

Session on Governance Reforms – Challenges and Way-Forward

A Round-table on Governance Reforms was organized on 28 Feb 2014 at New Delhi in order to understand the regulatory outlook on reforms against the backdrop of international developments. The interactions also focused on potential challenges that the reforms hold for the Indian corporates and the timelines for the implementation agenda set out by the new Companies Act, 2013 and revised Clause 49.

Organised as part of the flagship CII Governance Series, the Roundtable was presided over by Mr M J Joseph, Additional Secretary, Ministry of Corporate Affairs as Chief Guest. Expressing how the implementation of the new Companies Act, 2013 was on track per the Government plan, he informed most of the Rules under the Act would be notified by 1 April 2014.

Mr Joseph also responded on various issues highlighted during the discussion including the issue of multiple directorships of independent directors. It was agreed that independent directors must devote more time; ensure detailed discussions and record dissent in case of disagreement. Mr Joseph also asserted the need for capacity building for women directors; need for promoting a healthy debate with minority shareholders; performance of Board of Directors and implementation of whistle blower policy.

Mr Jamie Allen, Secretary General, Asian Corporate Governance Association, provided the international perspective on governance reforms at the Roundtable. Mr Allen discussed board independence, trends since the global financial crisis and how India fits into this framework. A delegation of international investor organizations also participated in the discussions. Their inputs provided a multi-dimensional outlook to the deliberations.

Expressing the independent directors' viewpoint, Mr Amal Ganguli, Independent Director, spoke about the widened responsibilities of independent directors under the law, increased liability and consequences.

Moderating the deliberations at the Roundtable, Mr Rostow Ramanan, Member, CII CFO Forum & CFO, Mindtree Limited traced the latest international governance trends and developments in India. Congratulating CII's endeavors in representing industry concerns on the Act to the Ministry, Mr Ramanan highlighted how the CII's efforts are aimed to ensure adoption of a pro-industry approach so that the framework is not too disruptive to the business environment.

The Roundtable asserted CII's commitment to partner with MCA for further initiatives to build on a mutually beneficial Ministry-Industry engagement and support for a smooth implementation of various provisions of the Act.

With India traversing through a governance and regulatory shift with reforms intended to match international standards, the CII Roundtable successfully emphasized how while adapting to the changed environment is an imperative, it is also vital that the regulatory forces are complemented by alignment of corporate perspective and stakeholders views with the Regulator's expectations. The Roundtable was supported by the National Foundation for Corporate Governance
