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Governance systems function best when responsibility converges at a clear centre. Without such clarity, accountability risks dissolving into institutional ambiguity. Yet modern corporate governance frameworks disperse responsibility across boards, committees, executives, and compliance officers. The result is a proliferation of expressions describing those responsible for governance, without clearly identifying where responsibility ultimately rests.

India's corporate governance framework increasingly confronts this challenge. The expression "those charged with governance" (TCWG) illustrates this tension. A relatively recent entrant into the governance lexicon, the phrase carries an appealing air of inclusiveness. It suggests that someone must surely be responsible for oversight while appearing to democratise governance: almost anyone may potentially be charged with governance.

Auditing standards define TCWG as persons responsible for overseeing the strategic direction of the company and its accountability obligations. By this definition, the Board, the Audit Committee, and independent directors may all qualify as TCWG. At the same time, these standards task auditors to identify, at the start of the audit, who precisely constitutes TCWG within a company.

In practice, this task often resembles detective work, requiring auditors to reconstruct lines of authority and oversight from the institutional complexity of modern corporations. Importantly, a framework that seeks to make governance everyone's concern risks producing the opposite effect: when responsibility appears widely dispersed, it may feel like nobody's responsibility.

Part of the difficulty arises from India's layered regulatory landscape. Corporate governance as a discipline emerged within the company-securities law framework, where company law structures internal governance to align the interests of stakeholders, and securities regulation strengthens that structure for listed companies in the interest of investors and market integrity. Together, they constitute the core architecture of corporate governance. Within this architecture, the board represents the apex of governance responsibility.

The Companies Act, 2013 establishes the foundational governance structure for companies. At its apex stands the Board of Directors, entrusted with fiduciary duties and overall stewardship of the company. Beneath the board, the



Anchoring corporate governance responsibility

BREAK THE SILOS. It is time to harmonise governance roles across laws and regulations to avoid diffusion of accountability

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Act identifies Key Managerial Personnel, including the managing director or chief executive officer, the chief financial officer, and the company secretary, who exercise executive authority and carry operational and compliance responsibilities. Board committees, particularly the Audit Committee and the Nomination and Remuneration Committee, support specialised oversight functions. The Act also introduces an "officer who is in default", who bears statutory liability for compliance failures. Together, these provisions create a clear hierarchy of governance responsibility and individual accountability.

ADDITIONAL GOVERNANCE LAYER

For listed companies, securities regulation adds an additional governance layer above company law. These regulations expand the governance framework to include promoters and promoter groups, senior management, and specialised board committees. Significantly, securities regulation has elevated the position of the compliance officer, requiring that the role be placed not more than one level below the board.

The prominence of the compliance officer reflects an important evolution in the understanding of governance. In modern corporate systems, effective governance requires both oversight and operational enforcement. The compliance officer increasingly functions as the custodian of governance discipline within the organisation, ensuring regulatory

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compliance, validating disclosures, and serving as the interface between the company and regulators. In effect, the board provides strategic supervision, and the compliance officer operationalises the discipline of governance.

Over time, other governance frameworks, whether in financial reporting oversight or sector-specific regulation, have begun constructing parallel vocabularies of responsibility rather than building upon this foundation. Each framework identifies its own set of functionaries and institutions responsible for governance. The terminology differs, the scope varies, and the attribution of liability may shift depending on the governing framework. The result is a fragmented language of governance in which responsibility appears dispersed across regulatory silos.

This company-securities law architecture provides a coherent hierarchy of responsibility. The board exercises strategic oversight; executive management runs the enterprise; specialised officers ensure compliance and governance discipline. The difficulty arises when other regulatory frameworks develop their own governance terminology without clearly anchoring it in this architecture. Auditing standards speak of TCWG. Sectoral regulators prescribe roles such as chief compliance officers, principal officers, or appointed actuaries. These roles serve legitimate regulatory purposes, but their relationship to the underlying governance structure is not always clearly articulated.

The consequence is a proliferation of expressions — board, management, senior management, key managerial personnel, compliance officer, officer in default, and TCWG — that often refer to overlapping responsibilities but carry different legal implications.

Companies must navigate this patchwork when mapping accountability across regulatory regimes, while regulators must

determine liability based on framework-specific definitions.

The solution does not lie in imposing identical terminology across all regulatory regimes. Different regulators will inevitably tailor governance structures to their specific objectives. What is needed, however, is conceptual alignment around a clear centre of responsibility. That centre already exists in the company-securities law framework. Other regulatory frameworks should build upon this structure. Where governance roles already exist within this framework, regulators should recognise and adopt them rather than create parallel designations.

Anchoring governance responsibility in this architecture would yield several benefits. It would significantly reduce interpretational ambiguity, simplify compliance mapping across regulatory frameworks, and strengthen the attribution of accountability. More importantly, it would restore clarity to corporate governance by ensuring that responsibility ultimately converges where the law intends it to reside.

India's corporate governance ecosystem has evolved significantly through reforms in company law, securities regulation, and financial reporting oversight. Yet the language used to describe governance responsibility has become increasingly fragmented. Harmonising this language by building upon the foundations of the company-securities law framework would not merely simplify regulatory design. It would strengthen the architecture of accountability itself.

Corporate governance must ultimately answer a simple question: who is responsible? A coherent regulatory framework must ensure that the answer is not scattered across statutes and regulators but anchored clearly within the governance structure of the company.

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