

## **An Examination into the Adoption of Non-mandatory Requirements of Corporate Governance Code in India**

**Amrish Gupta**

Sr. Professor

FORE School of Management

New Delhi - 110 016

e-mail: amrish@fsm.ac.in

### ***Abstract***

*Clause 49 of the listing agreement contains the corporate governance code to be complied with by listed companies in India. The code is divided into Mandatory requirements and those which are non-mandatory. Non-compliance of any mandatory requirement with reasons thereof and the extent to which the non-mandatory requirements have been adopted/not adopted needs to be specifically highlighted in the annual corporate governance report. It will be reasonable to assume that companies will necessarily comply with the mandatory requirements in view of the penal provisions for non compliance like fine and delisting among others. However in respect of non mandatory requirements they have a choice. In this background the paper seeks to examine the extent of adoption/non adoption of these norms by the listed companies to ascertain whether the corporate sector is complying with the regulatory norms in letters or in spirit. The paper finds the corporate performance to be very dismal in this respect.*

**Key Words:** Clause 49, Corporate governance, Non-mandatory requirements, S&P BSE Sensex.