

## **Corporate Governance and Firm Performance: Empirical Evidence from India**

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**Abstract :** The paper attempts to analyze linkages between corporate governance and firm performance in India. The study employs a panel data of 50 Nifty companies from 2008 to 2012. Using LSDV panel data model and 2SLS model the study reveals that that good corporate governance practices adopted by companies is positively related with financial performance. Board independence, number of board committees and executive compensation are found to have positive relationship while ownership by promoters and financial leverage have negative relationship with performance. There is existence of bi-directional relationship between corporate governance and financial performance. Companies with sound financial performance are more likely to conform to corporate governance norms and standards and implement sound corporate governance system. The findings indicate that companies can enhance business performance and sustainability by embracing sound corporate governance practices.

**Keywords :** board structure, corporate governance, executive compensation, ownership structure

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