

Current affairs noticeboard

Conclusion

A study by Wilson and Purushothaman, 2003, from Goldman Sachs conclude that in 2050 India will be the third largest economy in the world (p.4). Many Australian companies who wish to increase trade and investment with India would require information about corporate regulation in India.

In this month's edition of *Current Affairs Noticeboard* we have examined regulation in India relating to corporate governance, the auditing profession and auditor independence. We have found firstly that the issues debated in India bear a striking resemblance to the issues debated in Australia. Corporate governance and audit are two areas of regulation where the company itself bears the cost of regulation. Thus, governments around the world who wish to save valuable resources will strengthen regulation in these two areas.

Similar to Australia, the suggested reforms to corporate governance, the auditing profession and auditor independence have been subject to debate and thus the final reforms introduced will be a diluted version of those originally introduced. Reforms finally introduced in a country is a trade-off between the need to introduce various accountability measures that protect resources held by a company against the costs incurred in introducing these reforms. One major cost in introducing reforms is management's attention being diverted from creating wealth. In market-based economies it is left to investors and other stakeholders to assess whether businesses in a particular country have the balance right. Based upon this assessment stakeholders will determine if they wish to continue to do business in that particular country.

References

Wilson Dominic and Purushothaman, 2003, *Global Economics No: 99: Dreaming With BRICs: The Path To 2050*, October, www.gs.com/insight/research