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Corporate Governance Practices in Building Sustainable Development in Present Indian Scenario

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Abstract: *Corporate Governance (CG) is concerned with a set of principles, ethics, values, morality, rules, regulations, and procedures, among other things. The global economic environment is long-term expansion. Enterprises should base their positions on transparency and an integrated approach to sustainable products and services, and their active participation of all stakeholders should contribute to society's and the planet's general well-being. It is not enough to have a one-time or short-term accountability policy; it must be a long-term, consistent corporate mindset. It frequently necessitates fundamental shifts in the mindset of business owners, managers, and employees, who consider the long-term interests of society in addition to their own corporate goals and customer wants and wishes. Corporate governance and its practices are the major research concerns among industries, academicians, and scholars from the few decades. Academic research, particularly on sustainability indexes, has brought corporate governance and corporate social responsibility closer together in recent years. In fact, the most important indexes consider corporate governance, as well as other environmental and social factors. In this present article it has tries to discuss the role of corporate governance and their practices in building sustainable development in present Indian scenario.*

Keywords: *Corporate Governance, Building, Sustainable Development, Ethics, Principles, Social, etc.*

I. INTRODUCTION

Corporate Governance (CG) is concerned with a set of principles, ethics, values, morality, rules, regulations, and procedures, among other things. Enterprises should base their positions on transparency and an integrated approach to sustainable products and services, and their active participation of all stakeholders should contribute to society's and the planet's general well-being. It is not enough to have a one-time or short-term accountability policy; it must be a long-term, consistent corporate mindset. It frequently necessitates fundamental shifts in the mindset of business owners, managers, and employees, who consider the long-term interests of society in addition to their own corporate goals and customer wants and wishes. In a changing business environment, good corporate governance will always be a vital weapon for competitiveness and sustainability.

II. OBJECTIVES

- A. To discuss the concept of corporate governance.
- B. Recognize the importance of corporate governance in achieving long-term development.
- C. To examine the sustainability regulatory system.

III. RESEARCH METHODOLOGY

Looking the requirements of the objectives of the study the research design employed for the study is of descriptive type. Available secondary data is broadly used for the study. The analysis lined each national and international publications, government reports and documents, reports of non-governmental organizations, company documents, and studies by academicians. The internet was also used to access a lot of documents and studies.

A. Corporate Governance

Good governance is how a government manages and allocates resources in order to address the difficulties that all of its residents are facing at the same time. As a result, states should be judged on the quantity as well as the quality of public goods they deliver to their residents. There are a few elements that define good governance. It is democratic, consensus-driven, accountable, transparent, responsive, effective, and efficient, as well as equitable and inclusive, and adheres to the rule of law. It ensures that corruption is reduced, minorities' perspectives are considered, and the voices of society's most disadvantaged are heard in decision-making. It responds to society's current and long-term demands.

B. Significance of Corporate Governance

Customers, employees, investors, vendor partners, government, and society are all stakeholders in a corporation. In this new context, an Indian firm, like any other corporation, should treat its stakeholders fairly and transparently in all of its transactions. In today's globalised corporate world, when firms must access global pools of finance, attract and retain the greatest human capital from all over the world, work with vendors on massive collaborations, and live in peace with the community, this has become critical. A company will not be able to prosper until it accepts and exhibits ethical behaviour. Firms must acknowledge that their progress necessitates the cooperation of all stakeholders, which is facilitated by corporations adhering to optimal Corporate Governance principles.

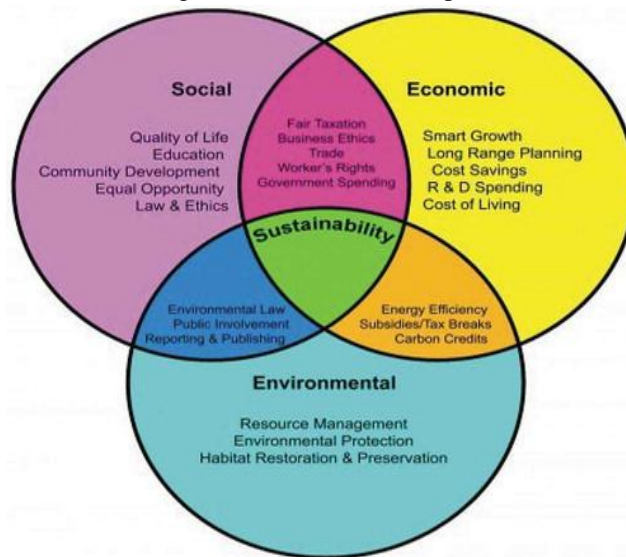
C. Sustainable Development

"Earth has enough resources to meet everyone's needs, but not everyone's greed."

D. Mahatma Gandhi

According to the Brundtland Report, sustainable development is "development that meets current demands while not jeopardising future generations' ability to satisfy their own needs" (World Commission on atmosphere and Development, 1987). Improving environmental, social, and corporate governance performance does not ensure success, as it does not guarantee success in any other economic activity. As the sustainability trajectory accelerates, being able to anticipate risks and capitalise on opportunities will become increasingly crucial.

Image-1: Sustainable Development



https://www.researchgate.net/figure/Relationships-between-Social-Environmental-and-Economic-Sustainability-Source-Wanamaker_fig1_338610440

The SD has three R factors as pillar. Reduce, reuse and recycle are the three R's. This rule is an element of the waste hierarchy that may be a method wont to shield the surroundings and conserve resources through a priority approach. The goal is to get the most out of things while producing the least amount of trash possible. The most significant opportunities available through actively pursuing more sustainable approaches to business areas under:

- 1) Reduce expenses by reducing environmental impacts and providing excellent service to employees;
- 2) Increase income by improving the environment and helping the local economy;
- 3) Lower risk by engaging stakeholders;
- 4) Enhance your reputation by improving your environmental efficiency.
- 5) Improve human resource management to develop human capital;
- 6) Improve capital access via improved governance.

E. History of Sustainable Development

A path for the globe during which prosperity is shared, societies are inclusive, and also the surroundings are unbroken safe. Although the concept of SD has grown in popularity and significance in theory, the history and growth of the concept is often overlooked and undervalued. While evolution may appear insignificant to some, it can help predict future trends and defects, and so serve as a useful guide both now and in the future. The history of Sustainable Development is given in Table-1.

Table-1: History of Sustainable Development

Sl. No.	Year	Details of Sustainable Development
1.	1987	The World Commission on Environment and Development
2.	1988	International Institute for Environment and Development
3.	1990	United Nations Development Programme publishes the first Human Development Report
4.	1992	UN holds Conference on Environment and Development
5.	1993	Oxfam employs the Sustainable Livelihoods approach
6.	1994	Care adopts household livelihoods security as a framework for relief and development
7.	1995	UN World Summit for Social Development; UNDP adopts Employment and Sustainable Livelihoods as one of top five priorities
8.	1996	DFID invites Sustainable Livelihoods projects
9.	1997	New Labour publishes White Paper on international development Eliminating World Poverty: A Challenge for the 21st Century
10.	1998	FID's Natural Resources Department opens a consultation on sustainable livelihoods and establishes a Rural Livelihoods Advisory Group DFID's Natural Resources Department opens a consultation on sustainable livelihoods and establishes a Rural Livelihoods Advisory Group
11.	1998	DFID creates the Sustainable Livelihoods Support Office and appoints Jane Clark as its Head
12.	2000	UN Millennium Summit- declaration of the Millenium Goals
13.	2001	EU Sustainable Development Strategy
14.	2002	Rio plus 10-Johannesburg
15.	2015	The UN launched the 17 Sustainable Development Goals (SDGs)

Source: <https://www.slideserve.com/livvy/history-of-sustainable-development> and <https://slidetodoc.com/sustainable-development-history-assessing-the-principle-roadmap-setting/>

F. Sustainable Development Goals

The United Nations launched the 17 Sustainable Development Goals in 2015. (SDGs). The goals, which have been adopted by 193 member nations, are a major international step toward putting humanity on a path to sustainable development. There are 17 SDGs, which are an urgent call to action for all developed and developing countries to work together in a global partnership. These 17 SDGs are as under:

Table-2: Sustainable Development Goals

Sl.No.	SDGs No.	Sustainable Development Goals
1.	SDG1	no poverty
2.	SDG2	zero hunger
3.	SDG3	good health and well-being
4.	SDG4	quality education
5.	SDG5	gender equality
6.	SDG6	clean water and sanitation
7.	SDG7	affordable and clean energy
8.	SDG8	decent work and economic growth
9.	SDG9	industry, innovation and infrastructure
10.	SDG10	reduced inequalitie
11.	SDG11	sustainable cities and communities
12.	SDG12	responsible consumption and production
13.	SDG13	climate action
14.	SDG14	life below water
15.	SDG15	life on land
16.	SDG16	peace, justice and strong institutions and lastly
17.	SDG17	strengthening global partnerships for the goals

Source: <https://sdgs.un.org/goals>

The United Nations Sustainable Development Goals (UN SDGs, or Global Goals) are a series of 17 goals established by the United Nations with 169 targets that all UN Member States have pledged to strive toward achieving by the year 2030. Development that satisfies current wants without jeopardising future generations' ability to satisfy their own. The goal is to establish a balance of ecological, economic, and social sustainability. To meet the challenges of continuing growth without destroying the environment, planning for SD is crucial.

From 60 in 2019 to 66 in 2020–21, India's total SDG index rose by six points. Clean water and sanitation, as well as economical and clean electricity, have all improved across the country. Kerala ranked first on the Index, followed by Himachal Pradesh, Tamil Nadu, Andhra Pradesh, and Goa.

According to the 2017 SOIL study, unemployment is quickly increasing, while 103 million new jobs are being created at the same time as well as skilling for 127 million people, are necessary by 2022 to fulfil the demand for work. Until recently, sustainable livelihood initiatives have mostly focused on agriculture and associated industries; but, in order to accomplish these targets, we will need to move our focus to other areas, such as skill development, entrepreneurship, and innovation.

The AVPN report, on which this article is based, analyses the current situation of India's sustainable livelihoods sector and fills a critical vacuum in the funding environment by giving an analytical demand-side view. The countries' Environmental Performance Indexes are as follows:

Table-3: Environment Performance Index of the Countries

Sl. No.	Countries	Rank	EPI Score	10 Year changes
1.	Denmark	1	82.5	7.3
2.	Luxembourg	2	82.3	11.6
3.	Switzerland	3	81.5	8.6
4.	United Kingdom	4	81.3	9
5.	France	5	80	5.8
6.	Austria	6	79.6	5.4
7.	Finland	7	78.9	6
8.	Sweden	8	78.7	5.3
9.	Norway	9	77.7	7.6
10.	Germany	10	77.2	1.2

Source: Environment Performance Index Report, 2020

The 2020 Environment Performance Index Report (EPI Report) provides a quantitative framework for comparing, analysing and interpreting environmental performance across 180 nations. We score and rank these countries based on their environmental performance using the most recent year of data available, and we calculate how these scores have changed over the last decade. In the 2020 Environment Performance Index (EPI), India was ranked 168th. In 2018, India came in 177th place. The EPI 2020 Index assessed 180 countries' environmental performance. The index took into account 32 environmental performance indicators and included 10-year trends in national and global environmental performance. The index was topped by Denmark, which received an 82.5.

In the 2020 EPI index, India received a score of 27.6 out of 100, which was lower than all other South Asian countries save Afghanistan. All five important environmental health criteria, including air quality, sanitation and drinking water, heavy metals, and waste management all received worse scores than the regional (South-Asian) norm.

These findings echoed the worries expressed in the Centre for Science and Environment's report, "State of India's Environment 2020 in Figures." It also ranked lower than the area average in terms of biodiversity and environmental services. In the South-Asian countries, India was ranked second after Pakistan in terms of 'climate change.' Pakistan received the highest score (50.6) in the climate change category. India has dropped on climate-related factors, according to a ten-year comparison progress report in the index. According to the analysis, black carbon, carbon dioxide emissions, and greenhouse emissions per capita have all increased during the last ten years.

G. Indian Legal System for Sustainable Development

The problem of pollution in the environment may be traced back to the beginning of life on the planet. Science and technology, industrial progress, and resource exploitation have all had disastrous environmental consequences in various parts of the world. Some important acts have been introduced in the Indian Legal system is as follows: The following key acts have been enacted in the Indian legal system:

Table-4: Indian Legal system

Sl.No.	Legal system	Year
1.	The National Green Tribunal Act	2010
2.	The Air (Prevention and Control of Pollution) Act	1981
3.	The Water (Prevention and Control of Pollution) Act	1974
4.	The Environment Protection Act	1986

Source: https://www.indiacode.nic.in/bitstream/123456789/2025/1/AA2010__19green.pdf

Regulations for hazardous waste management are an example of law. However, these policies are having difficulty being applied on the ground, prompting many to question the effectiveness and severity of the country's environmental legislation. The "feeling good in a healthy environment" is amended and then incorporated into the Constitution under Article 21, after a prolonged wait.

H. Pillars of Sustainable Development

SD emphasises a positive transformation trajectory rooted primarily on social, economic, and environmental elements as a visionary and forward-looking development paradigm. Economic growth, environmental protection, and social equality are the three core issues of SD. On this basis, it is possible to claim that the notion of SD is founded on three conceptual pillars. Economic, social, and environmental sustainability are the three cornerstones.

I. Corporate Governance and Sustainability

Good governance is important not only for businesses, but for society as a whole. There is a growing understanding that corporate governance and social responsibility have a tight relationship. To begin with, excellent corporate governance increases public trust in company executives. Legislative processes were created to safeguard societies against known risks and to prevent problems from arising or repeating. The relationship between corporations and social responsibility has been highlighted by recent corporate scandals. Environmental, social, and governance (ESG) issues, as well as corporate social responsibility (CSR), are becoming increasingly important to firms' obligation and accountability to their stakeholders. As a result, we're seeing firms put more pressure on themselves to improve corporate governance best practises in order to improve their interactions with stakeholders. The most compelling reason companies pay more attention to sustainability is that it increases their potential for long-term prosperity and success. The SD's concept and features, which were briefly discussed in the preceding section, call for the creation of a society that achieves a balance of economic, environmental, and social goals. In order to achieve this goal, all three dimensions of SD must be fulfilled. Integration of these three elements should be a pre-requisite for long-term company viability. However, this concept poses some challenges in terms of practical implementation at the enterprise level. The statement is widespread, but it offers little insight on how businesses should assess current and future demands, as well as the technology and resources needed to achieve them, and how to properly balance their organisational duties.

J. Shareholders and the Sustainable Development – Socially Responsible Investors

Corporate governance is reinforced via shareholder protection initiatives. The global financial crisis of 2007 exposed the lack of interest among shareholders, mostly institutional investors, in the corporate governance practices of the firms in which they invest. The rationale for this behaviour, as well as the justifications for why it occurred, was clear: **coverage** of "short-termism" due to persistent bond transactions and short-term "detention" of institutional traders in a single business. The lack of involvement of those investors in the company's corporate governance was criticised. A variety of efforts have been done in order to "engage" these shareholders, such as the development of the Stewardship Code, the European Commission's Action Plan for reforming company law and corporate governance issued 12/12/2012, and so on. The commitment was accompanied by compliance with responsible investment standards, which implies that shareholders as institutional traders start to decide the schedule for SD of the company management. The commitment has been combined with adherence to responsible investing guidelines, implying that institutional investors as well as shareholders are beginning to shape the corporate management's SD agenda.

IV. CONCLUSION

The attainment of the SDGs is a massive endeavour that requires participation from every sector and level of society. It is undeniable that the SD has entered our lives and changed a great deal. One of the most important factors to be considered is how the corporate sector needs to work and think. As can be seen, firms, particularly large global corporations, have begun to take sustainability issues seriously. What has modified is that the forums of administrators and bosses have all started to bear in mind sustainability problems in all in their actions. Returns on the company's shares and dividends are no longer the most significant elements for the administrators. They incorporate the SD policy, in all three dimensions, into company governance for a variety of reasons. Most businesses nowadays have adopted a corporate social responsibility policy and make significant efforts to publicise it. The environmental pillar is the most well-known part of the SD. It is the region where society is more rational and commercial efforts are concentrated. They tend to demonstrate that they are environmentally sensitive in order to maintain their image while also chasing new business. As a result, boards of directors are becoming increasingly interested in their companies' environmental performance, and business executives are urged to run their businesses in a more environmentally friendly way and to make information on these issues public. SD comprises the integration and interdependence of economic goals with environmental preservation and conservation. As a result, institutional methods for accomplishing this integration are critical. The environmental regime gains credibility and stability through the formulation and implementation of appropriate policies and programmes, the enactment of laws, rules, and standards for policy enforcement, and the creation of delivery mechanisms for plan implementation and enforcement by institutions. Any institutional structure must be capable of sending clear, unambiguous, and unidirectional signals and incentives to the players responsible for achieving the underlying goals and objectives.

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