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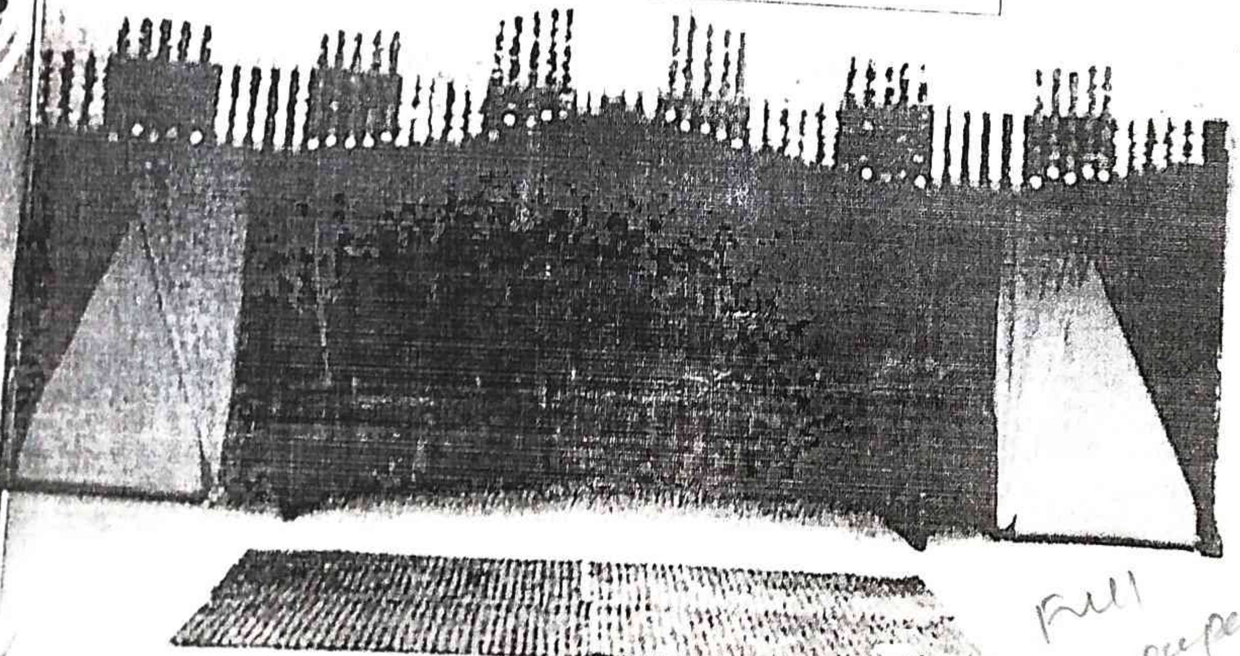

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An Impact of Corporate Governance on the Profitability of Indian Textile Industr[y]

Abstract - In the present era of globalization of business economies, the principle of good corporate governance is essential. The present article studied the impact of corporate governance on the profitability of various Indian textile sectors. The data of the study has been collected from annual reports of textiles companies for the period of five year ranging of 2012-13 to 2016-17. The profitability has been taken as dependent variable and board size, audit committee [illegible] board meetings, non executive directors, directors remunerations as independent variables [illegible] with the help of correlation and OLS regression model applied here in this study. [illegible] confident association is observed between the remuneration and the profitability of Director [illegible] the member of Audit Committee is witnessed negative associated with the profitability. The present study concluded that board size, board meeting and non executive directors do not [illegible] association with the profitability

Keywords - Corporate Governance, profitability, firm performance, board size, board meeting

Corporate governance is a system of structuring, operating, and controlling a company with a view to achieve long-term strategic goals to satisfy its shareholders, creditors, employees, customers and suppliers. Corporate governance plays an important role for enhancement of profitability. The improvement of firms profit is important to attain overall corporate goals.

Durable corporate governance is needed for the all the business organizations because it plays an essential role in the management of administrations in both developed and developing countries.

Developed countries vary from developing countries in many ways. For developing countries like India, respectable corporate governance is avital tool for globalization of business organizations. Good corporate governance consists of clearnessprinciple, accountability principle, obligation principle, independence principle and fairness principle which have direct effect on corporate performance. Good corporate governance does not only enrich the profitability but also raises firm performance.

By improving the overall presentation of companies and increasing their access to outside capital, good corporate governance pays toward economic stability that reduces the vulnerability of the monetary crises. It reduces cost of capital and transaction cost. Corporate governance concerns with the relationship among management, board of directors, controlling shareholders, monitoring shareholders and other stakeholders.

Poor corporate structure results indiscipline, both on the part of management and workers. Unwell governed corporations not only pose a risk to themselves, but they also cause barrier to others and could indeed pull down capital market. For instance, the poor governance of a systematically important firm would pose a threat to the economy. Irrespective of how sound macroeconomic policies are, if entities are not well governed, the macro-economic purposes may not be reached. Thus, corporate governance is significant for all types of business bodies.

II. LITERATURE REVIEW

Correctly applied corporate governance ethics in the organization may rise the profitability and returns, improve its effectiveness, credibility and improve relations with key stakeholders such as investors, business partners, employees, customers, etc.(Todorovic, 2013) Kumar and Nihalani (2014) investigated the effect of corporate governance on the performance of Indian Banks and found that