

More Ind Directors Board India Inc Despite Rise in Financial Frauds

Deloitte survey shows
63% independent
directors willing to be
a part of organisation
that experienced fraud

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● 2020 ● 2021

Independent
Directors
appointed in
NSE-listed
companies
in CY

1,018



1,150



RESIGNATIONS

995 778



VACANCIES

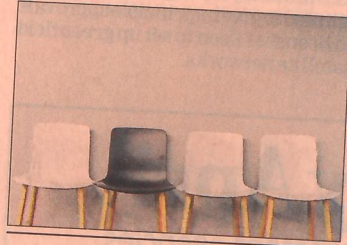
309 242



willing to join even if they are aware that the company has been engaged in fraud. The corporate spectrum has seen a jump in appointments of independent directors even as cases of financial statement fraud, bribery, corruption or technology-related fraud are emerging as Covid has made companies increasingly rely on technology.

Resignations Drop >> 7

Resignations Decline



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According to data provided by Prime Infobase, more independent directors have joined boards in 2021 at 1,150 compared to 1,018 in 2020. The data also shows fewer vacant seats and resignations of independent directors. Resignations fell to 778 from 995 earlier and vacancies dropped from 309 seats 242 in 2021 for the same period. "We have nearly 31,000 total directors on board. With over 300 courses for independent directors, we have trained at least 10,000 directors in the last 2 years," said JS Ahluwalia, president, Institute of Directors.

Around 63% of independent directors said they are willing to be a part of an organisation that has experienced fraud, which was not the case earlier, according to a recent Deloitte report.

The study said that independent directors are vigilant in terms of how the business is performing, exercise highest prudence in terms of providing oversight on the entire business operations, fraud risk management and ask relevant questions to the board.

"I see a 'healthy tendency' of independent directors joining organisations even if a company has experienced fraud which was not the case earlier," says G Mahalingam, former whole-time director of Sebi and now an independent director on boards such as LIC.

"There is lesser apprehension as independent directors have also accepted fraud cannot be eliminated completely, but one can do enough to at least minimise the risk of fraud, at least from a magnitude standpoint," says Mahalingam.