



Interactive Session with Shri. Salman Khurshid, Honorable Minister of State, Ministry of Corporate Affairs & Minority Affairs, Government of India – Saturday, December 26, 2009

Bangalore Chamber of Industry and Commerce (BCIC) in association with the Federation of Karnataka Chambers of Commerce and Industry (FKCCI) and The Institute of Company Secretaries (ICSI) jointly organized an Interactive Session with Shri. Salman Khurshid, Hon'ble Minister of State, Ministry of Corporate Affairs & Minority Affairs, Government of India Saturday, December 26, 2009.

The objective of the Interactive Session was to understand the salient features of the New Companies Bill, 2009 which was presented by Shri. Salman Khurshid in the Lok Sabha on August 3, 2009, especially on delinking the procedural aspects from the substantive law to provide greater flexibility in the rules to make the Act more industry-friendly and also on the recent measures undertaken by the Union Government with regard to Corporate Governance.

Welcoming Shri. Salman Khurshid, Hon'ble Minister of State, Ministry of Corporate Affairs & Minority Affairs, GoI, Mr. Shekar Viswanathan, Vice President, BCIC appreciated the Union Government for undertaking radical measures in strengthening the Corporate Governance and also for the guidelines on Corporate Governance which was released to the public on December 21, 2009. He congratulated the Union Government for having taken corrective measures immediately after the fallout of Satyam fiasco for not only restoring the image of the country but also putting back the Company to its normal position, thereby safeguarding the interests of the employees and the Shareholders. He also brought out the following issues which need to be addressed by the Union Government at the time of the amendment of the Companies Act:-

- Expression of Independent Director should be defined very clearly
- Remuneration of Non – Executive Directors should be fixed only by the shareholders and must be disclosed
- It is also envisaged that the Directors should be imparted suitable training

He then requested Mr. J Crasta, President, FKCCI to welcome the Minister who joined the encomiums for introducing the Companies Bill 2009. He also requested the Minister to implement on the recommendations made by MSMED Act 2006. On the issue of filing of Annual Returns for SMEs, Mr. Crasta suggested that the Government should come out with a similar scheme like the "**Samadhan Scheme**" so that all the SMEs could comply with.

Mr. Gopalakrishna Hegde, Chairman – Southern Region, Institute of Company Secretaries of India complimented the Union Minister for path breaking initiatives being proposed under the new Companies Bill 2009 which clearly shows intensity of Government to make the law simple and industry friendly. He particularly drew the attention of the Minister on the following issues:

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- Role of Independent Directors and their qualifications
- Rotation of Auditors
- Abuse of Section 25 of Companies Act

Later Mr. H V Harish, Chairman, Economic and Corporate Affairs Expert Committee, BCIC made a presentation on "Corporate Governance" and stressed that there is a need for a regulation to safeguard the interests of minority Shareholders. His presentation also dwelt on the existing provisions relating to Clause 49 of the listing agreement and suggested some changes cater to the modern day requirement. Mr. H V Harish also urged the Government to punish the guilty for violation of Corporate Governance but not to amend laws based on few guilty persons. He urged the Minister to come out with proper awareness programmes and activism for the institutional investors.

Mr. Nityananda, Advisor, Central Taxes Committee, FKCCI also joined all the speakers in complimenting the Union Minister for introducing several amendments in the proposed Companies Bill 2009 . He said that the system that is being followed in Italy and New Zealand should be replicated in India with regard to Rotation of Independent Directors. He also suggested that the Independent Directors should ensure their integrity and they also should maintain professional ethics while discharging their duties. He stressed that Independent Directors should follow 3 i's namely: **Intelligence, Integrity, Independent**.

In his Keynote address, Shri. Salman Khurshid particularly informed about the way the Government handled the Satyam fiasco and by making minor surgery and brought back the company its earlier position. He also said that necessary legislations have been put forth so that these type of incident do not recur. On the role of Corporate Social Responsibility (CSR), he said that CSR should form a part of Philosophy and Ethics of an organization. He said that Government is planning incentivising CSR activities and planning to take CSR beyond the Boardrooms.

He also informed that the Indian Government is planning to form an Indian Institute of Corporate Affairs to educate the investing public and the institute will be organizing several road shows throughout the country to discuss and seek the views of various industrial bodies / public on several issues relating to investment in the Finance Sector.

On the issue of Independent Director, the Minister said it is essential to find a common ground and to resolve all the differences amicably with the basic objective of providing effective Governance keeping the utmost interest of the investing public, he further added. He said that the media has a larger role to play and they should be very careful about the reputation of Indian companies before publicizing the news items. He also said that the Government is in the process of amending the Companies Act and has taken cognizance of all the suggestions and recommendations put forth by the Institute of Company Secretaries, Chambers of Commerce and hoped that new regulations will start a new era . He hoped that the new Companies Bill will become effective by the middle of next year. He also appealed to more and more companies for getting listed in the Stock Exchange.

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The participants during the interactive Session raised several issues including:

- a) Measures to strengthen and monitor Corporate Governance
- b) Measure to protect SME Sector
- c) Clear definition of the role of Independent Directors
- d) Rules and regulations regarding appointment of Auditors
- e) Constitution of National Commission Tribunal

Mr. H V Harish, Chairman, Economic and Corporate Affairs Expert Committee, BCIC proposed a hearty Vote of Thanks to FKCCI, ICSI, all the participants and the Media for their support and cooperation in making this event a grand success.

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