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ASSESSMENT OF CORPORATE GOVERNANCE FRAMEWORKS IN INDIAN STATE-OWNED ENTERPRISES

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ABSTRACT

SOEs are a crucial part of India's economic landscape, playing a vital role in various sectors. The governance frameworks within these entities are multifaceted, encompassing legislative provisions, regulatory directives, and oversight mechanisms. The Companies Act of 2013 lays down foundational principles, supplemented by guidelines from regulatory bodies like SEBI and DPE. Compliance with these frameworks is crucial for ensuring transparency, accountability, and ethical conduct within SOEs. However, Indian SOEs face challenges such as government interference in board decisions, lack of board autonomy, non-compliance with regulatory requirements, and the need to balance diverse stakeholder interests. These challenges often stem from the unique ownership structures of SOEs and their role in serving broader public policy objectives. Addressing these governance deficits requires concerted efforts from stakeholders, including the government, regulatory bodies, boards of directors, and management teams. Enhancing board independence, ensuring compliance with regulatory norms, and promoting transparency and accountability are essential steps towards strengthening corporate governance in Indian SOEs.

Keywords: State-owned enterprises, corporate governance, India, Challenges, PSUs

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INTRODUCTION

> *"SOEs account for 20 per cent of investment, 5 per cent of employment, and up to 40 per cent of domestic output in countries around the world. They deliver critical services in many economic sectors, such as utilities, finance, and natural resources."*[1]

"State-owned enterprises" (SOEs), also referred to as "public sector enterprises" (PSEs) or "public sector undertakings" (PSUs), constitute an integral part of India's economy. These companies, substantially owned by the government, play a significant role in the industrial and commercial sectors of the country. While SOEs have generally demonstrated encouraging performance, they face unique challenges in corporate governance that arise from their distinct ownership and control structures.[2]

The origin of SOEs in India can be traced back to the economic policies adopted by the Government of India immediately after independence. During this period, the "mixed economy" model placed substantial emphasis on the role of the state in economic development, leading to the establishment of numerous SOEs. This trend continued in the subsequent decades of the 1960s and 1970s, with the nationalization of several industries, particularly banks, further expanding the SOE sector.[3]

Despite initially enjoying limited competition from the private sector, the economic liberalization reforms of 1991 exposed SOEs to intense competition from both domestic private players and international businesses. While disinvestment efforts have been made to privatize some SOEs, many continue to be wholly or partially owned and controlled by the government due to political considerations.

SOEs in India are subject to stringent governance norms that encompass not only the regulations applicable to private sector companies but also additional oversight mechanisms. However, their unique ownership structure and the influence of the government as the controlling shareholder give rise to distinct corporate governance issues and challenges that warrant closer examination.

EVOLUTION AND PERFORMANCE OF SOES

The origin of SOEs in India can be attributed to the economic policy adopted by the Government of India immediately following independence in 1947. The "mixed economy" model laid tremendous emphasis on the role of the state in driving economic development. This approach led to the establishment of several SOEs across various sectors during this period, many of which continue to operate until today.

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[1] "Corporate Governance in State-Owned Enterprises" (IFC) https://www.ifc.org/en/what-we-do/sector-expertise/corporate-governance/state-owned-enterprises

[2] Kiranmai, J., & Mishra, R. K. "Corporate Governance Practices in Listed State-owned Enterprises in India: An Empirical Research." Indian Journal of Corporate Governance, 12(1), 94-121. https://doi.org/10.1177/0974686219849760 (2019).

[3] Adebayo, Adeyemi, and Barry Ackers. "Insights on corporate governance practices of State-Owned Enterprises (SOEs)." *Journal of Accounting and Investment* 23, no. 1 (2022): 170-195.

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In the subsequent decades of the 1960s and 1970s, the SOE sector witnessed further expansion through the nationalization of several key industries by the government. For instance, major commercial banks were nationalized in 1969 and 1980, leading to the creation of state-owned banking giants like the State Bank of India. Similarly, the coal mining industry was nationalized in the early 1970s, giving rise to the state-controlled Coal India Limited. For several decades following independence, SOEs enjoyed a largely protected environment with limited competition from the private sector within the country. However, this scenario changed dramatically in 1991 with the introduction of economic liberalization reforms. These reforms opened up the Indian economy to private sector participation, both domestic and foreign, exposing SOEs to intense competition.[4]

In the post-liberalization phase, efforts were made towards disinvestment or partial privatization of SOEs. However, sustained and comprehensive disinvestment initiatives have been stymied due to political considerations. As a result, while some SOEs were partially divested through public offerings, the government has retained majority control in most cases. To enable SOEs to compete effectively with their private sector counterparts, the government has focused on professionalizing their management and conferring greater operational freedom and flexibility. Initiatives such as the categorization of CPSEs "Central Public Sector Enterprises" into Maharatna, Navratna, and Miniratna have been undertaken to grant enhanced autonomy to larger and more profitable SOEs.[5]

Despite the challenges posed by liberalization and increasing competition, the available empirical evidence suggests that SOEs have played a vital role in India's economy from both an industrial and financial standpoint. Several SOEs have not only managed to withstand competitive pressures but have also outperformed their private sector counterparts in terms of profitability and growth.

The size and scale of the SOE sector in India remain substantial. As of 2012-13, there were 248 CPSEs, out of which 220 were operational. Among the operational CPSEs, 158 were profitable, and 62 were incurring losses. Apart from these central SOEs, there are also numerous state-level public sector enterprises operating across various sectors.[6]

Overall, SOEs in India have demonstrated resilience and continued to contribute significantly to the country's GDP, even in the face of intense competition in the post-liberalization era. Their sheer size, performance, and importance to the economy underscore the need for effective corporate governance frameworks to maximize their potential and address the unique challenges they face.

[4] Purbawangsa, Ida Bagus Anom, Solimun Solimun, Adji Achmad Reinaldo Fernandes, and Sri Mangesti Rahayu. "Corporate governance, corporate profitability toward corporate social responsibility disclosure and corporate value (comparative study in Indonesia, China and India stock exchange in 2013-2016)." Social Responsibility Journal 16, no. 7 (2020): 983-999.
[5] Khumalo, Muzi, and Adrino Mazenda. "An assessment of corporate governance implementation in state-owned enterprises of the emerging economy." (2021).
[6] Park, Chung-A. "Enhancing the transparency and accountability of state-owned enterprises." Springer Singapore, (2021).

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CORPORATE GOVERNANCE FRAMEWORK

Corporate governance frameworks for listed PSUs in India are primarily guided by provisions within the Companies Act of 2013, directives from the SEBI regarding corporate governance, and guidelines outlined by the "Department of Public Enterprises" (DPE) specifically tailored for Central Public-Sector Enterprises.

The Companies Act of 2013, enacted to supersede the 1956 Act, establishes a comprehensive framework for corporate governance across all companies, including PSUs. This framework is further supported by detailed rules delineated by the Ministry of Corporate Affairs. Key requirements under this Act include the stipulation of qualifications for Independent Directors, the mandate for at least one-woman director on the board of listed companies, the establishment of various committees such as the Audit Committee and Nomination and Remuneration Committee, and the obligation to hold a minimum of four board meetings annually.

SEBI, as the capital market regulator, amended Clause 49 of the Listing Agreement in 2014 to align it with the provisions of the Companies Act, thus extending its applicability to all listed companies, including PSUs. However, there are certain exceptions to this rule. SEBI's guidelines emphasize the importance of corporate governance practices for listed entities and seek to enhance transparency and accountability.

The DPE, on the other hand, has issued guidelines specifically tailored for Central Public-Sector Enterprises. These guidelines, which have evolved since their inception in 1992, are mandatory for all PSUs, whether listed or not. They cover various aspects including the composition of boards, functions of board committees, disclosure requirements, and the inclusion of corporate governance as a performance parameter in "Memorandums of Understanding" (MoUs) for PSUs. The DPE has also introduced a grading system to evaluate PSU performance on corporate governance, with deviations from guidelines attracting negative marks in performance evaluations.[7]

These frameworks collectively aim to promote transparency, accountability, and ethical conduct within PSUs, ensuring that they operate in the best interests of stakeholders while contributing to sustainable growth and development. Compliance with these frameworks not only fosters investor confidence but also enhances the overall reputation and credibility of PSUs in the market.

CORPORATE GOVERNANCE AND OECD GUIDELINES

Despite corporate governance reforms in SOEs globally, challenges persist due to the intricate principal-agent relationships inherent within these entities. The complexity of corporate governance in SOEs can be attributed to four types of principal-agent relationships involving government entities, ministries, boards, senior management, and other major stakeholders. The interference of government further complicates matters, as political parties intervene in parliamentary democracies. Moreover, studies shed light on the politicization of ministerial bureaucracies despite

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[7] Sasidharan, Aghila. "Does board independence enhance firm value of state-owned enterprises? Evidence from India and China." European Business Review 32, no. 5 (2020): 785-800.

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public administration reforms. This increased politicization has led to greater political control over policy formulation and implementation, undermining the effectiveness of governance mechanisms. Current initiatives to enhance SOE efficiency are insufficient, emphasizing the need for competitive hiring of chief executives, increased autonomy, and strict enforcement of performance contracts by the government.[8]

Efficient public administration can be achieved through the establishment of rational-legal bureaucracies, reduced patronage influence, networking governance, engagement with civil society, and fostering high employee motivation. These factors are crucial for ensuring accountability and efficiency in government operations.

Concerns regarding corporate governance and performance are evident in various forms, including underperformance, corporate collapse, and corruption. For instance, Indian SOEs like Bharat Sanchar Nigam Ltd, Air India Ltd, and Mahanagar Telephone Nigam Ltd have incurred substantial losses, indicating governance and operational challenges. The aviation sector in India exemplifies these issues, with escalating debt burdens and cost drivers like taxes and fuel prices.[9]

Similarly, the collapse of Solid Energy, a New Zealand SOE, underscores governance failures within such entities. The case highlights questions of accountability, with blame directed at government shareholders, the board of directors, and management teams.[10]

To address these challenges, the OECD guidelines offer concrete suggestions rooted in international best practices. Implementing effective corporate governance systems is crucial for SOEs to remain competitive and deliver results. By benchmarking practices against OECD guidelines, countries like New Zealand and India can enhance governance practices and mitigate governance-related risks.

In essence, addressing these challenges requires a comprehensive approach that prioritizes accountability, transparency, and efficiency in SOE operations. Implementing reforms to enhance governance structures, such as ensuring the autonomy of boards, reducing government interference, and promoting merit-based appointments, is essential.

Moreover, fostering a culture of accountability within SOEs is crucial. This involves establishing clear performance metrics, enforcing compliance with regulatory requirements, and holding management accountable for their decisions and actions. Additionally, promoting transparency in decision-making processes and disclosure of information to stakeholders can enhance trust and confidence in SOEs.

[8] Lu, Justin, and Jonathan Batten. "The implementation of OECD corporate governance principles in post-crisis Asia." In Australasian Perspectives on Corporate Citizenship, pp. 47-62. Routledge, (2023).
[9] Papenfuß, Ulf. "Corporate governance of state-owned enterprises: Conceptualization, challenges and perspectives for the public corporate governance field." *The Routledge handbook of state-owned enterprises* (2020): 433-444.
[10] Möslein, Florian, and Karsten Engsig Sørensen. "Sustainable corporate governance: a way forward." *European Company Law* 18, no. 1 (2021).

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Furthermore, strengthening oversight mechanisms is vital to prevent governance failures and mitigate risks. This includes empowering regulatory bodies to monitor SOE activities effectively, conducting regular audits and evaluations, and enforcing penalties for non-compliance with governance standards.

Engaging with civil society and promoting stakeholder participation can also contribute to improving governance in SOEs. By soliciting feedback from stakeholders and incorporating their perspectives into decision-making processes, SOEs can enhance transparency, legitimacy, and accountability.

Ultimately, achieving effective corporate governance in SOEs requires a concerted effort from governments, regulators, boards, management teams, and other stakeholders. By implementing reforms guided by international best practices and committing to transparency, accountability, and efficiency, SOEs can overcome governance challenges and realize their full potential as drivers of economic growth and development.

GOVERNANCE FRAMEWORK FOR SOEs

SOEs in India are subject to a multi-layered governance framework that encompasses regulations applicable to companies in the private sector as well as additional norms and oversight mechanisms specific to government-owned entities. This intricate web of laws, guidelines, and supervisory bodies aims to ensure effective governance and accountability in the functioning of SOEs.

At the core of the governance framework lies the Companies Act, which provides the general principles of corporate law governing the incorporation, management, and winding up of companies, including SOEs structured as government companies. The newly enacted Companies Act, 2013 has introduced stringent corporate governance measures, thereby enhancing the standards applicable to SOEs as well. However, the Act recognizes the special nature of SOEs and provides certain exemptions, allowing the government to stipulate that specific provisions may not apply to these entities.[11]

For SOEs established under special statutes, such as the “Coal India Limited under the Coal Mines (Nationalization) Act, 1973,” the respective statutes govern their operations and management in addition to the Companies Act.[12]

SOEs listed on stock exchanges are further subject to the corporate governance norms outlined in Clause 49 of the listing agreement issued by the SEBI. This clause, which was significantly revamped in 2014 to align with the Companies Act, of 2013, sets out comprehensive requirements related to board composition, auditing, disclosure, and other governance aspects for listed companies, including listed SOEs.

[11] Kumar, Sanjay. "Knowledge risk management for state-owned enterprises-Indian scenario." *Knowledge risk management: from theory to praxis* (2020): 89-106.
[12] Singh, Kuldeep, and Deepa Pillai. "Corporate governance in small and medium enterprises: a review." *Corporate Governance: The international journal of business in society* 22, no. 1 (2022): 23-41.

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In addition to the general corporate laws, CPSEs are governed by the Guidelines on Corporate Governance for CPSEs issued by the DPE, Ministry of Heavy Industries and Public Enterprises, Government of India. These guidelines, introduced in 2007 voluntarily and made mandatory in 2010, cover a wide range of governance aspects, including the board of directors, audit committee, remuneration committee, subsidiary companies, disclosures, reporting, and compliance.[13]

Moreover, SOEs are subject to additional layers of scrutiny and oversight that extend beyond the governance norms applicable to private sector companies. As entities substantially owned by the government, SOEs fall under the purview of the Right to Information Act, of 2005, which mandates a high degree of transparency and public disclosure of information.

The decision-making and operations of SOEs are also subject to judicial review by the Supreme Court of India, which has consistently treated them as "state" entities under the Indian Constitution. This allows affected individuals to institute legal proceedings against SOEs through writ petitions, subjecting their actions to scrutiny against constitutional principles.

Furthermore, SOEs are overseen by independent statutory bodies such as the “Comptroller and Auditor General of India” (CAG), which audits their accounts and operations, and the “Central Vigilance Commission” (CVC), which investigates cases of corruption and misconduct within these entities.

ISSUES IN CORPORATE GOVERNANCE OF PSUs

In the wake of India's New Industrial Policy, state-owned enterprises have witnessed significant growth both domestically and internationally. However, to bolster their competitiveness and bolster investor confidence, these entities must adopt robust corporate governance standards. This will ensure further expansion in a manner that is both ethical and transparent. Yet, several critical issues impede the attainment of desired levels of competitiveness, necessitating immediate attention.

One major concern lies in the autonomy of PSU boards. While a competent and autonomous board is crucial for corporate success, ministerial directives can sometimes sway board agendas, prioritizing political considerations over strategic and commercial imperatives. The absence of full operational and financial autonomy hampers the implementation of a structured performance evaluation system for board members, making it challenging to enforce accountability.

Furthermore, there is a glaring lack of an ownership policy for PSUs. Such a policy is essential to delineate the government's role and responsibilities towards minority shareholders and other stakeholders, including employees, vendors, customers, and communities. The OECD recommends the development and issuance of an ownership policy

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[13] Kanyane, M. H., and V. T. Sambo. "State of State-Owned Enterprises’ Governance in BRICS Countries-Issues for Consideration." African Journal of Governance and Development 10, no. 1 (2021): 199-215.

that outlines the objectives of state ownership, the government's role in corporate governance, and the implementation of this policy. Transparency and communication are crucial in ensuring accountability.[14]

Another pressing issue is the appointment of independent non-executive directors and women directors on PSU boards. While legal provisions and guidelines mandate the inclusion of independent directors and ensure gender diversity, many PSUs fall short of meeting these requirements. A properly structured board is vital for maintaining objectivity in decision-making and exercising oversight, yet many PSUs lack independence and gender diversity among board members.

Non-compliance with legal requirements and guidelines further exacerbates governance deficits in PSUs. Despite provisions outlined in Clause 49 and DPE guidelines, many top PSUs fail to meet minimum requirements.[15] This non-compliance, as highlighted by audits conducted by the Comptroller and Auditor General of India, raises concerns about accountability and adherence to corporate governance standards.

Moreover, excessive regulation poses a significant challenge to PSUs. In addition to parliamentary oversight, these entities are accountable to various other authorities, including the CAG, the CVC, the CCI, and the RTI Act. Over-regulation not only creates accountability issues but also stifles corporate governance initiatives.

Addressing governance deficits in PSUs is imperative for their success on the global stage. These entities must be viewed not merely as extensions of the government but as entities entrusted with resources, tasked with making judicious use of them. As articulated by Pt. Nehru during debates on the Second Five-Year Plan, a balance must be struck between adequate checks and protections and the freedom necessary for PSUs to operate efficiently and effectively.

While this comprehensive governance framework aims to ensure effective oversight and accountability of SOEs, it also highlights the unique challenges they face compared to their private sector counterparts. The diffusion of control and supervision across multiple governmental bodies, coupled with the need to balance diverse stakeholder interests, creates a complex governance environment for SOEs to navigate.

CORPORATE GOVERNANCE ISSUES AND CHALLENGES

Despite being subject to robust corporate governance norms and multiple layers of oversight, SOEs in India continue to face significant issues and challenges in implementing effective governance practices. Several studies and anecdotal evidence have brought to light the unique governance concerns that arise due to the distinct nature of state ownership and control in these entities.

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[14] Dzomira, Shewangu. "Corporate governance and performance of audit committee and Internal audit functions in an emerging economy's public sector." *Indian Journal of Corporate Governance* 13, no. 1 (2020): 85-98.
[15] *Ibid*

1. **COMPLEX OWNERSHIP AND GOVERNANCE STRUCTURE:** While the Government of India is the ultimate owner of shares in CPSEs, the control, supervision, and management of these entities are somewhat diffused. Different ministries of the central government wield substantial influence over the CPSEs operating in their respective sectors. For instance, the Ministry of Petroleum and Natural Gas exercises significant control over the affairs of the "Oil and Natural Gas Corporation" (ONGC), despite the Government of India being the majority shareholder. This diffusion of control across multiple ministries, coupled with the involvement of the DPE as a coordinating body, creates a complex governance structure that can lead to potential conflicts of interest and a lack of coherence in decision-making.

2. **LACK OF PROPER IMPLEMENTATION AND NON-COMPLIANCE:** Although SOEs are subject to stringent governance norms, their implementation remains a challenge. Studies have consistently found higher levels of non-compliance with corporate governance provisions, such as Clause 49 of the listing agreement, among SOEs compared to their private sector counterparts. One notable instance is the failure of several SOEs to appoint the required number of independent directors on their boards, despite regulatory mandates. While enforcement actions were initiated by the SEBI, they were subsequently dropped due to the government's involvement in the appointment process, highlighting the challenges in ensuring compliance within SOEs.[16]

3. **GOVERNMENT INTERFERENCE AND LACK OF BOARD INDEPENDENCE:** The boards of directors in SOEs are not entirely free from government interference, which can undermine their independence and effectiveness. Despite efforts to grant greater autonomy to SOE boards, particularly those categorized as Maharatna and Navratna, the influence of the government as the controlling shareholder remains significant. Decisions and actions of SOE boards may be influenced by political considerations or public policy goals, rather than being driven solely by commercial interests and shareholder value maximization.

4. **SACRIFICING MINORITY SHAREHOLDER INTERESTS:** In cases where SOEs have minority public shareholding, there have been instances where the interests of these minority shareholders have been sacrificed in favour of broader public policy objectives or political goals. For example, several SOEs in the natural resources sector have been selling their products at subsidized prices, significantly below international market rates, to benefit consumers. While such moves may align with the government's social

[16] Al-Ahdal, Waleed M., Mohammed H. Alsamhi, Mosab I. Tabash, and Najib HS Farhan. "The impact of corporate governance on financial performance of Indian and GCC listed firms: An empirical investigation." *Research in International Business and Finance* 51 (2020): 101083.

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welfare agenda, they effectively transfer value from minority shareholders to consumers, disregarding the principles of shareholder wealth maximization.[17]

5. **BALANCING STAKEHOLDER INTERESTS**: SOEs operate in a unique environment where they are expected to balance the interests of diverse stakeholders, including the government as the controlling shareholder, minority investors, employees, consumers, and the general public. Reconciling these often-conflicting interests presents a significant governance challenge, as decision-making within SOEs may be influenced by factors beyond commercial considerations, such as political motivations or public policy goals.

CONCLUSION

In the dynamic landscape of India's SOEs, the assessment of corporate governance frameworks reveals a nuanced tapestry marked by both accomplishments and persistent challenges. As cornerstone entities in India's economic architecture, SOEs have undergone substantial evolution, significantly contributing to the nation's growth trajectory. However, the intricate web of ownership structures and governmental influence presents unique governance hurdles that demand careful deliberation and proactive measures.

At the heart of the governance paradigm for Indian SOEs lies a comprehensive framework comprising legal statutes, regulatory directives, and oversight mechanisms designed to foster transparency, accountability, and ethical conduct. The Companies Act of 2013, coupled with guidelines from the SEBI and regulations outlined by the DPE, form the backbone of this framework. These regulations delineate standards for board composition, disclosure practices, and compliance obligations, aiming to instil confidence among stakeholders and ensure effective governance.

Despite the existence of robust governance norms, SOEs grapple with persistent challenges that warrant attention and remedial action. Chief among these challenges is government interference, which undermines the autonomy and independence of SOE boards. Despite efforts to grant greater operational freedom to boards, the pervasive influence of the government as the majority shareholder often skews decision-making processes, injecting political considerations into commercial affairs. Such interference compromises the effectiveness of governance mechanisms and raises concerns about the primacy of shareholder interests.

Moreover, issues of board independence persist, with many SOEs failing to achieve the desired level of diversity and impartiality among board members. While regulations mandate the appointment of independent directors and ensure gender diversity, compliance remains patchy. A properly structured board is indispensable for upholding objectivity in decision-making and exercising effective oversight, yet the prevalence of non-compliance poses a significant governance risk, potentially eroding stakeholder trust and confidence.

[17] Koutoupis, Andreas, Panagiotis Kyriakogkonas, Michail Pazarskis, and Leonidas Davidopoulos. "Corporate governance and COVID-19: a literature review." *Corporate Governance: The International Journal of Business in Society* 21, no. 6 (2021): 969-982.

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Compliance issues further exacerbate governance deficits in Indian SOEs, with many entities falling short of meeting minimum regulatory requirements. Despite provisions outlined in the Companies Act and SEBI guidelines, instances of non-compliance persist, casting a shadow over the efficacy of governance frameworks. The lack of adherence to regulatory standards not only undermines accountability but also reflects poorly on the integrity and credibility of SOEs in the eyes of investors and other stakeholders.

Furthermore, the imperative of balancing diverse stakeholder interests poses a formidable governance challenge for Indian SOEs. Operating in a complex ecosystem where government objectives, shareholder expectations, and societal concerns intersect, SOEs must navigate competing priorities while upholding their fiduciary duties. Reconciling these conflicting interests necessitates a delicate balance and robust governance mechanisms that prioritize transparency, fairness, and long-term value creation.

Addressing governance deficits in Indian SOEs demands a concerted and multi-faceted approach encompassing regulatory reforms, institutional strengthening, and cultural transformation. Proactive measures such as enhancing board independence, strengthening compliance mechanisms, and fostering a culture of accountability are imperative to bolster governance resilience and effectiveness. Moreover, promoting stakeholder engagement and transparency in decision-making processes can foster trust and confidence, enhancing the overall governance ecosystem.

Benchmarking governance practices against international standards, such as the OECD guidelines, offers a valuable roadmap for governance reform in Indian SOEs. Drawing insights from global best practices while contextualizing them to the unique realities of India's SOE landscape can provide a holistic framework for governance enhancement. Embracing a forward-looking approach that prioritizes continuous improvement and innovation is essential for SOEs to remain competitive, resilient, and responsive to evolving stakeholder expectations.

In conclusion, effective corporate governance is not merely a regulatory obligation but a fundamental imperative for Indian SOEs. By addressing governance challenges proactively and embracing a culture of transparency, accountability, and stakeholder engagement, SOEs can strengthen their resilience, enhance their competitiveness, and realize their full potential as engines of economic growth and development. As India embarks on its journey towards a vibrant and inclusive economy, robust governance frameworks will serve as the cornerstone of SOE success in shaping a brighter future for the nation.