Indian Economy · GS - III

In technology-intensive industries, corporate governance failures can extend beyond shareholder interests to national security and strategic technological capabilities. Analyse the role of board independence, executive accountability and institutional oversight in addressing such risks.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
10	~150 words

Answer Hint

Corporate governance, board independence, fiduciary responsibility, executive accountability, conflict of interest, cybersecurity, strategic technologies, national security, regulatory oversight, stakeholder protection.

Model Answer

Introduction

The growing strategic importance of artificial intelligence, semiconductors and digital infrastructure has expanded corporate governance concerns beyond profitability to national security and technological sovereignty.

Key Governance Challenges

- **Concentration of power:** Excessive dependence on a founder-CEO can weaken institutional checks and succession planning.
- **Conflict of interest:** Undisclosed personal or financial relationships may create reputational, ethical and security risks.

- **Information security:** Sensitive technologies, intellectual property and proprietary data require robust protection.
- **Regulatory complexity:** Multinational technology firms operate across jurisdictions with differing disclosure and security requirements.

Role of Institutional Oversight

1. **Independent boards:** Strengthen objective decision-making and scrutiny of executive conduct.
2. **Risk management:** Establish cybersecurity protocols, conflict-of-interest disclosures and internal audits.
3. **Executive accountability:** Ensure transparent succession procedures and performance evaluation.
4. **Regulatory coordination:** Facilitate cooperation between corporate regulators and national security institutions within the law.
5. **Ethical leadership:** Promote organisational integrity and whistle-blower protection.

Conclusion

Corporate leadership must combine innovation with accountability. Strong board oversight and transparent institutions are essential to protect both shareholder interests and strategic national capabilities.

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