

## Chapter – 1: Introduction to Corporate Finance

### Concept Questions section

#### 12. State-owned Organizations Goals:

The percentage revenue collected, the money spent on literacy, health, and infrastructure would be important. Corruption index and efficiency levels of government juggernaut (in terms of paper movement and payment by government) would also be important.

#### 14. Agency Problems and Corporate Ownership:

The agency issues would change due to the role and responsibility of the new players unlike the state-owned (largely) dormant financial institutions. Previously, some of these domestic financial institutions could even be managed (say, with sweet talk, gifts, and goodies). However, with the rising trend of institutional ownership (including foreign funds), there would be greater demand for accountability and transparency in the organizations. This could certainly reduce the agency problems within these organizations. It could lead to increase the level of corporate control for these investors. This in itself does not mean that private rent seeking acts would become zero but they could go down.