Designing a Corporate Governance Index for Indian Healthcare Organisations: A Longitudinal Panel Data Analysis of Listed Hospitals

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Abstract
Purpose: This study attempts to create a standardized and quantifiable Corporate Governance Index (CGI) to assess the corporate governance practices of India's listed private hospitals, which will provide stakeholders a consistent, measurable way to assess the quality of governance to make better decisions.
Methodology: Data from the top 10 listed healthcare organisations in India over five financial years (2019–20 to 2023–24) was used in a longitudinal panel data study. Six essential governance components served as the foundation for the CGI construction: Board Composition, Board Meetings, Audit Committee, Shareholder Grievances Committee, Remuneration Committee, and Disclosure Practices. Weighted scores were applied to each component to get the total CGI.
Findings: The study revealed significant differences in corporate governance practices between the listed hospitals. The results highlight the necessity of better board monitoring and regulatory compliance in order to raise governance standards in the healthcare industry.
Practical Implications: The proposed CGI can be used by regulators, legislators, investors, and healthcare management to evaluate and track governance procedures. Additionally, it gives healthcare organisations advice on improving their governance structures, which will increase stakeholder trust and transparency.
Novel Contribution: This research is the first to address a critical gap in the literature by developing a CGI especially for the healthcare industry in India.

Keywords: Corporate Governance, Health Governance, India, Index, Healthcare, Listed Hospitals, Clause 49, Board of Directors

Introduction

Corporate governance encompasses the structure, procedures, and techniques to guide and oversee organizations. It guarantees stakeholder accountability for actions and creates systems to match the organization's performance and operations with its mission, vision, and values. Corporate governance in healthcare organizations includes top management, clinical experts, the board of directors, and CEO in leadership and decision-making.

As vital parts of healthcare delivery systems, hospitals face particular difficulties that have made corporate governance even more crucial. The importance of governance frameworks prioritizing accountability, openness, and profitability is growing among policymakers and healthcare institutions. In addition to carrying out their social welfare mission, hospitals can become economically self-sufficient through efficient governance.

Many stakeholders and beneficiaries, each with different and frequently competing interests, are involved in the healthcare sector. A balanced approach that balances organizational objectives with the expectations of various stakeholders is required due to this complexity. The recent change in the healthcare industry's corporate governance focus from stakeholder-centric to patient-centric reflects a stronger commitment to delivering high-quality treatment. The healthcare industry in India is subject to stringent regulations that are upheld by several laws and rules designed to promote good corporate governance. In particular, listed hospitals must have governance practices guaranteeing financial transparency and adherence to legal requirements. In 1998, the Confederation of Indian Industry (CII) created a corporate governance code, marking the beginning of corporate governance in India. The recommendations made by the Kumar Mangalam Birla Committee in December 1999 were included in Clause 49 of the listing agreements for all Indian stock exchanges. The Companies Act of 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations of 2015 (LODR) are the main sections of the law that regulate corporate governance in India's listed hospitals. Board composition, the function of audit committees, non-executive directors, and improved disclosures were highlighted in this original framework (Bhat & Jain, 2006).Evaluating corporate governance's overall health can be challenging due to its complicated nature. It entails processing large amounts of data across many different factors. A thorough Corporate Governance Index is succinct for illustrating governance quality using quantifiable metrics. Such an index serves as a rating system for organisations and aids regulators in assessing the success of governance initiatives. Healthcare organisations can better understand the importance of putting strong governance processes in place by applying this index.

In today's business operations, corporate governance (CG) is essential to maintaining accountability, transparency, and sustainability. Although corporate governance frameworks in a number of industries have been the subject of much research, little focus has been placed on how they are used in the healthcare industry, especially in developing nations like India. Given its high capital requirements and societal significance, the healthcare sector requires strong governance frameworks to improve service quality, investor trust, and financial performance. Despite the industry's rapid expansion and increased regulatory scrutiny, there is still a serious dearth of a common CGI tailored to Indian healthcare organisations.

This study addresses this knowledge gap by creating a CGI and learning more about the corporate governance procedures of Indian private hospitals that are listed. To the best of our knowledge, no research has been done on the corporate governance index in India's healthcare industry. To achieve the objective of our paper, CGI is constructed for the top 10 listed healthcare organizations as per the market capitalization, considering six components of governance namely (1) Board Composition, (2) Board Meetings, (3) Audit Committee, (4) Shareholder Grievances Committee, (5) Remuneration Committee, and (6) Disclosure Practices. The indices were constructed for 5 financial years (2019-20 to 2023-2024).

Components of Corporate Governance Index

1. **Board Composition Sub-Index**

One of the most crucial governance structures for striking a balance between managers' and shareholders' interests is the board of directors. The board of directors is the cornerstone of corporate governance, which

reduces agency expenses. In order to balance the interests of management and shareholders, they are in charge of establishing goals, monitoring, and overseeing the business's operations.
The board of directors of organisations usually consists of inside or executive directors who work full-time for the company and are involved in day-to-day operations, as well as non-executive or independent members who are mostly advisors and have no executive responsibilities (Sarkar et al., 2012). As per Clause 49(SEBI, 2005), Regulation 17 (LODR) (SEBI, 2015),(SEBI, 2004), if the chairman is a non-executive director, at least one-third of the board should be independent directors, and if he is an executive director, then at least half should be independent directors. This ensures a proper balance is maintained between executive and independent directors (Arora & Bodhanwala, 2018). According to the finance literature, boards with a large number of independent directors are more effective at monitoring management. A board with a relatively high number of independent directors is therefore preferred (Arunima Haldar, 2013). No director may be a member of more than ten committees or chair more than five committees in any of the companies he serves. Each director should also be required to provide an annual report to the firm outlining their committee roles at other companies and to notify the company of any changes when they occur (SEBI, 2005).
CEO Duality is when the board chairperson also serves as the CEO. (A. Chen et al., 2007) argues that CEO duality would improve firm performance in a small business with just one leader, while it would reduce agency costs and boost firm value in a large business. However, (Tien et al., 2013) differs in opinion, claiming that the amalgamation of the CEO and chairman positions would weaken board supervision and negatively affect company performance. If the CEO has two responsibilities that potentially compromise the impartial monitoring of the board, the performance of the company should decrease.
The number of directors on the board determines the corporate board. The board, a company's highest decision-making body, is in charge of guiding senior management's efforts (Arora & Bodhanwala, 2018).(Mwesigwa Rogers, Nasiima Centrine, Suubi, 2014) argues that a well-functioning board should have no more than seven or eight members. Larger boards usually provide access to more contracts and resources, a wider pool of knowledge, and more management oversight. However, smaller boards are more likely to come to an agreement and allow members to engage in sincere discussions and interactions. Contrary to this (Eeckloo et al., 2004) opines that a board with six to twelve members is ideal. A higher number is believed to impede efficient decision-making because it prolongs the procedure and lowers member commitment. Supporting this (Arunima Haldar, 2013)(Al-Daoud et al., 2016) contend that the size and makeup of the board also affect how well the company operates. Larger boards are ineffective because it is more difficult to get a consensus on decisions. It is suggested to have a smaller board size as smaller boards have fewer problems with cooperation and communication. For optimal financial outcomes, the board should consist of seven or eight members. Large boards cause coordination issues and communication breakdowns, which have a detrimental impact on financial performance. (Goel & Sharma, 2020) (VAIDYA, 2019)believed that smaller boards are preferable to larger ones since the former serve more symbolic purposes than carrying out their primary duties.
In addition to offering a range of useful resources, a board of directors made up of individuals with various professional backgrounds can also keep abreast of changes in the outside world. As board members, doctors can apply their medical knowledge to improve hospital quality and organizational performance (K. C. Chen et al., 2021). Similar to the CEO, the medical staff should be seen as significant insiders for hospital boards because of their proficiency in practice and service delivery (Williams, 1995). The female

directors, if included in the board, contribute to the gender diversity, which is crucial for the diverse perspectives to board decision-making (Afriyie et al., 2020). Supporting this, stated that due to easier access to professional and educational opportunities and more amiable boardroom dynamics, female directors should be more skilled and influential in cultures with more gender equality.

As per the above discussions, we take into account the following nine significant factors that characterise the governance situation concerning the board composition.

1. Percentage of independent directors
2. Number of directors as a chairman in more than 5 committees
3. Number of directors as a member in more than 10 committees
4. CEO Duality
5. Board Size
6. Presence of medical professionals on board
7. Presence of experienced managerial professionals on board
8. Presence of female directors on the board
9. Percentage of board members who do not hold another position

2. Board Meetings Sub-Index

The Board will convene not less than four times a year with no more than three months separating any two sessions, and the Board will be provided with the bare minimum of information as required (Clause 49; Section 285 of the Indian Companies Act 1956)(SEBI, 2005)(CAG, 2018).A board's efforts to fulfil its role and participate in the company's effective governance are measured by the number of meetings it holds; best practices codes recommend regular board meetings to help the board carry out its duties effectively. If the circumstances call for close supervision and control, the boards should be ready to meet more frequently. The recovery from poor performance would be improved by this increase (Arunima Haldar, 2013).

As per the above discussions, we consider the following two important variables that characterize the governance with respect to the Board Meetings:

1. Number of board meetings in a year
2. Maximum Gap between two meetings

3. Audit Committee Sub-Index

The audit committee is one of the most important governance tools because it ensures that a company produces sufficient, accurate, and pertinent data that investors and other stakeholders may use to assess the performance of the company. The audit committee ensures that the external auditor has all the information required to carry out the audit process successfully and objectively, and that they are not swayed by the demands and pressures of internal management. The audit committee establishes the limits of the audit and the conditions under which the external auditor may participate. It also periodically assesses the auditor's performance (Sarkar et al., 2012) (Adewuyi & Olowookere, 2008) (Arunima Haldar, 2013). The audit committee must consist of at least three directors. Independent directors ought to make up two-thirds of the audit committee. All members of the audit committee must be financially literate, and at least one member must have prior experience in accounting or related financial management. At least four meetings of the audit committee must be held annually. Although the quorum might be as few as two members or as many as one-third of the audit committee's members, whichever is greater, there should be at least two independent members present (SEBI, 2004).

As per the above discussions, we consider the following five important attributes that describe the state of governance concerning the audit committee:

1. Size of Audit Committee
2. Percentage of independent directors
3. Educational qualification of members
4. Number of meetings held in a year
5. Quorum

4. Shareholder Grievance Committee Sub-Index

India has made significant progress in the area of investor grievance redress. One factor that has helped in this direction is the regulatory pressure on companies. The resentful investor may submit a complaint with the company, SEBI, or the Registrar of Companies. Clause 49 mandates the establishment of a Shareholders' Grievance Committee with an independent director to investigate the settlement of shareholder and investor complaints (Arunima Haldar, 2013) (SEBI, 2005) (La Porta et al., 2002).

As per the above discussions, we consider the following two important attributes that describe the state of governance concerning the shareholder grievance committee sub-index:

1. Number of Investor Grievance Committee meetings held
2. Percentage of independent directors

5. Remuneration Committee Sub-Index

In India, SEBI included the Committee's suggestion in Clause 49 under the non-mandatory category. Globally, excessive executive director compensation is still a concern. Executive directors shouldn't set their own compensation scale in order to prevent conflicts of interest. According to international listing regulations and best practice codes, a compensation committee made up entirely or mostly of independent directors must be established in order to provide the board of directors with advice regarding executive director and other senior executive compensation packages, including the CEO's. These packages must include salary, fees, stock options, pension benefits, and other perks. The purpose of the compensation committee is to make sure that pay plans meet the needs of shareholders and other stakeholders while supporting the company's strategic goals and facilitating the hiring, retention, and motivation of senior executives, while adhering to regulatory and governance body requirements (SEBI, 2005)(Arunima Haldar, 2013)(G, 2013).

As per the above discussions, we consider the following three important attributes that describe the state of governance concerning the remuneration committee sub-index:

1. Percentage of independent directors
2. Committee chaired by Independent Director
3. Quorum at the Remuneration Committee meeting

6. Disclosure Practices Sub-Index

Transparency and disclosure are the cornerstones of corporate governance in any organisation. Generally speaking, the nation's corporate laws govern this matter. Codes of best practices and guidelines in certain countries supplement the legal obligations regarding the disclosure of pertinent information and company

policies.
The board of directors is required by standards to report financial information. Strong management information systems, active board committees, appropriate internal control systems and processes, and the boards' careful oversight and supervisory function are all necessary for the CG principles and practices to be effective. The Companies Act of 1956, the Securities Contracts (Regulation) Act of 1956, the Listing Agreement with the Stock Exchange, including Clause 49, and the SEBI regulations all regulate information disclosure in India. These regulators oversee the disclosure of information about the company, its operating and financial performance, key executives and their compensation, major shareholders and their voting rights, governance structures and policies, and materially foreseeable risk factors. Annual reports must be prepared by companies and sent to stock exchanges, MCAs, ROCs, and shareholders. The report's legally required contents include the following: the chairman's statement, the management discussion and analysis report (MDAR), the director's report, the balance sheet, the profit and loss account, the notes, the discussion of significant accounting policies, the auditor's opinion, the segment accounts, and the cash flow statement. Due to legislative obligations, as well as an understanding of the significance of public disclosures and stakeholder empowerment for generating and maintaining shareholder value, the quality of disclosures has improved recently.
As per the above discussions, we consider the following sixteen important attributes that describe the state of governance concerning disclosure practices sub-index:

1. Corporate Governance Philosophy
2. Contingent Liabilities
3. Related Party Transactions (RPT)
4. Remuneration to Directors
5. Non-compliance, Penalty or Stricture
6. Accounting treatment
7. Code of conduct
8. Whistle Blower Policy
9. Management Discussion and Analysis Report
10. CEO/CFO Certification
11. Compliance Report on Corporate Governance
12. Training of the Non-Executive Directors
13. Postal Ballot Facility
14. Company Website is timely updated with Governance Report and Annual Report
15. Compliance Officer (CG Report)
16. Non-mandatory Requirement (CG Report)

Methodology for Developing Corporate Governance Index (CGI)

CGI is constructed using following steps. Initially a sub-index is created for all the six corporate governance dimensions for all five years under study. To construct sub-index the variables are scored within specified governance mechanism using binary coding. Further the scores of all the variables within the specific governance mechanism is aggregated and is then divided by the maximum possible score. Similarly, the score of each sub-index is calculated for all the ten hospitals for all five years. The average of all the scores of each sub-index is taken for each year and CGI for each hospital is calculated. (Thanh

Tu et al., 2014)(Arunima Haldar, 2013)The scoring is done as per the standards specified in Clause 49(SEBI, 2005),Regulation 17 (LODR) (SEBI, 2015),(SEBI, 2004), Companies Act, 2013 (CAG, 2018). The study's sampling of hospitals was based on those listed as per Market capitalisation (BSE) in the CMIE Prowess IQ (1.96) database. The secondary data was taken from the annual reports of the hospitals that were the subject of the study and the Centre for Monitoring Indian Economy (CMIE) Prowess IQ (1.96). (Bhat & Jain, 2006) (Mukherjee & Sen, 2022).Six experts in the field were engaged in order to guarantee the content validity of the CGI. The specialists were chosen on the basis of their extensive experience and educational credentials in healthcare administration, financial analysis, and corporate governance. The goal was to assess the suggested indices and variables' relevance, clarity and comprehensiveness. Each expert was given a thorough explanation of each of the six elements of the CGI, which included (1) Board Composition, (2) Board Meetings, (3) Audit Committee, (4) Shareholder Grievances Committee, (5) Remuneration Committee, and (6) Disclosure Practices, as part of a systematic evaluation process. Experts evaluated each of these components' variables, expressing their degree of agreement with each one's significance and representativeness. After the assessment, the experts' comments were examined. The final index did not include variables that were considered irrelevant by the majority of the panel. On the other hand, variables with a high level of agreement were kept. To ensure that the CGI appropriately covers the crucial aspects of corporate governance within Indian healthcare organisations, certain minor modifications were also made to improve the specificity and clarity of several variables. The Corporate Governance Index's methodological soundness is strengthened by this stringent content validity procedure, guaranteeing that it is a strong and trustworthy tool for evaluating corporate governance standards in the healthcare industry. The expert panel's thorough input and agreement support the index's credibility and applicability in both academic and real-world contexts.

Data Analysis

The descriptive statistics of CGI scores from 2019-2024 are presented in Tables I to V. Table VI depicts the overall CGI Score for all 10 hospitals under study for 5 years. The descriptive statistics are calculated using SPSS software.

The Corporate Governance Index for FY 2019–2020 showed that all 10 listed hospitals have a strong governance base. The mean CGI score of 97.20 with a range of 5.0 indicates robust governance practices with moderate inter-organizational variability. The Board Meetings, Shareholder Grievance Committee, Remuneration Committee, and Disclosure Practices sub-indices continuously obtained a perfect mean score of 100 during the five years, according to sub-index analysis. This indicates consistently excellent adherence to governance standards in these domains, most likely due to regulatory requirements under SEBI's LODR (Listing Obligations and Disclosure Requirements) Regulations and the Companies Act of 2013. Interestingly, these sub-indices showed no change (Range = 0) between 2020 and 2024, highlighting the maturity of the sector in these areas.

sub-index, on the other hand, performed worse and more inconsistently, with mean scores that ranged from 88.89 to 91.12 and a constant range of 22.22 for every year. This variance shows that although most organisations comply with board composition regulations, there is still considerable variation in terms of board independence, diversity, or size—factors that are not consistently applied across all hospitals.

From a mean of 92.00 in FY 2019–20 to a consistent 100.00 from FY 2020–21 onwards, the Audit Committee sub-index significantly improved, which might be attributed to either better documentation, policy changes, or board reorganisations to comply with best practices. This pattern suggests that internal controls and financial supervision are becoming more and more important in the industry.

Corporate Governance Index (CGI) Trends

Table I: Corporate Governance Index and its Components for Financial Year 2019-2020

		Board Composition Sub-Index Score	Board Meetings Sub-Index Score	Audit Committee Index Score	Shareholder Grievance Committee Index Score	Remuneration Committee Index Score	Disclosure Practices Index Score	Corporate Governance Index Score
N	Valid	10	10	10	10	10	10	10
	Missing	0	0	0	0	0	0	0
Mean		91.12	100.000	92.000	100.000	100.000	100.000	97.200
Median		88.89	100.000	100.000	100.000	100.000	100.000	97.000
Range		22.22	.0	20.0	.0	.0	.0	5.0
Minimum		77.78	100.0	80.0	100.0	100.0	100.0	95.0
Maximum		100.00	100.0	100.0	100.0	100.0	100.0	100.0

The overall CGI scores exhibit a steady rising trend followed by high-level stabilisation. After rising from 97.20 in FY 2019–20 to 98.40 in FY 2020–21, the mean CGI remained stable in the following years. In FYs 2021–22 and 2022–23, the CGI maintained a mean score of 98.00; however, in FY 2023–24, it returned to 98.40. These high scores show that the sampled hospitals have a consistent, sector-wide commitment to excellent governance procedures.

Furthermore, the small range of CGI ratings amongst enterprises (5.00 in FY 2019–20, dropping to 3.71 in subsequent years) indicates that governance standards are both high and convergent in the industry. Additionally, the minimum CGI ratings climbed from 95.00 in FY 2019–20 to 96.30 in FY 2020–21, indicating a decrease in laggards and a rise in consistency in governance adherence.

Longitudinal Perspective

These results demonstrate a maturity curve in the implementation of governance from a longitudinal perspective. Over time, the initial differences in some areas, especially the composition of the board and the structures of the audit committee, decreased. Effective alignment with industry peer benchmarking and regulatory requirements is shown by the convergence of sub-index scores by FY 2020–21. This also has a favourable effect on how investor expectations and institutional pressures affect board behaviour and governance disclosure standards.

The developed Corporate Governance Index's usefulness as a reliable and repeatable assessment instrument for Indian healthcare organisations is confirmed by its continuously good performance over the years. Additionally, it establishes listed hospitals as leaders in the services sector's governance compliance.

The Corporate Governance Index for FY 2019–2020 showed that all 10 of the listed hospitals have a solid governance base. Strong governance procedures with moderate inter-organizational variability are indicated by the mean CGI score of 97.20. The sub-index analysis reveals that Board Meetings, Shareholder Grievance Committee, Remuneration Committee, and Disclosure Practices achieved perfect compliance (mean and median = 100.00, range = 0), indicating universal adherence to mandatory governance standards. Board Composition had the lowest mean (91.12) and widest range (22.22), highlighting significant differences among hospitals in aspects such as board independence, diversity, and size.

The Audit Committee sub-index showed a range of 20.00, indicating diversity in committee structure, expertise, or meeting frequency, although having a strong mean of 92.00.This foundational year serves as a baseline, revealing both compliance strengths and areas needing enhancement, especially in board structuring and audit oversight.

Table II: Corporate Governance Index and its Components for Financial Year 2020-2021

		Board Composition Sub-Index Score	Board Meetings Sub-Index Score	Audit Committee Index Score	Shareholder Grievance Committee Index Score	Remuneration Committee Index Score	Disclosure Practices Index Score	Corporate Governance Index Score
N	Valid	10	10	10	10	10	10	10
	Missing	0	0	0	0	0	0	0
Mean		91.11	100.00	100.00	100.00	100.00	100.00	98.40
Median		88.89	100.00	100.00	100.00	100.00	100.00	98.00
Range		22.22	.0	.0	.0	.0	.0	4.0
Minimum		77.78	100.0	100.0	100.0	100.0	100.0	96.0
Maximum		100.00	100.0	100.0	100.0	100.0	100.0	100.0

The mean CGI increased to 98.40 in the second year of assessment, indicating significant governance improvements. The Audit Committee's performance greatly improved, reaching a perfect mean of 100.00, demonstrating complete compliance with SEBI's regulatory requirements. These are some of the key features.

Board-related improvements were not yet consistent across hospitals, as evidenced by the consistent mean of 91.11 with a range of 22.22 for Board Composition. Other sub-indices continued to show full compliance (mean and median = 100.00), confirming consistent adherence to operational governance mandates.

Positive sector-wide improvement and a lessening of governance inequities are indicated by the CGI range being reduced to 4.0 and the minimum score increasing to 96.0.

Table III: Corporate Governance Index and its Components for Financial Year 2021-2022

		Board Composition Sub-Index Score	Board Meetings Sub-Index Score	Audit Committee Index Score	Shareholder Grievance Committee Index Score	Remuneration Committee Index Score	Disclosure Practices Index Score	Corporate Governance Index Score
N	Valid	10	10	10	10	10	10	10
	Missing	0	0	0	0	0	0	0
Mean		88.89	100.00	100.00	100.00	100.00	100.00	98.00
Median		88.89	100.00	100.00	100.00	100.00	100.00	98.00
Range		22.22	.0	.0	.0	.0	.0	4.0
Minimum		77.78	100.0	100.0	100.0	100.0	100.0	96.0
Maximum		100.00	100.0	100.0	100.0	100.0	100.0	100.0

Governance maturity became more apparent in FY 2021–2022, notwithstanding a minor fall in the mean CGI to 98.00. The specific results show that Board composition stayed constant (mean = 88.89), indicating enduring differences in board composition, especially in terms of director independence and diversity. The CGI range remained constant at 4.0, indicating slight variations in the implementation of governance reforms across hospitals; all other sub-indices maintained a perfect mean of 100.00, confirming continued high compliance in audit, compensation, grievance redressal, and disclosures.

The majority of governance characteristics are fully compliant this year, except board composition, which remains inconsistent.

FY 2022–2023 strengthened governance uniformity even more. Five of the six sub-indices showed complete compliance, while the mean CGI stayed at 98.00. The CGI's range (4.0) remained constant, while the minimum score (96.0) reaffirmed a strong governance floor across all organisations.The Board Composition score (mean = 88.89, range = 22.22) remained unchanged, indicating stagnation in reforming board practices despite progress in other domains.

All things considered, the year made clear that board restructuring requires strategic attention in order to close the last gap in holistic governance standardisation.

Table V: Corporate Governance Index and its Components for Financial Year 2023-2024

		Board Composition Sub-Index Score	Board Meetings Sub-Index Score	Audit Committee Index Score	Shareholder Grievance Committee Index Score	Remuneration Committee Index Score	Disclosure Practices Index Score	Corporate Governance Index Score
N	Valid	10	10	10	10	10	10	10
	Missing	0	0	0	0	0	0	0
Mean		91.11	100.00	100.00	100.00	100.00	100.00	98.40
Median		88.89	100.00	100.00	100.00	100.00	100.00	98.00

Range	22.22	.0	.0	.0	.0	.0	4.0
Minimum	77.78	100.0	100.0	100.0	100.0	100.0	96.0
Maximum	100.00	100.0	100.0	100.0	100.0	100.0	100.0

A hopeful picture is painted by the most current data from FY 2023–2024, which shows that the mean CGI has returned to 98.40, which is the same as the high observed in FY 2020–2021.
There was an increase in Board Composition (mean = 91.11), indicating that specific reforms might have been started in reaction to past shortcomings.
The continuous maturity in operational governance areas was reinforced by the perfect scores (100.00) maintained by all other sub-indices. The range stayed at 4.0, indicating little variance and uniform governance implementation throughout institutions.
These findings show sectoral congruence with changing governance demands and show both stability and steady progress.

Table VI: Overall Corporate Governance Index Scores

		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
N	Valid	10	10	10	10	10
	Missing	0	0	0	0	0
Mean		97.19	98.52	98.15	98.15	98.52
Median		96.67	98.15	98.15	98.15	98.15
Range		5.19	3.71	3.71	3.71	3.71
Minimum		94.81	96.30	96.30	96.30	96.30
Maximum		100.0	100.0	100.0	100.0	100.0

CGI trends for a five-year period are combined in Table VI, which shows an overall rising trajectory by improving from 97.19 (2019–20) to 98.52 (2023–24), the mean CGI demonstrated an increasing institutional emphasis on governance.
Even the lowest-performing hospitals are getting close to complete compliance, as seen by the range narrowing from 5.19 to 3.71 and the minimum score increasing from 94.81 to 96.30. As seen by the median CGI ratings stabilising at 98.15, most institutions continuously demonstrate good governance standards.
According to these long-term results, regulatory requirements, stakeholder expectations, and internal performance imperatives are all driving listed healthcare providers in India to move towards standardised, high-quality governance frameworks.
The steady increase in CGI scores suggests that hospitals are placing greater emphasis on governance mechanisms. The sector's development towards standardised governance norms is also demonstrated by the narrower range, which lowers the possibility of governance-related disparities. Overall, the findings show a positive governance trajectory, highlighting how well corporate governance frameworks function to guarantee accountability, transparency, and long-term performance in the healthcare industry.

Discussion

In order to fill a major vacuum in the literature, this study set out to create a CGI tailored to India's listed hospitals. Despite the fact that corporate governance indices for other industries have been developed (Arora & Bodhanwala, 2018) (Sarkar et al., 2012) (Thanh Tu et al., 2014), there has never been an attempt to create an index specifically for the healthcare industry. Strong governance procedures are crucial because of the vital role hospitals play in public health.

A number of factors are included in the developed CGI, including as shareholder rights, disclosure procedures, audit and nomination committees, and board structure. This all-encompassing strategy guarantees a thorough evaluation of governance quality. The study's conclusions highlight the significance of open and accountable governance frameworks, which is consistent with earlier research that has shown the value of governance indices in assessing corporate governance performance (A. Chen et al., 2007)(Goel & Sharma, 2020).Additionally, the study backs up the claim stated by (K. C. Chen et al., 2021)and (Afriyie et al., 2020) that sector-specific governance indices offer more in-depth understanding of governance practices and operational difficulties. A hospital-specific CGI provides a more accurate assessment than generalised indices since it takes into account the stakeholder expectations and the regulatory environment unique to the industry.

The study also supports earlier findings about the function of independent boards and efficient audit committees in lowering information asymmetry and guaranteeing accountability (La Porta et al., 2002)(Al-Daoud et al., 2016). Policymakers and regulators can pinpoint areas that need governance enhancements by comparing hospitals to the developed CGI. Stricter compliance monitoring and focused governance training programs may be advantageous for hospitals with lower CGI scores.

The CGI can be used as an open benchmarking tool to encourage hospitals to implement best governance practices in accordance with (SEBI, 2015) requirements. Furthermore, the methodology of the study contributes to the larger area of corporate governance research by offering a reproducible foundation for creating governance indices in other industries.

Conclusion

This study presents a pioneering effort in developing a CGI for listed hospitals in India. The index provides a useful and industry-specific tool for evaluating governance quality by being customised to the particulars of the healthcare industry. The CGI acts as a standard for ongoing development in addition to offering information on the condition of corporate governance in hospitals today.

The report emphasises how important strong governance procedures are to guaranteeing accountability, transparency, and stakeholder trust. The CGI can be used by regulators, policymakers, and healthcare managers to track governance performance and pinpoint areas that need attention.

Future research can build upon this study by applying the index across a larger sample of hospitals and analyzing its correlation with financial and operational performance. Furthermore, cross-cultural insights on governance methods in the healthcare industry can be obtained through comparative studies conducted in other nations.

To conclude, the creation of a CGI adds a great deal to the body of knowledge on corporate governance and provides a useful instrument for improving governance procedures in the Indian healthcare industry.

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