

Journey towards strong governance a work in progress: Deepak Parekh

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India's journey towards strong **governance** is still a work in progress and it is imperative that **governance** reforms are brought in at the state level and at the same time the focus should be on improving the ease of doing business, having a stable regulatory and tax regime, which can offer confidence to long-term investors and those with **capex** plans so that the country can progress to a different level, said Deepak Parekh, chairman, HDFC Ltd on Thursday.

Speaking at an event titled "Gatekeepers of Governance", Parekh said, "For certain, there can be nothing more beneficial for an economy than instituting **governance** reforms. We need to remain alert for as they say, a lot of good things happen in bad times, but conversely, a lot of bad things also happen in good times".

The ultimate objective is that corporate governance systems must become simpler; not more complicated. They must rely more on trust and ethical behaviour rather than compliance. But the key question is why do we keep getting tied up in knots as far as corporate governance is concerned? The simple answer is because it is all about people and varying levels of integrity, Parekh said.

On the economy, Parekh said, India is amongst the very few countries globally that has more tailwinds than headwinds. And this is not because the global outlook is clouded with heightened geopolitical risks, recessionary fears and a cost-of-living crisis, but because of the fundamental changes that the Indian economy has made.

"Much of these changes seen on the ground is because of significant institutional and legislative based governance reforms. GST, e-way bills, direct benefit transfers, e-bidding, digital payments, RERA, IBC, faceless tax, assessments are some amongst several others", Parekh said.

On ESG (Environmental, Social, and Government) while India may look at global best practices, it is important to have ESG frameworks that work for the country.

"Now due credit must also be given to SEBI for the Business Responsibility and Sustainability Reporting
∴ The BRSR report is meaningful because again, it is an

indigenous framework. It is equally important for international investors to accept our indigenous ESG frameworks", Parekh said.

India has held its ground well on the climate debate so far and one is seeing very encouraging transformational progress in India -- be it in renewables, green hydrogen, EVs, the production incentive schemes for components like solar panels, fuel cells etc. The recent announcement of the sovereign green bond framework is another significant step for India. Green governance will be critical for India especially if the country wants to attract long-term capital, Parekh said.



HDFC Chairman Deepak Parekh