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**PROXY POWER PLAY: Comparing The Rise of Proxy Advisory  
Firms in India and the United States**

*Kirthana Singh Khurana*

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# PROXY POWER PLAY: Comparing the Rise of Proxy Advisory Firms in India and the United States

*Kirthana Singh Khurana\**

[Abstract: This paper aims to analyze and compare the strengths of Indian and US proxy advisory firms, focusing on their role in corporate governance and influence on institutional investor proxy voting. India has emerged as the fastest-growing large economy and a preferred choice for foreign direct investment, making its existing regulatory regime on proxy advisory firms crucial. The study examines the evolution of the proxy advisory industry, its growth, and the role of the market regulator, the Securities and Exchange Board of India (SEBI). It evaluates the working experience of proxy advisory firms in India and the US, identifying areas where they have made an impact. The article discusses factors that limit the role of proxy advisory firms in corporate governance in India compared to the US which include concentrated shareholding structures, lack of accountability, resistance to best practices, limited awareness about proxy advisory firms, limited resources, and absence of effective stewardship duties exercised by investment advisors. It is argued that the need for a stronger corporate governance regime in India requires legislative action and stricter regulation by SEBI. To enhance the influence of proxy advisory firms in India, the paper outlines three ways: strengthening the legal infrastructure to ensure stricter internal control tests and disclosures; introducing a mandatory public shareholding regime of 35% to improve price discovery of traded shares and deter highhandedness; and creating greater awareness of the important role played by proxy firms in securing high standards of corporate governance through education campaigns aimed at retail and institutional investors.]

Keywords: Proxy advisory firms, SEBI, corporate governance, India, US.

## I

### Introduction

In early January 2023, the report of Institutional Investor Advisory Services (“**IiAS**”), a leading Indian proxy advisory firm, caused ripples to the otherwise calm waters of

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\* Ms. Kirthana Singh Khurana, Ph.D. Student, Peter A. Allard School of Law, University of British Columbia, Canada; Assistant Professor, Jindal Global Law School, India, Email: [ksk@student.ubc.ca](mailto:ksk@student.ubc.ca); [kirthana@live.in](mailto:kirthana@live.in)

the Indian corporate landscape. Its report had red-flagged the grant of employee stock options to Mr. Vijay Shekar Sharma, the founder and chief executive officer of Paytm, India's largest digital payment and commerce platform, allegedly by circumventing the regulations.<sup>1</sup> Though these revelations may well have opened the proverbial can of worms as regards many business founders who would have similarly manipulated a regulatory arbitrage for such circumvention, the larger message is about the increasingly dominant role being played by the proxy advisory firms in India.

The history of modern businesses is a saga replete with quests to refashion the true purpose of an enterprise. The need for a robust corporate governance regime became compelling as trade and industry grew, and global interconnectedness became a reality. Over time, companies have ceased to be individualistic, and governance is no more a mere tick-box activity. The modern concept of good corporate governance encompasses more efficient utilization of resources, better access and deployment of capital, improved and diverse employment opportunities, and a chance to develop efficient and compliant capital markets.<sup>2</sup> World over, corporate governance mechanisms act as signposts to guide companies regarding the framing of rules, regulations, and policies that may engender a fair and just ecosystem for all the stakeholders and also lead to thriving and sustainable business ventures. Parallely, in their corporate policies across geographies, corporate democracy and the protection of shareholders' rights remain the cherished goals of the regulators.<sup>3</sup>

In the above scheme of things, while a country's legal infrastructure plays a vital role in ensuring good corporate governance, the inner architecture of the companies, the shareholding pattern, transparency, accountability, and disclosures in routine business affairs, too, have decisive significance. In the last few decades, the shareholding pattern in the listed companies across nations has shown a trend towards increasing devolution in favor of institutional investors.<sup>4</sup> This has catalyzed the emergence of proxy advisory firms

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<sup>1</sup> Institutional Investor Advisory Services, Should Vijay Shekhar Sharma be eligible to receive stock options? (2023), <https://www.iiasadvisory.com/institutional-eye/should-vijay-shekhar-sharma-be-eligible-to-receive-stock-options>;

See Maneka Doshi, Paytm Founder May Not Be Eligible for Stock Options: Proxy Firm, Bloomberg (2023), <https://www.bloomberg.com/news/articles/2023-01-07/paytm-proxy-firm-questions-vijay-shekhar-sharma-s-eligibility-for-stock-options#xj4y7vzkg> (last visited Dec 23, 2023).

<sup>2</sup> *Why good corporate governance is crucial to development*, OECD, <https://www.oecd.org/newsroom/whygoodcorporategovernanceiscrucialtodevelopment.htm> (Feb 12, 2022).

<sup>3</sup> Ralph K. Winter, *State Law, Shareholder Protection, and the Theory of the Corporation*, 6 THE JOURNAL OF LEGAL STUDIES 251 (1977).

<sup>4</sup> A. DE LA CRUZ, A. MEDINA, & Y. TANG, *Owners of the World's Listed Companies*. Bhavana Acharya, *The changing face of shareholding patterns*, THE HINDU BUSINESSLINE,

who, as independent research outfits and watchdogs of corporate affairs, advise institutional investors on intricate company matters and provide analysis and voting recommendations as regards shareholder resolutions.<sup>5</sup>

In the past, studies have been undertaken by authors to understand the trajectory of the growth of the proxy advisory firm industry in India<sup>6</sup> and evaluate the history and power of the various players in the market and their influence on firms.<sup>7</sup> Studies have also indicated the crucial role played by proxy advisory firms in promoting shareholder activism in India<sup>8</sup>, and how voting against recommendations by proxy advisory firms can influence a firm's corporate governance policies.<sup>9</sup>

The purpose of this paper is to contribute to the existing literature on proxy advisory firms in India. Specifically, it aims to analyze and compare the strengths of Indian and US proxy advisory firms. The objective is to investigate why proxy advisory firms in India have a limited role in corporate governance and exert less influence on institutional investor proxy voting compared to their US counterparts, despite the similar regulations prevalent in both countries. Additionally, the study seeks to identify the necessary legal and regulatory changes required to be implemented in order to improve the role of proxy advisory firms in promoting good corporate governance in India. The study is significant given that India has lately emerged as the fastest-growing large economy and a preferred choice of foreign direct investment.<sup>10</sup> As India repositions and repurposes itself to cater to the increasing

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<https://www.thehindubusinessline.com/companies/the-changing-face-of-shareholding-patterns/article20681792.ece1> (last visited Dec 1, 2023).

<sup>5</sup> Souvik Ganguly and Aman Bagaria, *Why Proxy Advisors will assume greater significance in coming years*, VCCircle, <https://www.vccircle.com/why-proxy-advisors-will-assume-greater-significance-in-coming-years> (last visited Dec 12, 2023).

<sup>6</sup> S. Subramanian, *Proxy Advisory Industry in India*, 13 CORPORATE OWNERSHIP AND CONTROL 371 (2016).

<sup>7</sup> *Id.* Priya Garg, *Ripple, If Not the Waves Effect: Analysing the Way(s) in Which Proxy Advisory Firms Can Affect Corporate Governance in India, in the Long Run*, 5 NAT'L L.U. DELHI STUD. L.J. 111 (2018).

<sup>8</sup> Abhishek Sinha & Suresh Kerani, *Shriram Transport Finance Corporation Ltd: Do Proxy Advisors Really Protect Non-promoters' Interests?*, 10 SOUTH ASIAN JOURNAL OF BUSINESS AND MANAGEMENT CASES 303 (2021).

Umakanth Varotttil, *The Changing Face Of Shareholders: Outsourced Governance*, BQ PRIME (2018), <https://www.bqprime.com/opinion/the-changing-face-of-shareholders-outsourced-governance> (last visited Dec 20, 2023).

<sup>9</sup> S. Subramanian, *Proxy advisory voting recommendations in India – an exploratory study*, 9 JOURNAL OF INDIAN BUSINESS RESEARCH 283 (2017).

<sup>10</sup> Morgan Stanley, *India's Impending Economic Boom*, (2022), <https://www.morganstanley.com/ideas/investment-opportunities-in-india> (last visited Dec 22, 2023).

assimilation with global trade and business, its existing regulatory regime on proxy advisory firms merits a thorough examination.

The paper starts by studying the evolution of the proxy advisory industry as one of the niche market intermediaries across nations and the various services offered by proxy advisory firms. It also traces the growth of the proxy advisory industry in India and analyses the extant regulations pertaining to various firms and the role played by the market regulator, the Securities and Exchange Board of India (“SEBI”). The paper further evaluates the working experience of the proxy advisory firms in India and identifies the fields in which they have made an impact. An attempt is next made to analyze the US proxy advisory industry's growth and the regulatory space prevalent therein. A comparative scrutiny of the working of the proxy firms in India and the US is done next to explore why these firms are not as powerful and influential in India as they are in the US despite the similarity in the relevant regulations and presence of several active proxy advisory firms. The article discusses various factors that limit the role of proxy advisory firms in corporate governance in India compared to the US. These factors include the concentrated shareholding structure of Indian companies, lack of accountability for proxy advisory firms, resistance to best practices, limited awareness about the role of proxy advisory firms, limited resources, and an absence of effective stewardship duties exercised by investment advisors. The article discusses the need for a stronger corporate governance regime in India, which would require legislative action and stricter regulation by SEBI to ensure that proxy advisory firms operate in a stronger corporate ecosystem. The paper outlines three ways in which the influence of proxy advisory firms can be enhanced in India: first, by strengthening the legal infrastructure to ensure stricter internal control tests and disclosures. Second, introducing a mandatory public shareholding regime of 35 percent would ensure better price discovery of traded shares and deter the boards from highhandedness. Third, by creating greater awareness of the important role played by proxy firms in securing high standards of corporate governance in India through education campaigns aimed at retail and institutional investors.

## II

### **Proxy Advisory Firms – The Conscience Keepers of the Corporate World**

The shareholding patterns in corporations have undergone a metamorphosis around the world. The rising size of modern corporates and their global business alliances have impacted the shareholder mix, bringing fresh investor shareholders and non-promoter shareholders who have slowly but surely secured sizeable

shareholding rights in publicly listed companies.<sup>11</sup> Given this ecosystem, the world over, institutional investors, such as mutual funds, pension funds, and insurers, are saddled with considerable shareholding and have a crucial role to play in the governance of companies and in voicing their concerns.<sup>12</sup> As influential shareholders, they can have adequate participation in the decision-making of the companies ensuring that the majority shareholders do not force their will at the cost of other shareholders. Yet, since institutional investors hold very large and diversified portfolios, keeping track of agenda proposals on disparate matters across a large number of companies in different countries with diverse corporate governance traditions and practices calls for the necessary wherewithal and is time-consuming and costly.<sup>13</sup> This active participation also demands a bandwidth to dig deep into every corporate event, which could potentially have a bearing on the working of a given company, something most institutional investors lack. Thus, they need someone independent as well as knowledgeable to weigh the advisability of a proposed step of the company and advise them appropriately. Proxy advisory firms fill this gap and, as independent research outfits, advise institutional investors on the intricate matters of their investee companies and on the suitable stand to be taken as regards shareholder resolutions and other critical corporate matters.<sup>14</sup> The constructive role played by the proxy advisory firms benefits the companies not only in better monitoring of the corporate proposals but also by lowering the information and research cost.<sup>15</sup> No wonder, owing to the shareholder and media attention that the guidelines and recommendations of proxy firms garner, these firms can shape debates on the merits of corporate transactions, which remains so crucial for corporate health.<sup>16</sup> Besides, through constant policing of the boards and

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<sup>11</sup> A. DE LA CRUZ, A. MEDINA, AND Y. TANG, *supra* note 4.

<sup>12</sup> OECD PUBLISHING, *The Role of Institutional Investors in Promoting Good Corporate Governance*, <https://www.oecd.org/daf/ca/49081553.pdf> (last visited Dec 23, 2023).

<sup>13</sup> Umakanth Varottil, *supra* note 8. Luca Enriques & Alessandro Romano, *Institutional Investor Voting Behavior: A Network Theory Perspective*, 2019 UNIVERSITY OF ILLINOIS LAW REVIEW 223 (2018).

David F. Larcker, Brian Tayan, & James R. Copland, *The Big Thumb on the Scale: An Overview of the Proxy Advisory Industry*, HARVARD LAW SCHOOL FORUM ON CORPORATE GOVERNANCE (2018), <https://corpgov.law.harvard.edu/2018/06/14/the-big-thumb-on-the-scale-an-overview-of-the-proxy-advisory-industry/> (last visited Dec 22, 2023).

<sup>14</sup> Cassidy Alexander, *The Role of Proxy Advisory Firms*, GLASS LEWIS (2022), <https://www.glasslewis.com/the-role-of-proxy-advisory-firms>

<sup>15</sup> David F Larcker, Allan L McCall & Gaizka Ormazabal, *Outsourcing Shareholder Voting to Proxy Advisory Firms*.

<sup>16</sup> For example, statements given by the spokespersons of the leading Indian proxy advisory firms have often been cited in many newspaper articles on trending corporate affairs.

See for e.g., Ayushi Kar & Surabhi, *YES Bank must take the lead in deciding next steps for*



their governance record, the proxy advisory firms also keep nudging and cautioning the institutional investors on governance issues.<sup>17</sup>

The proxy advisory industry emerged in the mid-1980s, closely following the increasing institutional shareholder stakes across listed companies worldwide.<sup>18</sup> While the year 1985 saw the emergence of Institutional Shareholder Services (“ISS”), the future US bellwether in this field, in Europe, the proxy advisory business saw the emergence of Pensions and Investment Research Consultants in

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*Dish, say proxy advisory firms*, THE HINDU BUSINESSLINE (2022), [www.thehindubusinessline.com/companies/yes-bank-must-take-the-lead-in-deciding-next-steps-for-dish-say-proxy-advisory-firms/article65635896.ece](http://www.thehindubusinessline.com/companies/yes-bank-must-take-the-lead-in-deciding-next-steps-for-dish-say-proxy-advisory-firms/article65635896.ece) (last visited Dec 21, 2023);

Press Trust of India, *Vedanta’s Reserves Transfer Proposal Gets Proxy Advisory Firm’s Backing*, NDTV PROFIT, <https://www.ndtv.com/business/vedantas-reserves-transfer-proposal-gets-proxy-advisory-firms-backing-3371392> (last visited Dec 21, 2023);

Business Today Desk, *Proxy advisory firm raises a red flag over Harsh Mariwala’s remuneration*, BUSINESS TODAY (2022), <https://www.businesstoday.in/latest/corporate/story/proxy-advisory-firm-raises-a-red-flag-over-harsh-mariwalas-remuneration-343766-2022-08-04> (last visited Dec 21, 2023);

Press Trust of India, *Adani Group’s debt concern may be overstated, says proxy advisory firm SES*, THE ECONOMIC TIMES (2023), <https://economictimes.indiatimes.com/news/company/corporate-trends/adani-groups-debt-concern-may-be-overstated-says-proxy-advisory-firm-ses/articleshow/98305684.cms?from=mdr> (last visited Dec 21, 2023).

<sup>17</sup> See for e.g., Institutional Investor Advisory Services, *IiAS Voting Recommendations*, <https://www.iiasadvisory.com/voting-recommendation> (last visited Dec 1, 2023). See also Baggonkar, Swaraj, *IiAS recommends Zomato shareholders vote against the acquisition of Blinkit*, THE HINDU BUSINESSLINE (2022), <https://www.thehindubusinessline.com/companies/iias-recommends-zomato-shareholders-vote-against-the-acquisition-of-blinkit/article65648818.ece> (last visited Dec 21, 2023).

ZeeBiz WebDesk, *IiAS recommends against reappointment of Paytm MD, CEO Vijay Shekhar Sharma*, ZEE BUSINESS (2022), <https://www.zeebiz.com/india/news-iias-recommends-against-reappointment-of-paytm-md-ceo-vijay-shekhar-sharma-193968> (last visited Dec 1, 2023).

ET Prime, *PTC group case: IiAS asks investors to vote out Mishra, Singh over mismanagement, governance issues*, THE ECONOMIC TIMES (2022), <https://economictimes.indiatimes.com/prime/corporate-governance/proxy-firm-iias-asks-shareholders-to-vote-out-mishra-singh-from-ptc-group-over-governance-issues/primearticleshow/96434688.cms> (last visited Dec 1, 2023).

<sup>18</sup> CENTER ON EXECUTIVE COMPENSATION, *A Call for Change in the Proxy Advisory Industry Status Quo*, (2011), <http://www.wsj.com/public/resources/documents/ProxyAdvisoryWhitePaper02072011.pdf> (last visited Dec 23, 2023).

the UK in 1986.<sup>19</sup> The 1990s and, more significantly the 2000s saw a surge in the growth of proxy advisory firms across the world. Firms like Glass Lewis and Egan Jones (US), Ivov (Germany), Manifest and IVIS (UK) firm, Proxinvest (France), Shareholder Support (the Netherlands), and GES Investment Services and Nordic Investor Services (Sweden) announced the arrival of a new regime in the investor services field.<sup>20</sup>

One factor which single-handedly paved the way for proxy business to surge in the US as a vital market intermediary was the 2003 Securities and Exchange Commission (“SEC”) regulations for mutual funds in the US, which aimed at curbing the mutual funds trading abuses by demanding mutual funds to exercise voting power in the best interests of beneficiaries.<sup>21</sup> Besides, the proliferation of the proxy industry across the board closely followed the increase in non-promoter shareholding as the promoters ceded the shareholding space. The influence of the proxy firms got a further boost as the research and information carried out by their recommendations and reports were increasingly found to contribute to shareholders’ opinions on company resolutions significantly and cause shareholder activism.

### III

#### Functioning of Proxy Advisory Firms

The range of the services offered by proxy advisory firms has also undergone changes with the passage of time. Thus, having started as a proxy to vote on behalf of the shareholders, over time, the proxy advisory firms have evolved as third-party consultants to provide expert advice on whether to vote for or against the motion floated by the company and for consultancy on other matters related to compliance and corporate governance. By bringing their expert knowledge to the bar on issues like mergers and acquisitions, CEO salary, appointment of independent directors and their tenures, and related party transactions (“RPTs”), proxy advisors enable key shareholders to safeguard their interests by helping them make informed voting decisions.<sup>22</sup> In terms of their presence, while the European firms have maintained a

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<sup>19</sup> JAMES R. COPLAND, DAVID F. LARCKER, & BRIAN TAYAN, *Proxy Advisory Firms Empirical Evidence and the Case for Reform*, (2018), <https://media4.manhattan-institute.org/sites/default/files/R-JC-0518-v2.pdf> (last visited Dec 23, 2023).

<sup>20</sup> EUROPEAN SECURITIES AND MARKETS AUTHORITY, *An Overview of the Proxy Advisory Industry. Considerations on Possible Policy Options*, (2012).

<sup>21</sup> Proxy Voting by Investment Advisers, 68 Fed. Reg. 6585, 6587 (Feb. 7, 2003) (codified as amended at 17 C.F.R. §§ 275.204-2, .206(4)-6 (2018));  
See JAMES R. COPLAND, DAVID F. LARCKER, AND BRIAN TAYAN, *supra* note 19.

<sup>22</sup> ESMA, *supra* note 16.

relatively local or regional focus, the US firms have enjoyed a global reach and have also offered a much more comprehensive range of services.<sup>23</sup>

The ever-increasing array of services provided by proxy advisory firms comprises the following:

- i. Analyzing shareholder meeting proposals and providing voting recommendations has been the principal service extended by the proxy firms all along. This also includes comprehensive sensitization regarding the logistics of the voting process.
- ii. Proxy advisory firms typically deal with clientele such as institutional investors like mutual funds, pension funds, insurers, and asset managers. Additionally, they offer advice services tailored to their business domains about voting and corporate governance responsibilities.
- iii. As institutional investors make investments across the world, proxy firms remain their storehouse of information regarding the compliance and corporate governance standards prevalent in various countries. The versatility of the proxy firms in being able to offer advice, keeping in view the local laws and regulations, strengthens their pertinence.
- iv. Given the global interconnectedness in businesses and increased foreign direct investments, cross-border voting has become a reality in present times.<sup>24</sup> Proxy firms act as resourceful entities to ease the voting process and help the investors negotiate the language barriers if any. With e-voting having become the preferred mode for shareholder meetings, proxy firms also act as facilitators for more straightforward adaptation.

Since most annual general meetings globally are held within a concentrated time band, the advice of proxy firms is an excellent help for institutional investors in keeping a tab on the various company proposals and taking a prudent view of them. With the clamor for increased shareholder engagement and active voting rising by the day, the corporate ecosystem will see tremendous stress on compliance and stewardship. This shall keep the proxy firms in great demand and shall open more vistas for them.<sup>25</sup>

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<sup>23</sup> Garg, *supra* note 7.

<sup>24</sup> See Christian Strenger & Dirk A Zetzsche, *Corporate Governance, Cross-Border Voting and the (Draft) Principles of the European Securities Law Legislation—Enhancing Investor Engagement Through Standardisation*, 13 JOURNAL OF CORPORATE LAW STUDIES 503 (2013).

<sup>25</sup> ESMA, *supra* note 16. OECD PUBLISHING, *supra* note 12.

## IV

### Growth of Proxy Advisory Firms in India

In India, with the concentrated shareholding across companies having been a reality<sup>26</sup>, offering little separation between ownership and management, the acceptance of corporate governance norms was slow to come. Unsurprisingly, the concept of 'proxy advisor' was initially seen to possess a Western import.<sup>27</sup> Although institutional investors in India possessed significant shareholding in listed companies, most of these were traditionally government-owned entities and have historically been less organized and active than their Western counterparts. Though concentrated shareholdings still hold the sway, with time, holdings of several large and renowned listed companies like Larsen & Toubro, HDFC Ltd., and ICICI Bank have become dispersed.<sup>28</sup> Besides, with shareholder activism taking root in India, some significant legislative and regulatory changes over the past decade and a half have ushered in an improved corporate governance regime.<sup>29</sup> The outcomes are enhanced minority shareholder rights and remedies, codifying directors' duties, and enhanced institutional investors' engagement. The following market factors also fueled corporate activism in India:

- i. Legacy issues like succession or leveraged balance sheets in many promoter-owned companies have started posing the threat of destabilization.
- ii. With foreign investors holding considerable holdings, managements are getting more prone to be challenged on corporate governance issues.
- iii. Judicial pronouncements have shown a trend toward securing shareholder rights in the last few years.<sup>30</sup>

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<sup>26</sup> OECD, *Ownership Structure of Listed Companies in India*, 10 (2020), <http://www.oecd.org/corporate/ownership-structure-listed-companies-india.pdf>

<sup>27</sup> N Sundaresha Subramanian & Muhabit ul haq, *How proxy advisory influenced corporate governance and management behaviour in India*, ECONOMIC TIMES (2022), <https://economictimes.indiatimes.com/prime/corporate-governance/how-proxy-advisory-influenced-corporate-governance-and-management-behaviour-in-india/primearticleshow/90402609.cms> (last visited Dec 28, 2023).

<sup>28</sup> Umakanth Varottil, *supra* note 8.

<sup>29</sup> For e.g., Rule 19(2)(b) of the SEBI (Contracts (Regulations) Rules, 1957 requires listed entities to maintain minimum public shareholding at 25% of the total shareholding. The Companies Act, 2013 § 245 (India) of the allows for class action suits to be filed by shareholders and deposit holders of the company. The Companies Act, 2013 § 166 (India) of the lays down the duties of directors.

<sup>30</sup> *Vikram Bakshi and Ors v. Connaught Plaza Restaurants Limited and Ors.* 140 CLA 142 (2017) (India); *ICP Investments (Mauritius) Ltd v. Uppal Housing Pvt Ltd.* SCC OnLine Del 10604 (2019)(India).

- iv. The emergence of proxy advisors is a new paradigm in India for scrutinizing the working of company boards.<sup>31</sup>

With the economic liberalization having been unleashed in India in 1991, leading to the entry of foreign institutional investors in large numbers consequent to that<sup>32</sup>, the demand for a more robust corporate governance regime started gathering traction. As a first step, the financial market regulator, SEBI, came out with structured corporate governance norms for listed companies through Clause 49 of the listing agreement in December 2005. Clause 49 made significant changes in the definition of independent directors, redefining and strengthening the mandate of the audit committees and repurposing financial disclosures, including those linked to the RPTs. But a massive corporate scandal in the year 2009 involving a leading IT firm Satyam Computer Service Ltd., jolted the corporate sector regulators in India. The scam involved falsifying company accounts, doctoring audit reports, manipulating share prices, and swindling massive funds from the company for personal investments by the promoters.<sup>33</sup> This also came as a rude shock for millions who were celebrating the rise of the new-age tech companies in India.

The aftermath of the Satyam scam was a slew of corporate governance measures being introduced in India.<sup>34</sup> The SEBI regulations for mutual fund voting disclosure requirements in the year 2012<sup>35</sup>, on the lines of the 2003 SEC regulations for mutual funds in the US, which aimed at curbing mutual funds trading abuses, heralded the arrival of the proxy advisory firms in India as a strong market intermediary. What followed was the birth of InGovern Research Services, the first such firm, in the year 2010. Other leading firms like IiAS and Stakeholders Empowerment Services (“SES”) followed later. Together, these home-grown proxy advisory firms provide research and voting recommendations to their clients.

As for the regulatory provisions, proxy advisory firms in India are currently regulated by the SEBI (Research Analysts), Regulations, 2014 (“**SEBI 2014 Regulations**”). The regulations discuss eligibility norms<sup>36</sup>, capital adequacy

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<sup>31</sup> Narayanan, Nikhil, *The Shareholder Rights and Activism Review: India*, (2022), <https://thelawreviews.co.uk/title/the-shareholder-rights-and-activism-review/india> (last visited Dec 1, 2023).

<sup>32</sup> Suryakanta Nayak & Dukhabandhu Sahoo, *Dimensions of Foreign Direct Investment Inflow in India After 1991*, 9 FIIB BUSINESS REVIEW 106 (2020).

<sup>33</sup> Madan Lal Bhasin, *Corporate Accounting Fraud: A Case Study of Satyam Computers Limited*, 02 OJACCT 26 (2013).

<sup>34</sup> See for e.g., Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018.

<sup>35</sup> SEBI, Master Circular for Mutual Funds, SEBI/IMD/MC No.3/10554/2012 (Issued on May 11, 2012).

<sup>36</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 6.

provisions<sup>37</sup>, management of conflict of interest<sup>38</sup>, and disclosure requirements.<sup>39</sup> Registration with SEBI<sup>40</sup>, disclosures in the recommendations made<sup>41</sup>, internal policies and procedures for functioning<sup>42</sup>, and maintenance of records of all recommendations<sup>43</sup> have also been mandated by the regulations. In November 2018, SEBI constituted a working group to provide insights and recommendations about the various issues related to proxy firms. The detailed report of this group led to the SEBI August 2020 circulars regarding ‘procedural guidelines for proxy advisors’<sup>44</sup> and ‘grievance resolution between listed entities and proxy advisors’<sup>45</sup>. The procedural guidelines obligated the proxy firms to formulate voting recommendation policies, share these policies with the clients, and share their reports with the companies and the investors simultaneously.<sup>46</sup> Comments received from the company within the prescribed timeline shall be included as an addendum to the report by the proxy advisory firm.<sup>47</sup> In case of a difference of opinion between the company and the proxy advisory firm about some information in the report, the proxy advisory firm shall revise either the report or the addendum, as the case may be.<sup>48</sup> The grievance resolution circular talks about the resort to SEBI by the listed companies in all cases where the proxy firms are found to have committed non-compliance with SEBI 2014 Regulations or the code of conduct for the proxy advisory firms.<sup>49</sup> Still, there is no clarity about the accountability of proxy advisory

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<sup>37</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 8.

<sup>38</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 15(1)(i) and 22(3).

<sup>39</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 19.

<sup>40</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 2(v) which defines a “research entity” as “an intermediary registered with Board who is also engaged in merchant banking or investment banking or brokerage services or underwriting services and issue research report or research analysis in its own name through the individuals employed by it as research analyst and includes any other intermediary engaged in issuance of research report or research analysis”

<sup>41</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 19.

<sup>42</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 15.

<sup>43</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 25.

<sup>44</sup> SEBI, Procedural Guidelines for Proxy Advisors, SEBI/HO/IMD/DF1/CIR/P/2020/147 (Issued on August 3, 2020).

<sup>45</sup> SEBI, Grievance Resolution between listed entities and proxy advisers, SEBI/HO/CFD/CMD1/CIR/P/2020/119 (Issued on August 4, 2020).

<sup>46</sup> SEBI, Procedural Guidelines for Proxy Advisors, SEBI/HO/IMD/DF1/CIR/P/2020/147 (Issued on August 3, 2020).

<sup>47</sup> SEBI (Research Analysts), Regulations, 2014, Reg. 23.

<sup>48</sup> *Id.*

<sup>49</sup> SEBI, Grievance Resolution between listed entities and proxy advisers, SEBI/HO/CFD/CMD1/CIR/P/2020/119 (Issued on August 4, 2020).

firms as regards their recommendations nor for the likely action by SEBI in cases involving non-compliance by the proxy advisory firms.<sup>50</sup>

## V

### Contributions of Proxy Advisory Firms to the Indian Corporate Landscape

Proxy advisory firms, though still relatively new, have become increasingly significant in the Indian market in recent years, serving as both a crucial intermediary and a powerful force for policy and decision-making within a company. Though nowhere near their US counterparts in terms of influence over shareholder voting, in a little over a decade, the proxy advisory firms in India have contributed immensely through their interventions and recommendations, particularly in the following areas:

- i. **Executive compensation:** Indian proxy firms have vociferously and successfully opposed many company resolutions involving compensation matters. The boards failed to garner the necessary 75 percent votes of the minority shareholders in these cases. The notable ones include the Ajit Gulabchand case (Hindustan Construction Company) (2013; SES)<sup>51</sup>, Tata

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<sup>50</sup> Kritika Agarwal, *Regulation of proxy advisers in India: is it a threat to shareholder activism?*, INTERNATIONAL BAR ASSOCIATION, <https://www.ibanet.org/article/CC400084-CE15-46E9-884D-D112D784DF93> (last visited Dec 28, 2023).

<sup>51</sup> Palak Shah & Rachita Prasad, *HCC is in red but seeks an annual pay package of over Rs 10 crore for its chief Ajit Gulabchand*, (2013), <https://economictimes.indiatimes.com/news/company/corporate-trends/hcc-is-in-red-but-seeks-an-annual-pay-package-of-over-rs-10-crore-for-its-chief-ajit-gulabchand/articleshow/20656765.cms?from=mdr> (last visited Dec 1, 2023).

Motors (2014; InGovern)<sup>52</sup>, Apollo Group (2018; IiAS)<sup>53</sup>, Balaji Telefilms in (2021; IiAS)<sup>54</sup> and Lupin (2021; IiAS)<sup>55</sup>

- ii. **Mergers and acquisitions:** While the resolution seeking a merger between ZEEL, BEPL, and CME was supported by two proxy firms (2022; IiAS and InGovern)<sup>56</sup>, the one involving the merger of pharma firms Wyeth Lab. with Pfizer was opposed by the proxy firm (2014; SES)<sup>57</sup>.
- iii. **RPTs:** The extant Indian law requires a majority of disinterested shareholders voting to approve such transactions.<sup>58</sup> SES asked shareholders of Sanofi India to oppose a RPT with its Singaporean subsidiary (2018; SES)<sup>59</sup>. Similarly, the RPTs of Maruti Suzuki (2014; InGovern)<sup>60</sup> and Asian Paints (2021; InGovern)<sup>61</sup> were red-flagged by proxy advisory firms.

<sup>52</sup> Ketan Thakkar & Ashutosh R. Shyam, *Tata Motors shareholders reject pay plan proposals of three executives*, THE ECONOMIC TIMES, Jul. 4, 2014, <https://economictimes.indiatimes.com/tata-motors-shareholders-reject-pay-plan-proposals-of-three-executives/articleshow/37710946.cms?from=mdr> (last visited Dec 1, 2023).

<sup>53</sup> FE Bureau, *Victory for minority shareholders in Apollo Tyres: Kanwars to take a 30% salary cut*, FINANCIAL EXPRESS (2018), <https://www.financialexpress.com/industry/victory-for-minority-shareholders-in-apollo-tyres-kanwars-to-take-a-30-cut-in-salary/1381109/> (last visited Dec 1, 2023).

<sup>54</sup> Rajesh Mascarenhas, *Balaji Tele shareholders vote against top executives' compensation plan*, (2021), <https://economictimes.indiatimes.com/industry/media/entertainment/balaji-tele-shareholders-vote-against-top-executives-compensation-plan/articleshow/85998736.cms> (last visited Dec 1, 2023).

<sup>55</sup> Rajesh Mascarenhas, *Institutions reject Lupin's proposal on ESOPs*, THE ECONOMIC TIMES (2021), <https://economictimes.indiatimes.com/markets/stocks/news/institutions-reject-lupins-proposal-on-esops/articleshow/85413212.cms> (last visited Dec 1, 2023).

<sup>56</sup> Rajesh Kurup, *Two proxy advisory firms green-flag ZEEL merger proposal*, FINANCIAL EXPRESS (2022), <https://www.financialexpress.com/business/brandwagon-two-proxy-advisory-firms-green-flag-zeel-merger-proposal-2705334/lite/>

<sup>57</sup> Palak Shah, *Proxy advisory company SES tells Wyeth investors to oppose Pfizer merger*, THE ECONOMIC TIMES (2014), <https://economictimes.indiatimes.com/markets/stocks/news/proxy-advisory-company-ses-tells-wyeth-investors-to-oppose-pfizer-merger/articleshow/33796868.cms?from=mdr> (last visited Dec 1, 2023).

<sup>58</sup> The Companies Act, 2013 (India), §188(1) Proviso.

<sup>59</sup> SES asks Sanofi shareholders to vote against related-party transaction, THE HINDU BUSINESSLINE (2018), <https://www.thehindubusinessline.com/companies/ses-asks-sanofi-shareholders-to-vote-against-related-party-transaction/article64269195.ece> (last visited Dec 1, 2023).

<sup>60</sup> Khushboo Narayan, *The advent of shareholder activism in India*, LIVE MINT (2014), <https://www.livemint.com/Companies/hri4Acn53de1Q48RFACNwJ/The-advent-of-shareholder-activism-in-India.html> (last visited Dec 1, 2023).

<sup>61</sup> Proxy advisory firm InGovern raises related-party issues at Asian Paints, BUSINESS



- iv. **Fostering the culture of compliance and good corporate governance through their recommendations:** In important cases involving IDFC (2011; InGovern), Wipro (2011; InGovern)<sup>62</sup>, and HDFC Ltd. (2018; ISS)<sup>63</sup>, the proxy firms raised their voice in matters involving the appointment of directors on the board of directors.

The three leading Indian proxy advisory firms have contributed immensely to generating awareness about and desirability of global corporate governance practices. Though their recommendations were meant for the client institutional investors, the whole corporate space has benefitted from them. Fueling shareholder dissent and managing it through trustworthy information not only showcases global standards and norms to be followed but also reduces research costs. However, asset managers acknowledge that simply voting on shareholder resolutions is inadequate for bringing about change.<sup>64</sup> Therefore, they are now utilizing engagement as a means to achieve better corporate behavior. Changing corporate behavior is challenging in India due to the shareholding structure, where promoters own around 55 percent of shares, institutional investors own approximately percent<sup>65</sup>, and the remaining are held by retail and other corporate bodies.<sup>66</sup> Consequently, ordinary resolutions are likely to be easily passed.<sup>67</sup> Although proxy advisory firms are getting actively engaged in Indian corporate governance space by providing voting recommendations and advocating for better policies, proxy advisory firms enjoy significantly a greater sway over institutional investors and corporate managers in the US.<sup>68</sup>

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STANDARD (2021), [https://www.business-standard.com/article/companies/asian-paints-promoters-come-under-fire-for-related-party-transactions-121112400842\\_1.html](https://www.business-standard.com/article/companies/asian-paints-promoters-come-under-fire-for-related-party-transactions-121112400842_1.html) (last visited Dec 1, 2023).

<sup>62</sup> InGovern recommends voting against reappointment of independent directors at Wipro and IDFC, MONEYLIFE DIGITAL (2011), <https://www.moneylife.in/article/ingovern-recommends-voting-against-reappointment-of-independent-directors-at-wipro-and-idfc/18196.html> (last visited Dec 1, 2023).

<sup>63</sup> Robin Banerjee, *Shareholder activism & Deepak Parekh*, THE ECONOMIC TIMES (2018), <https://economictimes.indiatimes.com/blogs/et-commentary/deepak-parekhs-narrow-escape-pushes-proxy-advisory-firms-into-the-spotlight/> (last visited Dec 1, 2023).

<sup>64</sup> Hetal Dalal, *Investors and Proxy Firms are Changing the Indian Corporate Governance Landscape*, 53 CHARTERED SECRETARY 52 (2023).

<sup>65</sup> INSTITUTIONAL INVESTOR ADVISORY SERVICES, *Indian Boards: Structure and Breadth*, (2021), [https://iias-cms.s3.ap-south-1.amazonaws.com/f1\\_Indian\\_Boards\\_Structure\\_and\\_Breadth\\_13052021\\_b7f7fcedac.pdf](https://iias-cms.s3.ap-south-1.amazonaws.com/f1_Indian_Boards_Structure_and_Breadth_13052021_b7f7fcedac.pdf) (last visited Dec 23, 2023).

<sup>66</sup> *Id.*

<sup>67</sup> Ordinary Resolutions only require a majority of shareholder vote, since promoters fulfil the requirements easily, investors usually have very little say in such matters.

<sup>68</sup> Andrew F Tuch, *Proxy Advisory Influence in a Comparative Light*, 99 BOSTON UNIVERSITY

## VI

### Proxy Advisory Firms in the US

The shareholding landscape in the US has also witnessed tremendous changes in the last about 5-6 decades. Till as late as the mid-1960s, individual shareholders held 84 percent of all publicly listed stocks in the US.<sup>69</sup> Later, institutional investors started occupying the shareholding space significantly in most leading economies of the world, and the US became a trailblazer in this transformation.<sup>70</sup> Institutional Investors' dominance in the US was principally driven by a shift in savings and investment patterns away from retail or household investors towards institutional or intermediary investors like index funds, mutual funds, hedge funds, and pension funds. In the last few decades, the US has emerged as the trendsetter in the proxy advisory industry, and its leading proxy advisory firms today dominate this space.<sup>71</sup>

As regards the legal provisions for the growth of the proxy industry, a beginning was made in 1988, when the US Department of Labor came out with the position that the fiduciary duty of a pension plan towards the employee covered the proxy voting against the stock owned by the plan.<sup>72</sup> This prompted the retirement plan managers to seek the assistance of the proxy advisory industry to fulfill this requirement. ISS, which had been established three years earlier in 1985, lapped up the opportunity and registered sizeable growth. Yet, the Enron Corporation scandal of 2001 jolted the US corporate ecosystem tremendously.<sup>73</sup> What was more hurtful was that institutional

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LAW REVIEW 1459. Biju Varkkey & Virangi Shah, *Proxy Advisory Firms in India: The Impact and the Way Forward*, 53 CHARTERED SECRETARY 63.

<sup>69</sup> Matt Phillips, *Hungry for Investors, Some Companies Woo the Little Guy*, THE NEW YORK TIMES (2021), <https://www.nytimes.com/2021/04/13/business/stock-market-investors.html> (last visited Feb 28, 2023).

<sup>70</sup> Serdar Çelik & Mats Isaksson, *Institutional investors and ownership engagement*, 2013/2 OECD JOURNAL: FINANCIAL MARKET TRENDS 93 (2014).

<sup>71</sup> James K. Glassman & Hester Peirce, *How Proxy Advisory Services Became So Powerful*, MERCATUS CENTER GEORGE MASON UNIVERSITY (2014), <https://www.mercatus.org/research/policy-briefs/how-proxy-advisory-services-became-so-powerful> (last visited Dec 1, 2023).

<sup>72</sup> Under the Employee Retirement Income Security Act of 1974 (ERISA), the final rule "Fiduciary Duties Regarding Proxy Voting and Shareholder Rights" amends the Department's investment duties regulation at 29 CFR 2550.404a-1. The rule also complements the Department's recent amendments to the investment duties regulation in Financial Factors in Selecting Plan Investments, 85 FR 72846 (Nov. 13, 2020), to protect workers' retirement savings, which confirmed that fiduciaries must select investments solely in accordance with workers' economic interests considering only pecuniary factors.

<sup>73</sup> See generally James Flanigan, *Enron Is Proving Costly to Economy*, LOS ANGELES TIMES

investors failed to protect their own investors from managerial misconduct in not only a firm like Enron but, later in 2002, also in other leading firms like Tyco, Global Crossing, and WorldCom, even though they controlled large shareholdings in them. What followed was a clamor for tightening the corporate governance regime.<sup>74</sup> As for the proxy industry, the realization dawned that a proxy firm needs the backing of a strong law to act successfully, which led to the birth of the Sarbanes-Oxley Act (“SOX”) in 2002. It was only after the enactment of this act that the desirability of how the corporate boards and executives should work and their accountability for the accuracy of financial statements could get duly recognized.

The 2003 SEC rule, which obligated mutual funds to disclose their complete voting records annually<sup>75</sup>, was a watershed moment for the proxy advisory industry in the US.<sup>76</sup> With institutional investors commanding over 70 percent of the shareholding in the listed companies’ space in the US<sup>77</sup> and a favorable regulatory framework making things easier, the growth of and reliance on proxy advisory firms happened in leaps and bounds. Large investors, with their interests spread across a slew of companies, invariably need professional advice for corporate decisions. The proxy voting process is a resource-intensive and expensive task, requiring substantial time, expertise, and personnel. While large institutional investors, like BlackRock and American Funds, can allocate significant resources toward developing their own guidelines for proxy voting and researching company-specific issues, smaller funds may lack the necessary resources to undertake such activities.<sup>78</sup> Third-party proxy advisory firms meet the market demand by consolidating these costs, thereby reducing the need for multiple investment firms to duplicate them. No wonder firms like Glass Lewis (2003), MCG Advisors (1988), PGI (2004), and Egan-Jones (2002) too joined the bandwagon. Yet, ISS and Glass Lewis together enjoy a kind of duopoly in the US, with nearly 97 percent market share controlled by these two firms.<sup>79</sup>

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(2002), <https://www.latimes.com/archives/la-xpm-2002-jan-20-mn-23790-story.html> (last visited Dec 1, 2023).

Paul M. Healy & Krishna G. Palepu, *The Fall of Enron*, 17 JOURNAL OF ECONOMIC PERSPECTIVES 3 (2003).

George J. Benston & Al L. Hartgraves, *Enron: what happened and what we can learn from it*, 21 JOURNAL OF ACCOUNTING AND PUBLIC POLICY 105 (2002).

<sup>74</sup> Tamara C Belinfanti, *The Proxy Advisory and Corporate Governance Industry*: (2009).

<sup>75</sup> Proxy Voting by Investment Advisers, 17 C.F.R. § 275.206(4)-6 (2018).

<sup>76</sup> Belinfanti, *supra* note 74.

<sup>77</sup> A. DE LA CRUZ, A. MEDINA, AND Y. TANG, *supra* note 4.

<sup>78</sup> David F. Larcker, Brian Tayan, and James R. Copland, *supra* note 13.

<sup>79</sup> James K. Glassman and Hester Peirce, *supra* note 71; Stefano Feltri, *Why CEOs and Regulators Clash With the Duopoly of Proxy Advisory Firms*, CHICAGO BOOTH STIGLER CENTER FOR THE STUDY OF THE ECONOMY AND THE STATE (2019), <https://www.promarket.org/2019/11/21/why-ceos-and-regulators-clash-with-the-duopoly-of-proxy-advisory-firms/> (last visited Dec 1, 2023).

In the last few years, institutional investors' reliance on proxy advisors has become a permanent and central feature of the corporate vote in the US. Research suggests that proxy advisory firms' voting recommendations have a significant impact on the actual voting pattern in shareholder meetings based on their voting recommendations.<sup>80</sup> Regarding a wide range of governance issues, such as pay, equity plan proposals, uncontested director elections, and proxy contests, institutional investors have a strong propensity to follow the recommendations of their proxy advisors. For example, a recent study found that when ISS recommended a favorable vote on a company's pay proposal, 95% of institutional investors supported it; in contrast, only 68% voted in favor when ISS opposed it.<sup>81</sup> Another study estimated that ISS recommendations shift 6 percent to 10 percent of shareholder votes.<sup>82</sup> Institutional investors exhibit a substantially greater voting participation rate, with their votes representing 91 percent of their total shares held, as opposed to only 29 percent for retail investors. As a result of these factors, institutional investors wield a disproportionately higher level of influence over voting outcomes.<sup>83</sup>

The following are the principal factors responsible for the strong influence wielded by proxy firms in the US:

- a. In many economies, other than the US, institutional investors' trade groups enjoy an exalted position. These groups work closely with institutional investors to increase their collective voting power.<sup>84</sup> As a result, there is less demand for and room for proxy advisory firms. Proxy advisors essentially act as substitutes for institutional investor trade groups in the US, where they are not as influential.<sup>85</sup>
- b. Proxy advisors' versatility regarding the corporate practices prevalent in various countries significantly brings down the cost of voting for institutional investors as they receive first-rate research about proposals.<sup>86</sup> Institutional investors as shareholders have weaker incentives to coordinate

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<sup>80</sup> James F. Cotter, Alan R. Palmiter & Randall S. Thomas, *ISS Recommendations and Mutual Fund Voting on Proxy Proposals*, 55 VILL. L. REV. (2010), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1477564](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1477564) (last visited Dec 18, 2023); Stephen Choi, Jill E Fisch & Marcel Kahan, *The Power of Proxy Advisors: Myth or Reality*, 59 EMORY LAW JOURNAL. U.S. GOVT ACCOUNTABILITY OFFICE, *Corporate Shareholder Meetings: Issues Relating To Firms That Advise Institutional Investors On Proxy Voting*, 6, <https://www.gao.gov/assets/gao-07-765.pdf> (last visited Dec 27, 2023).

<sup>81</sup> David F. Larcker, Brian Tayan, and James R. Copland, *supra* note 13.

<sup>82</sup> Choi, Fisch, and Kahan, *supra* note 80.

<sup>83</sup> David F. Larcker, Brian Tayan, and James R. Copland, *supra* note 13.

<sup>84</sup> Serdar Çelik and Mats Isaksson, *supra* note 70.

<sup>85</sup> Tuch, *supra* note 68.

<sup>86</sup> David F. Larcker, Brian Tayan, and James R. Copland, *supra* note 13.

inter-use and develop consensus about a response to the voting proposals. This way, the proxy firms also address the collective action problems.<sup>87</sup>

- c. The quantum of institutional investors' holdings in public companies has increased steadily over the years and now hovers around 70 percent, and their voting ranges around 90 percent.<sup>88</sup> Greater institutional investor holdings lead to a greater need for proxy services and a much-increased influence of proxy firms.
- d. The economic significance and relevance of shareholder voting has increased as a result of the most recent changes to corporate governance. When institutional investors consider the financial implications of the proposals up for a vote, they are more inclined to believe the advice provided by proxy firms.
- e. Stronger legal infrastructure and the rules and regulations issued from time to time improve corporate governance hygiene and encourage institutional investors to increasingly engage with proxy firms for endorsements on how to vote.<sup>89</sup>

## VII

### Why Do Indian Proxy Firms Lack the Influence Enjoyed by their US Counterparts?

In their quest to secure corporate democracy and corporate governance, interestingly, both India and the US exhibit strange similarities. While in the US, the institutional investors announced their arrival in a big way with the onset of the 1980s, in India though some domestic institutional investors were already there but after the economic liberalization policies unleashed in 1991, in the next decade, foreign institutional investors made their presence felt and heralded the beginning of louder voices for corporate governance. Similarly, while the Enron Corporation scandal of 2001 jolted the US corporate ecosystem tremendously and resulted in

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<sup>87</sup> Bernard S. Sharfman, *The Risks and Rewards of Shareholder Voting*, COLUMBIA LAW SCHOOL'S BLOG ON CORPORATIONS AND CAPITAL MARKETS (2020), <https://clsbluesky.law.columbia.edu/2020/04/23/the-risks-and-rewards-of-shareholder-voting/> (last visited Dec 1, 2023).

<sup>88</sup> Kate Dore, *Few individual investors participate in shareholder voting. Here's how that may be changing*, CNBC (2021), <https://www.cnbc.com/2021/10/12/few-individuals-participate-in-shareholder-voting-but-that-may-change.html> (last visited Dec 1, 2023).  
PROXY PULSE, *2020 Proxy Season Review*, 5, <https://www.broadridge.com/assets/pdf/broadridge-proxypulse-2023-proxy-season-review.pdf> (last visited Dec 1, 2023).

<sup>89</sup> Tuch, *supra* note 68.

demands for tightening the corporate governance regime and the birth of the SOX in 2002, in India, the Satyam scandal of 2009 had a nearly similar impact and led to the birth of a much improved and comprehensive company law in 2013. Then, while the 2003 SEC regulations for mutual funds in the US, which aimed at curbing mutual funds trading abuses, cleared the way for the proxy advisory firms to emerge there as a strong market intermediary, in India, the 2012 SEBI regulations calling for transparency in voting by the mutual funds had the same effect and led to the progress of this industry and the advent of proxy advisory firms.<sup>90</sup>

The regulations governing proxy advisory businesses in the two nations also have many parallels. It is a prerequisite for proxy advisory firms to register with their respective regulatory authorities and disclose certain information to clients and the public. Both India and the US require proxy advisory firms to disclose and manage conflicts of interest. In India, SEBI's Guidelines for Proxy Advisors mandate that proxy advisory firms disclose any conflicts of interest and establish policies and procedures to manage conflicts. Similarly, in the US, the SEC's Interpretive Guidance requires that proxy advisory firms must provide clients with objective and unbiased recommendations.

It is evident that proxy advisory firms in the US have developed a highly effective business model that enables them to wield significant control.<sup>91</sup> They get paid by institutional investors for their proxy analysis and recommendations. On the other side, they are being increasingly engaged by corporations to secure more information about the corporations, a situation akin to a film critic being paid by both the moviegoers and the producers alike.<sup>92</sup> Globally, while ISS is likely making recommendations for more than 40000 annual meetings<sup>93</sup>, Glass Lewis is reported to be netting about 20000 recommendations annually.<sup>94</sup> Such is the impact of the recommendations that in no time after their release, in most cases, skewed voting by a block of shareholders is the outcome. Investment managers are being majorly seen joining the queue in an environment dominated by a herd mentality.<sup>95</sup>

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<sup>90</sup> SEBI, Master Circular for Mutual Funds, SEBI/IMD/MC No.3/10554/2012 (Issued on May 11, 2012).

<sup>91</sup> Paul Rose, *Proxy Advisors And Market Power: A Review of Institutional Investor Robovoting*, HARVARD LAW SCHOOL FORUM ON CORPORATE GOVERNANCE (2021), <https://corpgov.law.harvard.edu/2021/05/27/proxy-advisors-and-market-power-a-review-of-institutional-investor-robotvoting/> (last visited Dec 27, 2023).

<sup>92</sup> David F. Larcker, Brian Tayan, and James R. Copland, *supra* note 13.

<sup>93</sup> See generally <https://www.issgovernance.com/solutions/proxy-voting-services/>

<sup>94</sup> Glass Lewis, *Glass Lewis Integrates ESG Content from Sustainalytics into Proxy Research Reports and Voting Platform*, (2017), <https://www.glasslewis.com/glass-lewis-integrates-esg-content-sustainalytics-proxy-research-reports-voting-platform/> (last visited Dec 1, 2023).

<sup>95</sup> Ed Hirs, *Proxy Advisory Firms Have No Stake In The Consequences Of Their Work*, FORBES



But as regards the influence enjoyed by the proxy advisory firms, which are principally mandated to provide institutional investors with research and data, and recommendations on management proposals, the similarities seem to move no further, and one finds the Indian proxy advisory firms piling in comparison to their US counterparts in terms of influencing the voting behavior of institutional investors.

Proxy advisory firms in India have a different mode of operation compared to the US. This is because the regulations in India prohibit proxy advisors from holding investors' proxies, which means that they cannot vote on behalf of investors based on their recommendations. Instead, Indian proxy advisors provide advice and recommendations to institutional investors, who then decide how to cast their votes.<sup>96</sup> The voting patterns and results indicate that investors are making independent decisions rather than blindly following the advice of proxy advisors.<sup>97</sup> Additionally, investors may use proxy advisory reports and negative observations to engage with companies and express their dissatisfaction while still voting in favor. Therefore, the impact of voting recommendations on voting outcomes would be difficult to be ascertained in such cases, as the extent to which proxy advisory firms' recommendations influence shareholder votes.

Experts also state that the Indian proxy advisory industry's main issue is the investors' lack of awareness regarding the gravity of corporate governance issues in their investee firms. This has led to indifference toward firms' corporate governance practices, especially among domestic financial institutions.<sup>98</sup> This is due to the passive investor attitude of domestic institutional investors in India. In contrast, in the USA, mutual funds tend to follow proxy advisors' recommendations, giving firms like ISS significant influence in corporate decisions and serving as a check on management's self-serving decisions. Additionally, The US market's greater size has resulted in a higher demand for proxy advisory services, as a larger number of companies and investors seek guidance and analysis on their voting decisions. A growing demand for proxy advisory services in the US has also led to greater competition among proxy advisory firms in the country. As a result, the industry has continued to grow and develop. Conversely, the proxy advisory market in India is relatively small and underdeveloped. India's proxy advisory sector has grown significantly in recent years, but it remains a small market and has a limited number of clients. Consequently, firms have less competition, and the industry has developed at a slower pace.

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(2020), <https://www.forbes.com/sites/edhirs/2020/07/21/proxy-advisory-firms-have-no-stake-in-the-consequences-of-their-work/?sh=46c2232635fc> (last visited Dec 1, 2023).

<sup>96</sup> Hetal Dalal, *supra* note 64.

<sup>97</sup> J N Gupta & Navaneet Desai, *Stewardship and Proxy Advisors: Quality Enhancers in Governance*, 53 CHARTERED SECRETARY 56 (2023).

<sup>98</sup> Subramanian, *supra* note 6.

Although one can find elements of catching up at the end of the Indian market regulator as well as the domestic proxy advisory firms, the following are the factors pulling back the Indian firms and not granting them an effective position –

- i. **Shareholding structure:** Indian listed companies have traditionally displayed concentrated shareholding because of the legacy of family-owned businesses.<sup>99</sup> Even at present, the institutional investors in India, comprising both foreign portfolio investors and domestic institutional investors, control about 34 percent of publicly listed companies' shareholding.<sup>100</sup> In comparison, in the US, where dispersed shareholding is the norm, institutional investors command more than 70 percent share in the overall shareholding of the listed companies. The preponderance of institutional investors in the US gives the proxy advisory firms a much larger role in advising them, and their effectiveness is, therefore, so much more palpable there. For example, ISS, the leading US proxy advisory firm, has a formal consultation process with all the investors, something the Indian proxy industry has yet to develop.
- ii. **Accountability:** While owing to the well-established interpretation of 'recommendation' as 'solicitation' in the US, a misleading recommendation by a proxy advisory firm there can attract anti-fraud provisions, in India, the proxy advisory firms are not subject to a similar accountability regime. So, though the influence of the recommendations made by the Indian proxy firms is rising by the day, there is yet no robust mechanism to hold them responsible for deficiencies in their recommendations. The SEBI August 2020 circulars, providing for procedural guidelines and grievance resolution, have also left the accountability aspect unaddressed. Accountability provisions work in multiple ways. They instill confidence in the minds of the clients of the proxy advisory firms about the quality of their recommendations and, at the same time, nudge the proxy firms to be extra cautious and circumspect while developing their reports.
- iii. **Legacy factors:** Due to the prevalence of family-owned businesses with concentrated shareholding, the Indian proxy advisory firms encountered resistance in their embryonic stage and were seen as obstructionists or armchair intellectuals holding an agenda. More so, because by their very approach, proxy advisory firms' reports often set out standards that are way above the requirements of the extant law. The reason is that proxy advisory firms, as a practice, bring forth globally recognized best practices. A case in point is aspects related to lineage and eminence, which still matter greatly in corporate parlance in India, and the proxy firms' recommendations often struggle to secure easy acceptance. The point that gets missed is that the

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<sup>99</sup> OECD, *supra* note 26. INSTITUTIONAL INVESTOR ADVISORY SERVICES, *supra* note 65.

<sup>100</sup> OECD, *supra* note 26.



very existence of proxy advisory firms is a reflection of the fact that shareholders find a gap between the information they ought to possess and what they get from the company. Proxy firms bridge this gap, and their recommendations may cause short-term impediments but may ultimately help the cause of the promoters also.

- iv. **Awareness deficit:** Proxy advisory firms are not yet very strongly recognized across the shareholders' fraternity in India. The media needs to provide coverage to the issues raised by the proxy advisory firms, which aim to minimize investors' risks. Most of the reports of the proxy advisory firms are shareholder agnostic and may trigger healthier dialogue within the concerned companies. The market regulator, SEBI, has also not played a proactive role, similar to the US SEC, to create awareness about the important role the reports of these firms play in strengthening the corporate governance ecosystem. As a result, much of the research done by these firms end up causing only a localized impact.
- v. **Limited resources:** As the stake of institutional investors in listed companies in India is lesser than in the US, they would spend lesser money on advisory services. Thus, proxy advisory firms in India may have limited resources to conduct thorough research and analysis, which can limit their ability to provide high-quality recommendations to investors.<sup>101</sup> This can also limit their power and influence.
- vi. **Stewardship duties:** Under US federal law, an investment adviser is a fiduciary and thus owes a duty of care and loyalty to its client.<sup>102</sup> It is subject to legal duties to vote in the interest of its investors.<sup>103</sup> An investment advisor who hires a third party, like a proxy advisory firm, to help with proxy voting duties must create and enforce policies and procedures that are adequately designed to monitor the third party. This is to ensure that the investment advisor, through the third party, consistently votes proxies in the best interests of their clients.<sup>104</sup>

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<sup>101</sup> Subramanian, *supra* note 6.

<sup>102</sup> *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194 (1963); see also *infra* footnotes 34–44 and accompanying text; Investment Adviser Codes of Ethics, Investment Advisers Act Release No. 2256 (July 2, 2004); Compliance Programs of Investment Companies and Investment Advisers, Investment Advisers Act Release No. 2204 (Dec. 17, 2003); Electronic Filing by Investment Advisers; Proposed Amendments to Form ADV, Investment Advisers Act Release No. 1862 (Dec. 5, 2000). Investment advisers also have antifraud liability with respect to prospective clients under section 206 of the Investment Advisers Act of 1940 (“Advisers Act”).

<sup>103</sup> SEC, Proxy Voting by Institutional Advisers, Release No. IA-2106 (January 31, 2003); 17 CFR 275.206(4)-6.

<sup>104</sup> See Rule 206(4)-7 under the Advisers Act and Rule 38a-1 under the Investment Company Act of 1940.  
Contd...

Despite SEBI releasing a similar stewardship code for mutual funds and alternate investment funds in 2019<sup>105</sup>, the code has not garnered much enthusiasm from the funds. Although the code expects institutional investors to engage with investee companies, most believe that such engagement is only worthwhile if it has a chance of success. A recent study analyzed the voting patterns of asset management companies both before and after the code's implementation and found no significant changes in their behavior or disclosure practices. This indicates that the stewardship code has not succeeded in promoting objective participation by institutional investors in general meetings.<sup>106</sup> As a result, these investors remain passive, and the role of proxy advisory firms could also be diminished. Additionally, a regulatory requirement for stewardship only extends to listed public equity. However, internationally, the notion of stewardship is applied more extensively, encompassing various asset classes such as corporate fixed income, sovereign debt, private equity, real estate investments, and fund investments.

## VIII

### **Recommendations for Securing the Effectiveness of Proxy Advisory Firms in India**

For robust corporate governance and the ushering of corporate democracy, India shall need to get its act together, both legislatively as well as through a stricter regime of its market regulator. That includes the imperative for further strengthening the corporate ecosystem in which the Indian proxy advisory firms operate. The following actions can go a long way in achieving the desired outcome and turning proxy advisory firms into true champions of corporate democracy:

#### ***(i) More Teeth for the Law***

The general belief has always been that bigger shareholding participation of institutional investors and the resultant proxy firm intervention leads to stricter

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Act of 1940. See Ryan Bubb & Emiliano M Catan, *The Party Structure of Mutual Funds*, 35 THE REVIEW OF FINANCIAL STUDIES 2839 (2022) [A portrait emerged of a trio of mutual fund “parties,” which Bubb and Catan call the Traditional Governance Party, the Shareholder Reform Party, and the Shareholder Protest Party. Like members of a political party, the authors observed that members of mutual fund parties tend to vote as a bloc in shareholder elections].

<sup>105</sup> Securities and Exchange Board of India, Circular No. CIR/CFD/CMD1/168/2019 (Issued on December 24, 2019).

<sup>106</sup> M Krishnamoorthy & VR Narasimhan, *Are MFs serious about SEBI’s Stewardship Code?* (2022), <https://www.thehindubusinessline.com/opinion/are-mfs-serious-about-sebis-stewardship-code/article65084621.ece> (last visited Dec 23, 2023).

accountability of boards and better corporate governance. But the US experience showed that the institutional investors with a large shareholding position in those companies failed to protect their investors from managerial misconduct. It also became evident that proxy firms need the backing of a strong law to act successfully. No wonder the enactment of the SOX repurposed the desirability of the standards of conduct the company boards and executives needed to follow, as also as their accountability for the accuracy of financial statements of the companies. The defense of board-level ignorance, too, got dismantled. Over the course of time, the interpretation of 'recommendation' as 'solicitation' has meant that the proxy firms in the US can be held accountable under the anti-fraud laws for misleading advice.<sup>107</sup>

For the proxy firms to act more effectively, India too shall need to recast its legal hygiene and amend the Companies Act 2013 suitably to ensure the strengthening of audit committees and disclosures, stricter internal control tests, and making directors and officers personally liable for deficiencies in the accuracy of financial statements. This shall go a long way in improving the internal architecture of the companies. While the presence of proxy advisors acts as a strong tool for cementing corporate governance and enabling investors to make sound investment decisions, the portrayal of the true picture of the companies can empower investors with the capacity to develop independent views also. Improved legal infrastructure and transparent corporate conduct shall undoubtedly give the necessary fillip to the growth of proxy firms for rendering better advice to their stakeholders, leading to informed decisions. This needs to be further strengthened by the introduction of provisions in the law to bring the accountability of proxy firms for their recommendations along the lines of the US position. Besides, while Indian proxy advisory firms are subject to registration under the SEBI Regulations, the US firms are not. This anomalous position also needs to be corrected, not only to usher in a level-playing field but also to give more confidence to the investors.<sup>108</sup>

As regards the applicability of the 2019 SEBI stewardship code, it is not realistic to expect stewardship regulations for all asset classes as enforcing such mandates would be difficult and met with opposition.<sup>109</sup> Instead, it is suggested that regulators should create an ecosystem that encourages asset owners to adopt such practices voluntarily rather than being forced to comply with regulations. To bring about this

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<sup>107</sup> "Solicitation" is defined under Securities Exchange Act Rule 14a-1(l) to include "the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy."

<sup>108</sup> Sharon Pinto, *Proxy Advisors and Their Role in Issuing Voting Guidelines*, PROXY ADVISORS AND THEIR ROLE IN ISSUING VOTING GUIDELINES (2021), <http://www.lawstreetindia.com/experts/column?sid=584> (last visited Dec 1, 2023).

<sup>109</sup> J N Gupta and Navaneet Desai, *supra* note 97.

change, coordinated efforts from all stakeholders are necessary to ensure a smooth transition rather than a sudden reaction to potential legal mandates.

### *(ii) Even Shareholding Spread*

In the US, the steady increase in the shareholding of institutional investors since the 1980s has actually been a strong reason for the growth of and reliance on proxy advisory firms. Institutional investors dominate most listed companies in the US today. Large investors, with their interests spread across a slew of companies, invariably need professional advice for corporate decisions.

In India, with family-owned businesses ruling the roost traditionally, concentrated shareholding remained the norm. Slow economic growth till the 1990s did not allow much growth of institutional investors, apart from the government-owned institutions, most of which remained passive shareholders. As for the shareholding pattern, until 2000, there was no requirement for maintaining free float. But starting in 2001, SEBI started issuing guidelines for minimum public shareholding. In 2010, SEBI made a minimum 25 percent free float uniform for all companies listed or seeking to get listed, barring the government companies.<sup>110</sup> In 2014, the exemption given to government companies was also withdrawn.<sup>111</sup> In this regard, two points need consideration:

- a. In the year 2019, the finance minister floated a proposal to increase the minimum public shareholding requirement from 25 percent to 35 percent.<sup>112</sup>
- b. In early 2022, the SEBI has also begun to review the exact meaning of free float - Does it comprise the whole of non-promoter shareholding only or all shareholdings not held by promoters as well as institutions?<sup>113</sup> It has also asked the two leading stock exchanges to respond to the proposal.

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<sup>110</sup> Rule 19A of the Securities Contracts (Regulation) Act, 1957. The present position on minimum public shareholding incorporates a graded approach, based on company size. This rule requires listed companies to maintain at least 25% of their post-issue paid-up share capital in public hands (10% for companies having post-issue capital in excess of INR 40 billion).

<sup>111</sup> *Id.*

<sup>112</sup> Amit Mudgil, *FM Nirmala Sitharaman pushes Sebi to raise public stake limit to 35%; analysts cagey*, (2019), <https://economictimes.indiatimes.com/markets/stocks/news/fm-nirmala-sitharaman-pushes-sebi-to-raise-public-stake-limit-to-35-analysts-cagey/articleshow/70085955.cms?from=mdr> (last visited Dec 1, 2023).

<sup>113</sup> Jayshree P. Upadhyay, *Sebi begins review to define what constitutes a free float*, LIVE MINT (2022), <https://www.livemint.com/market/stock-market-news/sebi-begins-review-to-define-what-constitutes-a-free-float-11642444046346.html> (last visited Dec 1, 2023). Reena Zachariah, *Sebi reviews public holding in companies and the actual free float*, THE ECONOMIC TIMES (2021), <https://economictimes.indiatimes.com/markets/stocks/news/sebi-examines-free-float-shareholding-rules-looking-at-introducing->

The government would be well advised to make the necessary amendments to the law ushering in a regime of 35 percent mandatory public shareholding.<sup>114</sup> This would be a shot in the arm for the effectiveness of proxy firms. This would also ensure better price discovery of traded shares and deter the boards from highhandedness. Besides, it is also worth considering whether the definition of free float needs a relook. Though the FIIs dominate the institutional investors' space in India, the domestic institutions lack the proactiveness of their foreign counterparts. Hence, it may not be entirely inappropriate to remove institutional investors from the definition of free float to allow greater public participation in corporate affairs.<sup>115</sup>

### *(iii) Bridging the Awareness Gap*

Proxy firms act as the shaping tool that helps in greater compliance with corporate governance norms. The market regulator in India did, of course, issue regulations for the functioning of the proxy firms in the year 2014 and followed it up with the August 2020 circulars. Yet, it has lacked so far in creating awareness about the efficacy of such firms. The following steps may prove effective in this regard:

- a. Since 2012, the market regulator SEBI has been pursuing a massive 'Investor Education and Awareness Campaign' in India in English as well as regional languages.<sup>116</sup> SEBI needs to incorporate the education of general investors about the important role being essayed by the proxy firms in securing high standards of corporate governance in India. In this regard, aside from SEBI, the Institute of Chartered Accountants of India and the Institute of Company Secretaries in India should also be roped in to spread awareness.
- b. Together with an India-wide campaign for spreading awareness about proxy firms, SEBI should also ensure that the proxy firms maintain a special window to cater to retail investors' queries. With the proliferation of proxy firms and the quantum jump in their business, the cost of research shall also come down for them, enabling them to reach larger masses.
- c. More media attention to proxy advice would raise the profile of proxy advisory firms. Proxy reports and recommendations are now more widely

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[spacs/articleshow/84833456.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](https://spacs/articleshow/84833456.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst) (last visited Dec 23, 2023).

<sup>114</sup> Arjya Majumdar & Yash Gupta, *Oxford Business Law Blog*, THE HINDENBURG REPORT ON ADANI—A CASE TO REVISIT MINIMUM PUBLIC SHAREHOLDING REQUIREMENTS (2023), <https://blogs.law.ox.ac.uk/blog-post/2023/02/hindenburg-report-adani-case-revisit-minimum-public-shareholding-requirements>

<sup>115</sup> Jayshree P. Upadhyay, *supra* note 113.

<sup>116</sup> SEBI, Enhancing disclosures, investor education & awareness campaign, developing alternative distribution channels for Mutual Fund products, etc., CIR/IMD/DF/05/2014 (Issued on March 24, 2014). See SEBI to launch campaigns for awareness on risky investments, MONEYLIFE DIGITAL (2015), <https://www.moneylife.in/article/sebi-to-launch-campaigns-for-awareness-on-risky-investments/40746.html> (last visited Dec 1, 2023).

available to a wider range of stakeholders as a result of digitization, which has improved shareholder education and the effectiveness of proxy firms' influence over voting.<sup>117</sup> As proxy firms become more visible, they may also be able to capture the attention of retail investors who have historically been less active in voting compared to institutional investors.

Needless to overstate, the above measures can neutralize much of the resistance against the proxy firms from the corporate boards and the companies generally. In an improved ecosystem for proxy firms, the stereotypes like legacy, eminence, and indispensability of individuals shall also diminish.

The discussion on corporate governance in India is dominated by issues of ownership concentration and promoter control in companies. This has raised serious questions about the protection of minority shareholders.<sup>118</sup> Proxy advisory firms have emerged as key players in promoting shareholder activism and improving minority shareholder rights in India. These firms empower minority shareholders to actively participate in the decision-making process and hold companies accountable for their actions.<sup>119</sup> Despite the progress made in recent years, there is still a long way to go in terms of improving and enforcement of the rights of minority shareholders in India.<sup>120</sup> However, proxy advisory firms play a crucial role in promoting transparency and accountability in corporate governance practices. They assist in making sure that businesses are held responsible for their activities and that minority shareholders have a role in the decision-making process by offering advice on voting and other issues. As a result, proxy advisory services are now crucial for encouraging shareholder activism and defending minority shareholders' interests in India.<sup>121</sup> Greater spread of research undertaken by proxy firms shall improve the overall corporate governance and pave the way for the assimilation of the Indian corporate landscape with the best global corporate practices.

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<sup>117</sup> Biju Varkkey and Virangi Shah, *supra* note 68.

<sup>118</sup> Umakanth Varottil, *supra* note 8. Souvik Ganguly & Aman Bagaria, *Why Proxy Advisors will assume greater significance in coming years*, VCCIRCLE (2020), <https://www.vccircle.com/why-proxy-advisors-will-assume-greater-significance-in-coming-years> (last visited Dec 27, 2023).

<sup>119</sup> Narayanan, Nikhil, *supra* note 31.

<sup>120</sup> Shaneen Parikh & Namita Shetty, *Protection and Redressal of Minority Shareholder Rights*, CYRIL AMARCHAND MANGALDAS (2023), <https://corporate.cyrilamarchandblogs.com/2023/03/protection-and-redressal-of-minority-shareholder-rights/#:~:text=To%20conclude%2C%20the%20rights%20of,claims%20and%20redress%20minority%20interests> (last visited Dec 27, 2023).

Ekta Selarka, *Ownership Concentration and Firm Value: A Study from the Indian Corporate Sector*, 41 EMERGING MARKETS FINANCE & TRADE 83 (2005).

<sup>121</sup> Garg, *supra* note 7.

## IX

### Conclusion

The last few decades have catapulted India to the league of world-beating economies. Backed by a strong demographic dividend, India is poised to remain a bellwether economy for many years to come. Surging foreign direct investments and the resultant vital role to be played by institutional investors shall make proxy advisor firms pivotal in carving a refreshingly new model of corporate governance in India. The evolution of proxy firms is testimony to the fact that their role starts each time compliance stops.

India finds itself at a critical juncture. Being a preferred destination for investments, it attracts investors of all hues from across geographies. The new investors bring along expectations of the globally accepted norms. But the shareholding pattern in a high percentage of large, listed companies is still skewed in the promoter shareholders' favor. The silver lining, though, is that in the last nearly two decades, the ratio of shares held by institutional investors and promoters has come down from 1:3 to 1:1.5<sup>122</sup>, indicating the arrival of an era of equal debate between the two sections of shareholders. Besides, till now, the proxy firms have raised issues involving employee stock options pre-pricing, compensation and severance compensation, eligibility of independent directors and their tenures, board positions, and RPTs, subjects which strongly bear the overall health of the companies. Going forward, proxy firms need to take a balanced and pragmatic view. They cannot follow a one-size-fits-all approach and must rationalize their recommendations by developing company-specific reports. They also need to strike a balance between higher governance and business practicalities, which shall be crucial for greater acceptance.

India's ascendance as a leading economy of the world shall need the adoption of global corporate governance standards for sustenance. The deftness with which the legislature, the government, the market regulator, and the whole corporate space works towards that end shall be keenly watched and shall chart the future configuration of corporate governance in India.

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<sup>122</sup> PTI, *Domestic market ownership rises for 5th quarter in a row to 24.44% in Dec*, THE ECONOMIC TIMES (2023), <https://economictimes.indiatimes.com/markets/stocks/news/domestic-market-ownership-rises-for-5th-quarter-in-a-row-to-24-44-in-dec/articleshow/97840100.cms> (last visited Dec 26, 2023).