

Brief Report

Shri. R Bandyopadhyay, Secretary, Ministry of Corporate Affairs congratulated CII (ER) for being the pioneer in organizing the session on Corporate Governance in the India Corporate Week. The Corporate Governance breakfast session organized by Confederation of Indian Industry had the theme “Going beyond Compliance: Fostering a Culture of Good Governance”. Shri Bandyopadhyay said that the Ministry wants to become a friend first, regulator later. He cautioned that although Ministry has the regulatory bodies like SFIO (Securities Fraud Investigative Office), CBI, ED, SEBI, ICI etc, it is expected that Corporate India will be self motivated to implement Code of conduct and not for the fear of Regulators. Shri Bandyopadhyay was of the view that Satyam experience has a great positive learning for the whole world as even after the fraud the company and thousands of jobs could be saved by proactive Government Intervention. Although he admitted that Indian system takes time to penalize the actual offender.

Mr. Mukul Somany, Chairman, CII, Eastern Region discussed how the concept of Corporate Governance evolved in Western countries and in India. In India, the Confederation of Indian Industry (CII) took the lead in framing a desirable code of corporate governance in April 1998. This was followed by the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance. The recommendations of the Kumar Mangalam Birla Committee were incorporated as Clause 49 of the Listing Agreement.

Mr. J P Chowdhary, Past President, CII and Chairman, Titagarh Wagons summarized the recommendations of Report of CII Task Force on Corporate Governance chaired by Mr. Naresh Chandra which incorporates recommendations like Effective Nomination Committee, Letter of Appointments of Directors specifying the expectation from Board, Fixed Contractual Remuneration, Structure of Compensation to Non-Executive Directors, Remuneration Committee for Listed Companies, Constitution of Audit Committee, Separation of Offices of Chairman & CEO, Board meetings through teleconferencing, executive sessions, Approval of Audit Committee for related party transactions, auditor’s revenue, certificate of independence, rotation of audit partners, auditor’s liability, mechanism of whistle blowing, risk management, harmonization of corporate governance standards, cancellations of fraudulent securities, liability of directors, shareholder activism, media as a stakeholder etc. Shri Bandyopadhyay congratulated CII for the very good job done in this report. The report is upheld in Ministry’s website and views are being invited from everybody. Very soon, the ministry will come up with a draft guideline on the basis of this report and after one year it will issue the code of conduct after incorporating the suggested changes by various groups and companies which will be binding to the companies.

Mr. Sandipan Chakravorty, Immediate Past Chairman, CII (ER) and MD, Tata Ryerson talked about the Code of Conduct as practiced by Tata for last 20 years. The code of conduct is to be signed by every employee and also by the vendors. Tatas believe that Corporate Governance Parameters should be measurable. The concept other than transparency and risk management also includes climate, safety and innovation. Mr. T K Mukherjee, MD, Phoenix Yule Ltd shared his experience describing how corporate governance is being practiced in his company which was PSU 11 years ago and now a 100% MNC.

Mr. Kurush Grant discussed about ITC's Triple Bottom-line concept of Corporate Governance which includes people, planet and profit. Their definition includes freedom of operation along with effective accountability. Mr. R K Agrawal, Chairman, CII Economic Affairs Subcommittee in his concluding remarks stated that initially corporate governance was perceived as obstacle to growth for companies, but now it is incorporated the Corporate Vision of each company realizing its positive impact on stakeholders.
