Empirical Results of Effects of Governance Practices on Financial Performance of Privately Managed Pension Funds in India

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Abstract
Governance of a pension fund includes trustees, investment policies, investment management and operations, and management purview. Organizational economics suggests the rationale for the pension fund trustees. Pension funds are complex businesses which are formed for payment of the promised benefits to, both, current and future pension plan beneficiaries, and managed by corporate and plan sponsors who could be shareholders or tax payers. Governance is all about deciding fund mission; aggregation of concrete funding policy, laying out an investment policy and putting up a coherent organizational architecture.

Reviews of various studies have identified the importance of stout governance structures and mechanisms for fund management. The objective of this study encompasses the importance of the above key parameters and their roles in the outcome measured in terms of investment performance and their constituents.

I. Introduction
RETIREMENT FUNDS ARE institutional funds; these are accumulated for the benefit of individuals on a collective basis for a group of people and also managed at a group level. When funds are managed as groups it has its own goods and perils, the importance of consistent performance and the importance of the persons managing the performance, management and delivery becomes the most important parts of any successful structure and so is for retirement funds. What it also means is that the importance of discipline in this structure should be the backbone and the sense of fiduciary responsibilities needs to seep in. The toughest challenge here lies for the privately managed funds, as they are under tremendous pressure because of a series of factors such as rising expectations and rapid fall in mortality rate

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Submitted April 2017; Accepted April 2018
6.5 Prescription of minimum experience and qualifications for trustees and trust functionaries

With the findings suggesting trust performance should be one of the KPI’s in the appraisals of the trust functionaries, it is time that there is a qualifications criteria blended with experience for trust functionaries. It is suggested that the regulator should prescribe minimum qualifications for various roles in a trust.

References


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CAPITAL STRUCTURE DECISIONS
Evaluating Risk and Uncertainty
YAMINI AGARWAL
WILEY


Pages: 272
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