



Corporate Governance Initiatives in India

Effective Corporate Governance Framework

Need for effective framework

- Globalisation, spate of M&As, jurisdictions losing importance – need for common language- CG;
- For corporate sector – competition, capital, talent & technology – CG;
- Responsibility of Government & Regulators to provide effective legal structure – Indian scene – MCA, SEBI, RBI & IRDA

Redefining the legislative framework

Initiatives

- New Companies Act – inducing good CG practices through self regulation, responsive legal framework based on shareholders' democracy; disclosure based regime; rational penal provisions with built-in deterrence and effective protection
- Amendments to the Acts governing three professional institutes (ICAI/ICSI/ICWAI) with a view to strengthen the disciplinary mechanism and bring transparency in their working.
- Notification of Accounting Standards with a view to bring the disclosure norms in tune with the international reporting standards;
- SEBI – Clause 49 – Appointment of IDs, Audit committee, Code of conduct, disclosures of related party transactions, remunerations, compliance of accounting standards, certifications of CEO & CFO, Compliance Certification & Whistle-blower policy (optional);

Initiatives beyond CG...

- The Government has renamed the Ministry from “Company Affairs” to “Corporate Affairs” – with a new vision
“We resolve ourselves to be the leader and partner in initiative for Corporate Reforms, Good-Governance and Enlightened Regulation, with a view to promote and facilitate effective corporate functioning and investor protection.”
- Introduction of LLPs; transformation in the service delivery mechanism for transparency and certainty – low-cost, easy compliance;

Other initiatives

- Setting up of Investor Education and Protection Fund
- Empowering investors through the medium of education and information with the help of investor associations, VOs, NGOs, etc.;
- Launching of websites – www.investorhelpline.in and www.watchoutinvestors.com ;
- Setting up of NFCG in partnership with stakeholders – CII, ICAI & ICSI;

Major initiatives under NFCG

- Foundation has launched a website of NFCG for dissemination of policies for better corporate governance;
- Various orientation programmes for Directors through Centres of Excellence, seminars and conferences to propagate the need for following good corporate governance practices are being organised;
- Constituted core groups on CG norms for IDs and for Institutional Investors (as a sequel to World Bank ROSC study) and their reports have also been received;
- Constituted core groups on Corporate Social Responsibility and for SMEs.