



# ISB

## Corporate Governance Activities

Sanjay Kallapur, Associate Professor and Associate Dean

Presentation to NFCG

March 26, 2007

# Activities at a glance

- **2006-2007 activities**
  - International Conference on Corporate Governance in Emerging Markets, August 2006
  - Presentation by Sanjay Kallapur, Associate Professor of Accounting and Associate Dean - Faculty Development, to CII Corporate Governance Working Group, December 2006
  - Research on business groups, Vijay Marisetty, Post-Doctoral Fellow
  - Database development -- groundwork
- **2007-2008 Proposed activities**
  - Continue research and database development
  - Conference on capital markets
  - Sponsored Director Orientation Programme

- **Public Conference: Bringing together policymakers, industry participants, and academicians**
  - **Keynote speech by SEBI Chairman Damodaran**
  - **Panel: Special issues in emerging markets**
    - Professor Franklin Allen of Wharton, Professor T J Wong of Chinese University of Hong Kong,
    - Ravi Narain, T V Mohandas Pai
  - **Panel: Role of institutional investors**
    - Professor Bhagwan Chowdhry of UCLA and Professor Sang-Jo Kim of Hansung University, Korea
    - Sanjiv Bhasin, Sanjay Nayar, Rajnikant Patel
  - **Panel: Effective governance in family groups**
    - Professor Rangarajan Sundaram, New York University
    - G N Bajpai, V R Mehta

- **Research Conference**
  - Eleven papers selected from 93 submitted papers
  - Presenters from USA, Europe, India

- Researcher: Vijay Marisetty, Post-doctoral Fellow
- Research question: Do group firms finance other group firms for efficiency or expropriation?
- Method:
  - Obtain data on intra-group financing for 2000 firms in 300 groups over the 2000-2005 period
  - Borrowing is high for firms in which family stake is high => expropriation
  - Borrowing is unrelated to underinvestment => not for efficiency reasons
- Increases our understanding of the reasons for intra-group financing

- Identification of data sources
  - BSE
  - NSE
  - SEBI
  - RoC / MCA
  - Indian Institute of Capital Markets
- Funding and administrative arrangements
- Approached University of Chicago for collaboration (pending)
- Approached similar centres at universities in Hong Kong and Singapore for collaboration

# Proposed activities 2007

- Continue research and database development
  - Intra-group financing
  - Auditing in Korea
- Conference on financial markets (ISB, IDF, Harvard Law School)
- Sponsored director orientation programme that will be subsidized to participants
  - ISB recently conducted a sponsored programme to train entrepreneurship professors

Thank you