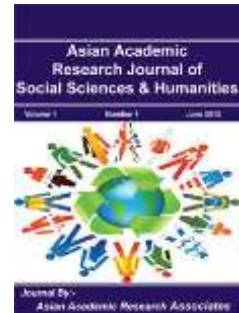




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**CORPORATE GOVERNANCE IN CAPITAL MARKET: BALL IS IN THE
INVESTORS' COURT**

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ABSTRACT

Earlier the government was expected to ensure good corporate conduct. Most shareholders believed that stringent government controls would prevent malpractices of the corporations for fear of punishment. However, there was a growing realization that government was not always the best guardian of public interest. Shareholders began to feel the need for market driven corporate governance that would be more democratic and flexible. This led to the birth of self-imposed corporate governance within the corporate system. The active participation of various stakeholders like shareholders, financial institutions, etc. have strengthened the corporate governance mechanism and helped it to evolve beyond a set of static rules. Many factors have contributed to the evolution of corporate governance. In the present paper, the author will analyze the imperatives and challenges to the corporate governance in the light of the special role of the investors, more particularly the role of retail investors in the present business challenges and scenario. This, in view of the author, is a neglected angle in the spectrum of studies in corporate governance at its core.

Key Words: *corporate governance, capital market, investors' activism, demand for and supply of corporate governance, ethical orientation of government*
