

# Corporate Governance - A Concern in MFIS in India

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Over the last few years, increased attention has been devoted to micro financing by academicians interested in development issues. The term corporate governance came into vogue following the Asian Economic Crisis in July 1997. Good corporate governance is more than just a high moral value- it is economic value or economic profit. On the 14<sup>th</sup> of October 2010, the World Microfinance Forum, Geneva organized a debate on the need for better corporate governance to ensure the sustainability of the microfinance industry. The World Microfinance Forum believed that a governance platform can lead to lasting improvements to governance in Microfinance, to ensure the long-term sustainability of this industry. This shows the extent of impact good corporate governance has on ensured sustainability. It is clear inclusive growth is necessary for sustainable development and equitable generation of wealth across economies. However, achieving this is a major challenge in developing economies like India where sustenance is a possible result of corporate governance in framing and executing, transparency across boards and futuristic policy for growth. Corporate governance is definitely a part of the larger framework of the term transparency. Shareholder-owned microfinance institutions (MFIs) are playing an increasing role in the delivery of financial services to the poor. Shareholder-owned MFIs are for-profit, limited liability companies, whose ownership is in the hands of multiple shareholders. Most are licensed financial institutions – finance companies and banks. This paper discusses the corporate governance issues, the relevance of these issues in the microfinance industry in India and what could help create good corporate governance in an institution.

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