instability, both policy makers and business managers emphasized the importance of improved standards of corporate governance. Further, the advent and rapid pace of liberalization and globalization obligates companies to adopt effective strategy to implement improved standards of corporate governance to run their business concerns.

At international level, Organization OECD and World Bank continuously worked upon better corporate governance and adopted a set of principles to strengthen corporation. Similarly, in India there were several reforms taken through the Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs, Government of India (MCA) to improve the corporate governance norms among the corporations. The Companies Act, 2013 is one of the steps to improve corporate governance in India. In this paper we will focus on the new development and emergence of new Companies Act, 2013 and good practices incorporated in the Act.

2. NEED OF CORPORATE GOVERNANCE

Good corporate governance is utmost crucial for the emerging countries to achieve economic goals. The need for a good corporate governance image enhances the reputation of the organization and makes it more attractive to customers, investors and suppliers. Through good corporate governance the company can produce a number of benefits to the organization, such as, the first is the increased access to external financing by firms. This in turn can lead to larger investment, higher growth, and greater employment creation. Secondly, lowering of the cost of capital and associated higher firm valuation. This makes more investments attractive

to investors, also leading to growth and more employment. Thirdly, better operational performance through better allocation of resources and better management. This creates wealth more generally. Fourthly, good corporate governance can be associated with a reduced risk of financial crises. This is particularly important, as financial crises can have large economic and social costs. Lastly, good corporate governance can mean generally better relationships with all stakeholders. This helps improve social and labor relationships and aspects such as environmental protection.²

3. STATUTORY PROVISIONS TO CORPORATE GOVERNANCE

A. Companies Act, 2013

It has been seen that before Companies Act, 2013, corporate governance was mainly being followed by the Clause 49 of the Listing Agreement of the SEBI. But the Introduction of Companies Act, 2013 bring new provisions and regulations in corporate sectors. This Act deals with 470 sections spread over 29 chapters and 7 schedules, which replaced the old Act of 1956. The basic objective of the Act is to promote self-regulation and introduces novel concepts including one-person company, small company and dormant company.³ It also promotes investor protection and transparency by including concepts of insider trading, class action suits, creation of a National Financial Reporting Authority and establishment of Serious Fraud Investigation Office for investigation of serious fraud. Further, a mammoth section 2 containing 94 definitions has been added for better clarity.

In October 23, 2008, Companies Bill, 2008 was introduced in the Lok Sabha to replace existing Companies Act, 1956. In 2009, Companies Bill was reintroduced on August 3, 2009 in the Lok Sabha. Here the Bill was referred to the Standing Committee on Finance of the Parliament for

2. Available at <http://www.adfiap.org/ceoforumviii/wp-content/uploads/2011/09/Good-Governance-word-version-DevT-Bank-of-Turkey.docx> accessed on November 15, 2016 at 4:10 PM.

3. Geetika Vijay (2014), "Corporate Governance under the Companies Act 2013: A More Responsive System of Governance", Volume: 4 | Issue: 4 | Apr 2014 | ISSN - 2249-555X.

examination and submission of report. In 2010, report of the Standing Committee of Finance on Companies Bill, 2009 was introduced in the Lok Sabha on August 31, 2010. In 2011, Companies Bill 2011 introduced in the Lok Sabha on December 14, 2011 and finally in 2012 the Companies Bill, 2012 was introduced and got its assent in the Lok Sabha on December 18, 2012. Further, the Rajya Sabha passed Companies Bill, 2012 on August 8, 2013. After having received the assent of the President of India on August 29, 2013, it has now become the much-awaited Companies Act, 2013.⁴

B. Comparative Analysis of Companies Act, 1956 & Companies Act, 2013

Composition: The Companies Act, 1956 contains 13 parts having 658 sections and 15 schedules, whereas Companies Act, 2013 contains 29 chapters having 470 sections and 7 schedules.

New Definition: The Act of 1956 deals with very few definitions whereas, the Companies Act, 2013 deals with new definitions and also existing definition in broader sense on accounting standards, auditing standards, financial statement, independent director, interested director, key managerial personnel, voting right etc.⁵

One Person Company: In the Act of 1956, there was no provision one man company. It only dealt with private and public companies. While Companies Act, 2013 introduced a new class of company called 'One Person Company' (OPC), by which individual can carry business with limited liability⁶ along with private companies and public companies.

Prohibition on issue of shares at discount: The 1956 Act was dealing with power to issue share at discount, whereas under the Act of 2013 the companies cannot issue shares at discount except sweat equity shares subject to fulfillment

4. http://eduvisors.com/dwnld_assets/PDF/Ideas_Insights_by_Eduvisors_CSR_in_Education_and_Impact_of_New_Companies_Bill2.pdf accessed on November 15, 2016 at 11:40 PM.

5. See Section 2(60) of the Companies Act, 2013.

6. See Section 2(62) of the Companies Act, 2013.

of certain conditions as given under section 54 of the Act.⁷ The rights, limitations and restrictions and provisions as are for the time being applicable to the equity shares shall be applicable to sweat equity shares issued under discount and the holder of such shares shall rank *paripassu* with other equity shareholders.⁸

Prohibition on acceptance of deposits from public: The earlier Act stated that without advertisement deposits would not be invited,⁹ the current Act totally prohibits the acceptance of deposits from public.¹⁰

Corporate Social Responsibility (CSR): Earlier Act did not talk about CSR, whereas the new Act of 2013, deals with CSR. The Act established Corporate Social Responsibility (CSR) under section 135. Through this provision company who are making huge profits has to spend on CSR related activities. Companies net worth of Rs 500 crore or total turnover of Rs. 1000 crore or net profit of Rs 5 crore, shall ensure that these company spends at least 2 percentage of the average net profits during every financial year.¹¹ For that purpose, such companies shall have to constitute a Corporate Social Responsibility Committee comprising of three or more directors, out of which shall be an independent director.¹² Such Corporate Social Responsibility Committee shall formulate and recommend to the Board of Directors a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.¹³

7. See Section 53 of the Companies Act, 2013.

8. See section 54(2) of the Companies Act, 2013.

9. See Section 58A of the Companies Act, 1956.

10. See Section 73 of the Companies Act, 2013.

11. See Section 135 of the Companies Act, 2013.

12. See Section 149(6) of the Companies Act, 2013.

13. Such activities relate to-

(i) eradicating extreme hunger and poverty;

(ii) promotion of education;

(iii) promoting gender equality and empowering women;

(iv) reducing child mortality and improving maternal health;

(v) combating human immuno-deficiency virus, acquired immuno- deficiency syndrome, malaria and other diseases;

(vi) ensuring environmental sustainability;

(vii) employing enhancing vocational skills;

Serious Fraud Investigation Office(SFIO): There was no concept and provision of Serious Fraud Investigation Office on earlier Act, whereas the present Act, as per the Central Government by notification establishes an office to investigate the serious frauds relating to a company¹⁴. This Act under section 212, has given more power to SFIO to Investigate frauds in corporate sectors. It has the power to arrest in respect of certain offences and take action by penalty for frauds.

Maximum number of members for private companies: According to earlier Act the maximum number of members in private companies was 50. But according to the new Act of 2013 the members' strength has exceeded to 200.

Maximum number of directors: As per the old Act of 1956, the limit is 12. More can be appointed by the approval of central government. However, section 166 of the Act of 2013 provides that a company may have a maximum 15 directors on the board.¹⁵ However, on the requirement of more directors, the company need special resolution and requires shareholders' approval. For the first time, the Act also defines the role and responsibility of Board of Directors and makes them accountable more and more with company's functions. Failure of these duties and responsibility will lead them to punish with fine.

Directorship & Women Director: According to the old Act, the maximum number of directorship of a director was 15. Whereas, under the new Act the maximum number of directorship of a director is 20 out of which 10 can be public companies.¹⁶ Similarly, in the old Act no women director was mandatory earlier, whereas, now under the new Act at least one women director is compulsory in Board of directors of

(viii) social business projects;

(ix) contribution to the Prime Minister' National Relief Fund or any other fund set up by the Central Government or the State Governments for the socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and

(x) such other matters as may be prescribed.

14. See Section 211 of the Companies Act, 2013.

15. See Section 149(1)(b) of the Companies Act, 2013.

16. See Section 165(1) of the Companies Act, 2013.

some class or classes of companies.¹⁷

Independent Director (IDs): The new Act, under section 149, introduced the concept of Independent Directors (IDs). It states that all listed companies must have at least one-third of the board as Independent Directors and the term of the IDs as five consecutive years. The Act also prescribes detailed qualifications for the appointment of an ID, such as independent director to be a person of integrity, relevant expertise and experience. About the duties of the IDs, the Act included professional conduct for IDs by prescribing facilitative roles, such as offering independent judgment on issues of strategy, performance and key appointments, and taking an objective view on performance evaluation of the board. This Act empowers the independence directors because of greater accountability and transparency in the company.

Special Courts: In the Act of 1956, no provision was there, whereas under the Act of 2013 the concept of Special Courts to deal with speedy results for offences has been introduced in new Act.¹⁸ Section 436 of the 2013 Act provided for the offences triable by Special Courts. For that purpose and in relation to a person accused of, or suspected to the commission, of an offence under this section who has been forwarded to it, Special Courts may exercise the same powers which a magistrate having jurisdiction to try a case may exercise under section 167 of the Code of Criminal Procedure, 1973 in relation to a person who has been forwarded to him under that section.¹⁹

4. INSTITUTIONAL FRAMEWORK OF CORPORATE GOVERNANCE

The SEBI was established by the Government of India in 1988 and given statutory powers in 1992 with the passing of SEBI Act, 1992. Indian Government on August 25, 2014 notified the Securities Laws (Amendment) Act, 2014 (SLAA, 2014). The SEBI is managed by its members and situated at Mumbai. The main

17. See proviso to Section 149(1) of the Companies Act, 2013.

18. See Section 435 of the Companies Act, 2013.

19. See Section 436(1)(c) of the Companies Act, 2013.

objective of the SEBI is to “...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto”²⁰. SEBI is known as quasi-legislative, quasi-judicial and quasi-executive body and worked as a multi-function body such as it conducts investigation and enforcement action in its executive function and it passes rulings and orders in its judicial capacity. Though this makes it very powerful, there is an appeal process to create accountability. There is a Securities Appellate Tribunal, which is a three-member tribunal.²¹

A. Securities Law(Amendments)Act, 2014:

The main objective behind the separate Securities Laws was felt by the government against the backdrop of lacs of small investors being duped by numerous fraudulent investment schemes across the country, like in the alleged Sahara scam and Saradha scam and other several scams of the same kinds.

New Powers of SEBI:

The Securities Laws (Amendment) Act, 2014 empowers the Securities Exchange Board of India (SEBI) to clamp down on illicit money-pooling schemes, arrest of defaulters, to access call data records and other frauds. It is a part of the government and regulators’ efforts to tighten noose around fraudsters in the wake of several cases of illicit money-pooling activities that includes ponzi operators. It would also facilitate setting up of a special SEBI court to fast-track the investigation and prosecution process. It also grants approval for search and seizure operations in suspected cases of frauds. It has as many as 57 clauses to amend various sections of the SEBI Act and two other related legislations.²²

B. SEBI on Corporate Governance Norms:

After implementation of the Companies Act, 2013, SEBI has made amendments to Clause 35B and Clause 49 of

20. See the Preamble of the Securities and Exchange Board of India, 1992.

21. Available at http://en.wikipedia.org/wiki/Securities_and_Exchange_Board_of_India#cite_note-6 accessed on November 18, 2016.

22. Available at <http://www.jagranjosh.com/current-affairs/union-government-notified-securities-laws-amendment-Act,2014> accessed on November 18, 2016.

the Listing Agreement, such as amendments relating to independent directors, related party transactions, disclosures etc.

Woman Director: SEBI amended Clause 49(II)(A)(1) which states that the appointment of woman director will be applicable w.e.f. April 1, 2015.²³

Limit on number of directorships for independent directors: The revised Act of 2014 has expanded the disqualification criteria for independent directors, and thus, makes the definition more restrictive. Also, the definition specifically excludes a nominee director. Provisions are made relating to Restriction on the limit on number of directorship, *i.e.*, maximum 7 listed companies. The company shall familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes. The details of such familiarization programmes shall be disclosed on the company's website and a web link thereto shall also be given in the Annual Report.

*Definition of related party & approval of related party transactions*²⁴: The current amendment stated that all related party transactions should require prior approval of the audit committee. All material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

23. Available at <http://www.ingovern.com/wp-content/uploads/2014/12/Governance-Watch-October-2014.pdf> accessed on November 18, 2016.

24. Related party transactions are any contract or arrangement with related party with respect to –

- (a) sale, purchase or supply of any goods or material;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of any goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company. (Section 188 of the Companies Act, 2013).

Sale of a material subsidy: The revised Clause states that special resolution to dispose of shares in its materials subsidiary, which would reduce the shareholding to less than 50% or result in loss of control over the subsidiary. Further selling, disposing and leasing of assets amounting to more than 20% of the assets of material subsidiary shall also require prior approval of shareholders by way of special resolution.²⁵

Whistle Blower Policy: The revised Clause 49 has formalized the whistle blower policy requirements and mandates that the company shall establish a vigil mechanism for directors and employees to report concerns about-

- *Unethical behavior*
- *Actual or suspected fraud*
- *Violation of the company's code of conduct or ethics policy*

This mechanism should also provide for adequate safeguards against victimization of individuals who utilize such mechanism to report any concerns. The details of establishment of such mechanism shall be disclosed by the company on its website, and in the report of Board of Directors.²⁶

5. FUNCTIONING OF REGULATORY BODIES

The Companies Act, 2013 has changed many existing provisions and introduced many new concepts for better governance. The basic idea behind these new concepts and provisions not only established for better governance but also to watch like an eagle to protect corporate frauds. The Act has given more power to old institutions and established few new institutions for better result. This section explains the entire new establishment and their impact on corporate governance.

(A) National Company Law Tribunal (NCLT)& National Company Law Appellate Tribunal (NCLAT): Under

25. Available at [http://gtw3. Granthornton.in/assets/Strengthening_Corporate_Governance-Revised_Clause_49.pdf](http://gtw3.granthornton.in/assets/Strengthening_Corporate_Governance-Revised_Clause_49.pdf) accessed on November 19, 2016.

26. Available at http://gtw3.granthornton.in/assets/Strengthening_Corporate_Governance-Revised_Clause_49.pdf accessed on November 19, 2016.

the Companies Act, 2013, the provisions relating to the establishments of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) have been incorporated which shall replace the Company Law Board (CLB). The National Company Law Tribunal and the Appellate Tribunal shall consist of both judicial members and technical members.²⁷ However, the President is the head of the Tribunal, while the chairman is the head of Appellate Tribunal. According to Companies Act, 2013, to become a judicial member at NCLT, an individual is or should have been a High Court Judge or District Judge for at least five years or with a minimum of ten years' experience as an advocate of a court. Similarly, to become a technical member, an individual is or should have at least 15 years of experience in chartered accounts or cost accounts or as a company secretary.²⁸ However, the process of formation of the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT) has been kept in abeyance on account of a legal challenge in the Supreme Court to certain provisions of the Companies Act, 2013 relating to the constitution and composition of these bodies. The detailed procedure for transfer of pending cases will be finalized by the NCLT after it is established.²⁹

Possible Impact of NCLT & NCLAT: Nowadays, the tremendous growth and development in corporate sectors required a dispute settlement mechanism like NCLT and NCLAT. The objectives of this mechanism is to handle the settlement of dispute, and to help to reduce the pendency of winding-up cases, shortening the winding-up process, and avoiding multiplicity and levels of litigation before high courts, the Company Law Board and the Board for Industrial and Financial Reconstruction. This Tribunal will also cover merger and acquisition disputes and the dispute arising while converting Public Limited Company to Private Limited Company. There is plan to set up 15 NCLT benches all over

27. See sections 408 and 410 of the Companies Act, 2013.

28. See sections 409 of the Companies Act, 2013.

29. Smt. Nirmala Sitharaman gave this information, MoS in the Ministry of Corporate Affairs in written reply to a question in the Lok Sabha on August 8, 2014. Available at <http://pib.nic.in/newsite/PrintRelease.aspx?relid=108368> Accessed on November 18, 2016.

India to speed up corporate dispute redressal. However, the final decision is yet to be taken. So it will not wrong if we say that it is a good decision taken by the government and policy makers to smother the governance system. However, we have to watch the further development regarding the setting up of the tribunal so that it could function.

(B) National Financial Reporting Authority (NFRA): A new regulatory authority known as National Financial Reporting Authority (NFRA)³⁰ is introduced under the Companies Act, 2013 replacing of National Advisory Committee on Accounting Standards (NACAS). The basic objectives to establish this authority is to advice, enforce and monitor the compliance of accounting and auditing standards as well as to act as a regulatory body for accountancy profession. The NFRA, is a quasi-judicial body, which consist of a Chairman and such other prescribed members not exceeding 15.³¹ The head office of the NFRA shall be at New Delhi and it may, meet at such places in India it deems fit. The NFRA consist of three committees such as; Accounting Standards Committee, Auditing Standards Committee and Enforcement Committee etc.

Possible impacts Corporate Governance: This is one of the crucial steps taken by government, as this national level body has to regulate standards of all types of reporting such as; financial as well as non-financial matters. This authority

30. See sections 132 of the Companies Act, 2013

31. 1) A Chairperson who is an eminent person and has expertise in accounting, auditing, finance or law.
- 2) A maximum of 15 members comprising of
- a) Member- Accounting,
 - b) Member- Auditing and
 - c) Member- Enforcement.
- 3) A representative of the Ministry of Corporate Affairs who is not below the rank of Joint Secretary or equivalent.
- 4) A representative of RBI, nominated by it and who is a member of RBI Board.
- 5) A representative of SEBI who is its Chairman or whole-time member and is nominated by SEBI.
- 6) A retired Chief Justice of a High Court or a person who had been a High Court Judge for not less than 5 years to be nominated by the central government.
- 7) President of the Institute of Chartered Accountants of India (ICAI).
- The Chairperson and other members who are in full time employment of NFRA cannot be associated with any audit firm including related consultancy firms during the course of their employment and two years after the expiry of such appointment.

has the power to recommend to the Central Government on the formulation and lying down of accounting and auditing policies and standards for adoption by companies or their auditors. It also monitors and enforces the compliance with accounting standards etc. in best possible ways. Further, the Authority has also given the power to investigate suo moto or a reference made to it by the CG by bodies corporate or persons into the matter of professional or other misconduct committed CA and CS firms. By doing this, this will create fear among the firms and corporates to be honest and transparent in financial and non-financial matters, which will lead a good governance atmosphere inside the company.

- (C) **Investor and Education Protection Fund:** The Companies Act, 2013 also provided for the establishment of the Investor Education and Protection Fund (IEPF) Authority³². And Investor Education and Protection Fund (established under section 125(1) of the Companies Act 2013) to educate and protect interest of investors, constituted and notified under section 125(5) of the Act and managed by the Authority.³³ The head office of the Authority shall be at New Delhi and may established offices at other places in India with the prior approval of Central Government. Corporate Affairs Ministry Secretary would be the ex-officio chairman of the authority. Besides, there would be nominees from Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) an eminent legal expert and three members having at least 15 years' experience in investor education and protection related activities. The CEO would be on the level of Senior Administrative Grade (SAG) in Indian Company Law Services or similar central government Service and shall be responsible for day-to-day operations and management of the authority.

Possible impacts on Corporate Governance: Now MCA has notified under rules that Investor Education and Protection Fund made mandatory for every company to file e-form 5INV containing the information of unclaimed and unpaid

33. See Chapter I and Chapter II of the Investor Education and Protection Fund Authority Rules, 2013. Available http://www.onepersoncompany.in/uploads/6/9/1/2/6912590/final_iepf_authority_establishment_rules_24_10_2013-1.pdf accessed on 19 November 2016.

amounts. Through this new rule, shareholders and debenture holders will be able to know their unclaimed amount (including interest on them) every year from the website of their companies and also from the MCA IEPF website. As a result there would be clarity and transparency within the company to maintain account matters.

- (D) Serious Fraud Investigation Office (SFIO):** To investigate corporate frauds, the Ministry of Corporate Affairs under the government of India has established the Serious Fraud Investigation Office (SFIO)³⁴. SFIO, a multi-disciplinary organization with a Director and experts from all backgrounds such as accountancy, forensic auditing, law, information technology, investigation, company law, capital market and taxation. Generally, SFIO, take up investigation in such cases of fraud received from Department of Company Affairs. The Government has also granted statutory status to SFIO by incorporating its provisions under the Companies Act, 2013.

Possible impacts on Corporate Governance: According to MCA, in the last three years, 64 cases were referred to SFIO, out of which the SFIO completed 55 cases. Now, Ministry of Corporate Affairs developed a “Fraud Prediction Model” in SFIO for generating early warning signals for prediction of fraud and malfeasance in the corporate sector. The ministry also set up a High-powered Steering Committee with technical experts in various fields to design a comprehensive framework for a fraud prediction model. The Director of the SFIO, has got the power to arrest persons if he has reason to believe that such persons are guilty of certain offences, including fraud. The investigator of the SFIO, have now certain powers vested in a civil court under the Code of Civil Procedure with respect to discovery and production of books of accounts and other documents, the inspection of books, registers and other documents and the summoning of and enforcing of attendance of persons. Some of the major scandals investigated by SFIO are Satyam Scandal, Reebok and now Saradha Group scam, where SFIO proved its efficiency. So the recent fraud in Saradha group is also an

34. See sections 211 of the Companies Act, 2013.

example that shows the need and importance for effective investigation and prosecution of corporate fraud.³⁵ From the above points it is clear that SFIO has got its wing now to take certain steps to investigate corporate frauds independently, which is essential for good governance.

- (E) **SEBI Special Court to fast-track:** The new Securities Law Amendment Act, 2014 proposed to setting up of a special SEBI court to fast track to strict the investigation and prosecution process, including by granting approval for search and seizure operations in suspected cases of frauds. This step of setting up a designated court to hear SEBI cases, which will give the regulator for carrying out search and seizure operations, to crack down on fraudsters in the wake of several cases of illicit money-pooling activities, including by ponzi operators, across the country.³⁶

6. CONCLUSION:

From the above study, it is clear that really the government has taken all the best initiatives by amending different provisions to provide good corporate laws to regulate corporates. The new Companies Act, 2013 introduced many significant changes in the provisions related to governance, e-management, compliance and enforcement, disclosure norms, auditors and mergers and acquisitions. Also, new concepts such as one-person company, small companies, dormant company, class action suits, registered valuers and corporate social responsibility have been included. In addition to that that the major initiatives taken to set up SEBI courts, SFIO more power, and the establishment of other regulatory bodies to monitor governance and stop corporate frauds. Now it's the time to wait and watch the positive and negative aspects of these new laws and guidelines on corporate governance.

35. Giving teeth to Serious Fraud Office. Available at <http://www.thehindu.com/opinion/oped/giving-teeth-to-the-serious-fraud-office/article4807786.ece> accessed on 18 November 2014.

36. Available at <http://freepressjournal.in/special-court-to-hear-sebi-matters-likely-soon/> accessed on 18 November 2014.