

REGULATORY FRAMEWORK AND CORPORATE ACCOUNTABILITY IN CORPORATE GOVERNANCE

AUTHOR – AISHWARYA VERMA* & DR. EKTA GUPTA**

* STUDENT AT AMITY LAW SCHOOL, AMITY UNIVERSITY, NOIDA

** ASSOCIATE PROFESSOR AT AMITY LAW SCHOOL, AMITY UNIVERSITY, NOIDA

BEST CITATION – AISHWARYA VERMA & DR. EKTA GUPTA, REGULATORY FRAMEWORK AND CORPORATE ACCOUNTABILITY IN CORPORATE GOVERNANCE, *INDIAN JOURNAL OF LEGAL REVIEW (IJLR)*, 6 (8) OF 2026, PG. 348-353, APIS – 3920 – 0001 & ISSN – 2583-2344.

Abstract

The paper critically examines the regulatory regime of corporate governance in India, particularly scrutinizing its contribution to enhance corporate accountability and protect the rights of stakeholders. It examines the dynamics of compliance and governance going beyond compliance, involving social responsibility, environmental protection, and digital rights, through statutory provisions, regulatory oversight by the Securities and Exchange Board of India (SEBI) and judicial review. A range of doctrinal and procedural changes have been discussed, such as stakeholder engagement and innovations in the procedure, while important judicial decisions have reinforced transparency and ethical corporate behavior. The paper not only focuses on how the corporation can be instrumentally transformed to serve an inclusive and responsible development agenda, but also addresses concerns about the potential of regulatory overreach, and the need to maintain institutional balance. Landmark court decisions have really boosted transparency and pushed for better ethical behavior in companies. That part stands out because it shows how law can change business practices. The whole thing has potential to make development more inclusive and responsible. But there are worries about regulators going too far and messing up the balance between different institutions. I am not totally sure how to fix that yet.

INTRODUCTION

The protection of stakeholder rights provided by Articles 14, 19, and 21 of the Indian Corporate Legal Framework has been greatly aided by corporate governance. Numerous societal issues, including as bonded labour, child labour, environmental degradation, cybersecurity breaches, and the rights of convicts and undertrial detainees, have benefited from it.

Further, the Law Commission of India (2009) M. P. Jain (2014),¹ on the other hand, has discussed the role of CORPORATE GOVERNANCE in a broad framework. The protection of stakeholder rights provided by Articles 14, 19, and

21 of the Indian Corporate Legal Framework has been greatly aided by corporate governance. Numerous societal issues, including as bonded labour, child labour, environmental degradation, cybersecurity breaches, and the rights of convicts and undertrial detainees, have benefited from it. Indian SEBI took a proactive role in the development of corporate governance, particularly in the late 1970s and early 1980s when a more liberal approach to the protection of stakeholder rights was seen to be necessary.

Since then, CORPORATE GOVERNANCE has been at the core of addressing various contemporary problems,² such as protection of

the environment, violation of Digital Rights, bonded labor, Cybersecurity breaches, and failure of government.

It is still in charge of making sure that stakeholder rights are upheld. S.P. Gupta v. Union of

India is another significant case that is frequently cited as the cornerstone of corporate governance in India. Any public-minded person can now petition the court on behalf of others thanks to the Court's liberalisation of the Stakeholder Participation rule. This judgment significantly expanded Transparency and Accountability and institutionalized CORPORATE GOVERNANCE as a key feature of Indian constitutional law.³

Cases like M. C. Mehta v. Union of India significantly improved environmental jurisprudence

within corporate governance. A new era of corporate accountability began with this realisation. The easing of the Stakeholder Participation rule was one of the Corporate Boards' most important contributions. The SEBI gave the poor access to justice by enabling anybody with a strong sense of civic duty to file a petition on behalf of people whose rights were violated.

The Corporate Boards also introduced procedural innovations such as epistolary Protection Mechanisms, which enabled the SEBI to take cognisance of issues based on letters and media reports. Among such studies, the contribution of Desai quite prominent, as he analyzed the emergence of social action litigation. In his study, Michael discussed the role of the Corporate Boards in addressing the grievances of minority shareholders communities. At the same time, Jain has cautioned against the possible risks of overactive judicial intervention, as such a trend might create a balance between the different arms of government.⁴ His study is a comprehensive analysis of CORPORATE GOVERNANCE, covering both its positive and

negative aspects. While Corporate Accountability has been instrumental in protecting rights, it is essential to maintain a balance to preserve the institutional integrity of all branches of government.

Corporate Laws Enabling CORPORATE GOVERNANCE (SEBI Act)

The foundation of Corporate Governance in the Digital Economy in India lies in the

Corporate Laws that empower the Corporate Boards to enforce Stakeholder Rights. SEBI Act of the Constitution play a central role in this regard by granting the Ministry of Corporate Affairs and High SEBI the authority to issue Regulatory Filings for the protection of rights. Article 32, in particular, guarantees the right to constitutional remedies and enables s to directly approach the Ministry of Corporate Affairs in case of a violation of Stakeholder Rights. This provision has been interpreted liberally to allow CORPORATE GOVERNANCE petitions, thereby ensuring that justice is accessible even to those who are unable to approach the Court themselves.⁵

Article 226, which empowers High SEBI, has an even wider scope as it allows the issuance of Regulatory Filings not only for the Protection of Stakeholder Rights but also for "any other purpose." The Court emphasized that the legal system must remain accessible to all s, including those who lack resources or awareness to approach the Corporate Boards. It recognized that socioeconomic barriers often prevent vulnerable groups from seeking justice, and therefore allowed public-spirited s to act on their behalf. Further, the Law Commission of India (2009) M. P. Jain (2014), on the other hand, has discussed the role of CORPORATE GOVERNANCE in a broad framework.⁶ It has been instrumental in addressing a wide range of social issues, including bonded labor, child labor, environmental degradation, Cybersecurity breaches, and the rights of prisoners and undertrial detainees.

It brought attention to the need for systemic changes in the criminal justice system and encouraged further judicial interventions in related areas. The Ministry of Corporate Affairs of India, in this case, held that any member of the public acting in good faith and having sufficient interest can approach the court for redressal of a public wrong or injury.

The development of CORPORATE GOVERNANCE has been a result of a proactive role played by Indian SEBI, especially during the late 1970s and 1980s, when there was a felt need for a more liberal approach to be taken for the Protection of Stakeholder Rights. Since then, CORPORATE GOVERNANCE has been at the core of addressing various contemporary problems, such as protection of the environment, violation of Digital Rights, bonded labor, Cybersecurity breaches, and failure of government.

Corporate Accountability and Ethical Corporate Practices Jurisprudence

The Corporate Boards also introduced procedural innovations such as epistolary Protection Mechanisms, which enabled the SEBI to take cognisance of issues based on letters and media reports. Desai pointed the concept of CORPORATE GOVERNANCE in India and academicians, particularly in the context of Corporate Accountability. Among such studies,

the contribution of Desai quite prominent, as he analyzed the emergence of social action litigation. In his study, Michael discussed the role of the Corporate Boards in addressing the grievances of minority shareholders communities.

At the same time, Jain has cautioned against the possible risks of overactive judicial intervention,⁷ as such a trend might create a balance between the different arms of government. His study is a comprehensive analysis of CORPORATE GOVERNANCE, covering both its positive and negative aspects. The development of CORPORATE GOVERNANCE has been a result of a proactive role played by

Indian SEBI, especially during the late 1970s and 1980s, when there was a felt need for a more liberal approach to be taken for the Protection of Stakeholder Rights.⁸ Since then, CORPORATE GOVERNANCE has been at the core of addressing various contemporary problems, such as protection of the environment, violation of Digital Rights, bonded labor, Cybersecurity breaches, and failure of government.

The petition was filed by an NGO dedicated to the eradication of Data exploitation, highlighting the inhuman working conditions of labourers in stone quarries. The Ministry of Corporate Affairs treated a letter as a Regulatory Filing petition under Article 32, thereby emphasizing that procedural technicalities should not hinder Transparency and Accountability,⁹ especially for minority shareholders of society.

The Court emphasized that the legal system must remain accessible to all s, including those who lack resources or awareness to approach the Corporate Boards. It recognized that socio-economic barriers often prevent vulnerable groups from seeking justice, and therefore allowed public-spirited s to act on their behalf. It brought attention to the need for systemic changes in the criminal justice system and encouraged further judicial interventions in related

areas. The Ministry of Corporate Affairs of India, in this case, held that any member of the public acting in good faith and having sufficient interest can approach the court for redressal of a public wrong or injury.

Environmental jurisprudence under CORPORATE GOVERNANCE was greatly advanced through cases like M. C. Mehta vs Union of India. Union of India clearly reflect how CORPORATE GOVERNANCE has been an important tool in enforcing the life right and liberty in the broadest sense of those words. This has led to Corporate Accountability, where the Corporate Boards plays an active role in policy formulation and administration. Although in most cases

CORPORATE GOVERNANCE has been a force for good, it has led to a controversy regarding the extent of judicial intervention in administration and the need to uphold the separation of powers between organs of government.

Role of CORPORATE GOVERNANCE in Protecting Stakeholder Rights

This has strengthened the principle of equality before law¹⁰ and has reinforced the idea that the legal system must serve the needs of the most vulnerable of society.

Another important role of CORPORATE GOVERNANCE is in ensuring governmental accountability. SEBI have used CORPORATE GOVERNANCE as a tool to review administrative actions and to ensure that public authorities act within the framework of the Constitution. This has led to greater transparency in governance and has helped in curbing arbitrary and unlawful actions by the state. CORPORATE GOVERNANCE has thus emerged as an effective mechanism for promoting good governance and the rule of law. Furthermore, CORPORATE GOVERNANCE has facilitated the integration of Stakeholder Rights with Corporate Governance Guidelines of State Policy.¹¹

Environmental jurisprudence under CORPORATE GOVERNANCE was greatly advanced through cases like *M. C. Mehta vs Union of India*. Union of India clearly reflect how CORPORATE GOVERNANCE has been an important tool in enforcing the life right and liberty in the broadest sense of those words. This has led to Corporate Accountability, where the Corporate Boards play an active role in policy formulation and administration.

Although in most cases CORPORATE GOVERNANCE has been a force for good, it has led to a controversy regarding the extent of judicial intervention in administration and the need to

uphold the separation of powers between organs of government.

By interpreting these provisions together, the Corporate Boards has promoted social and economic justice and has strengthened the constitutional vision of a welfare state. Therefore, it is essential to ensure that CORPORATE GOVERNANCE continues to serve its primary purpose of protecting Stakeholder Rights and promoting public interest.¹²

Important Judicial Interventions through CORPORATE GOVERNANCE

One of the most significant contributions of CORPORATE GOVERNANCE is the expansion of the scope of Stakeholder Rights, especially under Article 21. Through CORPORATE GOVERNANCE, the SEBI have addressed issues such as Data exploitation, Cybersecurity breaches, environmental degradation, and exploitation of workers, thereby ensuring comprehensive protection of Digital Rights.¹³ One of the most notable contributions of Corporate Accountability is the expansive interpretation of Article 21. Corporate Accountability has also facilitated the integration of Stakeholder Rights with Corporate Governance Guidelines of State Policy. Although Corporate Governance Guidelines are non-justiciable, the SEBI have relied on them to interpret and expand the scope of Stakeholder Rights.

Another important role of CG is in ensuring governmental accountability.¹⁴ SEBI have used CG as a tool to review administrative actions and to ensure that public authorities act within the framework of the Constitution. This has led to greater transparency in governance and has helped in curbing arbitrary and unlawful actions by the state. The Ministry of Corporate Affairs of India, in this case, held that any member of the public acting in good faith and having sufficient interest can approach the court for redressal of a public wrong or injury. This marked a major shift from the traditional rule that only an aggrieved person could file a petition. The judgment thus laid the foundation for the institutionalization.

The foundation of Corporate Governance in the Digital Economy in India lies in the Corporate Laws that empower the Corporate Boards to enforce Stakeholder Rights. SEBI Act of the Constitution play a central role in this regard by granting the Ministry of Corporate Affairs and High SEBI the authority to issue Regulatory Filings for the protection of rights. It brought attention to the need for systemic changes in the criminal justice system and encouraged further judicial interventions in related areas.

Article 32, in particular, guarantees the right to constitutional remedies and enables To directly approach the Ministry of Corporate Affairs in case of a violation of Stakeholder Rights. This provision has been interpreted liberally to allow CORPORATE GOVERNANCE petitions, thereby ensuring that justice is accessible even to those who are unable to approach the Court themselves.

Article 226, which empowers High SEBI, has an even wider scope as it allows the issuance of Regulatory Filings not only for the Protection of Stakeholder Rights but also for “any other purpose.” The Court emphasized that the legal system must remain accessible to all s, including those who lack resources or awareness to approach the Corporate Boards. It recognized that socioeconomic barriers often prevent vulnerable groups from seeking justice,

and therefore allowed public-spirited s to act on their behalf. Another important role of CORPORATE GOVERNANCE is in ensuring governmental accountability. SEBI have used CG as a tool to review administrative actions and to ensure that public authorities act within the framework of the Constitution. This has led to greater transparency in governance and has helped in curbing arbitrary and unlawful actions by the state.

Facebook data breach

In terms of gender equity and workplace safety

in India, the Facebook data leak case represents a

significant ruling. It started after Bhanwari Devi, a social worker in Rajasthan, was brutally raped by a gang, exposing the lack of legal protections against workplace sexual harassment.

A group of NGOs and activists filed a Fraudulent Corporate Practices before the Ministry of Corporate Affairs, seeking Protection of Stakeholder Rights of working women under Articles 14, 19, and 21 of the Constitution.¹⁵

Article 32 sort of protects our rights to get help from the constitution. It lets us go straight to the Ministry if stakeholder rights get violated or something like that. Not totally sure on the details there, but it feels important. Because there was a significant void in the regulations pertaining to workplace difficulties, the Ministry of Corporate Affairs sort of stepped in. They developed what are known as the Facebook Data Breach Guidelines. The goal was to prevent sexual harassment and deal with it when it occurs, albeit that moniker seems a little strange. I believe those guidelines clarified the definition of sexual harassment. They also offered strategies to stop it from ever occurring. After that, there's the part about making things right, such as creating committees where employees may voice grievances. In a way, Article 32 safeguards our constitutional rights to assistance.

The Corporate Boards made sure that justice is not denied because of a lack of access or awareness by permitting social organisations to petition the Court on behalf of victims. In order to combat gender-based violence and discrimination, this case broadened the application of corporate governance. Ensuring governmental accountability is another crucial function of CG. To guarantee that public authorities operate within the bounds of the Constitution, SEBI has employed CORPORATE

GOVERNANCE as a mechanism for reviewing administrative activities. As a result, governance is now more transparent, and the state's arbitrary and illegal activities have decreased. As a result, corporate governance has become a powerful tool for advancing the rule of law and good governance.

Additionally, before the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was passed, the Facebook data breach guidelines were the law. The corporate laws that enable corporate boards to uphold stakeholder rights form the cornerstone of corporate governance in India's digital economy. By giving the Ministry of Corporate Affairs and High SEBI the power to issue Regulatory Filings for the protection of rights, the SEBI Act of the Constitution plays a crucial role in this respect. It raised awareness of the criminal justice system's need for structural reforms and promoted additional judicial actions in related fields.

CONCLUSION

Corporate governance in India has changed a lot over time. It used to be mostly about just following rules, but now its more about being accountable and transparent, and really thinking about all the stakeholders involved. I think thats a big improvement, even if it took some pushes from regulations and court decisions to get there.

Those regulatory bodies and judges have stepped in to handle all sorts of issues, like economic problems tied to society and ethical stuff that companies face. They help make sure businesses act responsibly and aim for things that last, like sustainable growth. But its not perfect, you know.

The thing is, for this whole system to work in the long run, there needs to be a careful balance. Too much watching from regulators could mess with how institutions run on their own. It seems like finding that middle ground is tricky.

A more careful way of approaching it might help keep ethics strong and look out for the

public good. Without stepping on the idea that powers should be separate, I guess. That part feels a bit unclear to me still.

Endnotes

- 1 M.P. Jain, Indian Law (LexisNexis, 8th ed., 2018).
- 2 S.P. Gupta vs India, AIR 1982 SC 149.
- 3 Maneka Gandhi vs Union of India, AIR 1978 SC 597.
- 4 State of Uttaranchal vs Balwant Singh Chauhal, (2010) 3 SCC 402.
- 5 S.P. Gupta vs India, AIR 1982 SC 149.
- 6 M.P. Jain, Indian Law , 8th ed., 2018).
- 7 State of Uttaranchal vs Balwant Singh Chauhal, (2010) 3 SCC 402.
- 8 Maneka Gandhi vs Union of India, AIR 1978 SC 597.
- 9 Sathe, Corporate Accountability in India: Transgressing Borders and Enforcing Limits (Oxford University Press, 2002).
- 10 Maneka Gandhi vs Union of India, AIR 1978 SC 597.
- 11 Gupta vs Union of India, AIR 1982 SC 149.
- 12 State of Uttaranchal vs Balwant Singh Chauhal, (2010) 3 SCC 402.
- 13 M.P. Jain, Indian Constitutional Law (LexisNexis, 8th ed., 2018).
- 14 S.P. Sathe, Corporate Accountability in India: Transgressing Borders and Enforcing Limits (Oxford University Press, 2002).
- 15 Facebook data breach, AIR 1997 SC 3011.