

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1758
ANSWERED ON:08.03.2001
TASK FORCE ON CORPORATE EXCELLENCE
M.V.V.S MURTHI;SHIVAJI MANE;VILAS BABURAO MUTTEMWAR

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government have appointed a Task Force on corporate excellence;
- (b) if so, the details thereof;
- (c) the recommendations made by the Task Force; and
- (d) the action taken by the Government thereon?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a): Yes, Sir.

(b): In order to effectively operationalise the concept of excellence in corporate governance on a sustained basis to sharpen India's global competitiveness edge and to further foster and develop corporate culture in the country, the Government in Department of Company Affairs had set up on 15.5.2000 a Study Group, namely the Study Group on Corporate Excellence. The Study Group on Corporate Excellence set up by the Government had submitted its Report to the Government on 20.12.2000.

(c): The Report of the Study Group on Corporate Excellence contains several far reaching recommendations. Some of the key recommendations are as under:

- Setting up of an Independent, Autonomous Centre for Corporate Excellence: to mainly accord accreditation and promote policy research and studies, training and education and awards etc. in the field of corporate excellence through improved corporate governance.
- Introducing formal recognition of Corporate Social Responsibility with the first steps towards Triple-Bottomline Accounting and Reporting.
- Introducing measures for greater shareholders participation through multiple-location meetings, electronic-media-assisted display of corporate information and views on proposed resolutions etc.
- Clearer distinction between direction and management that would ensure that the executive directors are held responsible for legal and other compliance while the non-executive directors are charged with strategic and oversight responsibilities for the company's business and for ensuring that appropriate processes and systems are in place for necessary compliance. Suggestions for legislative recognition of direction and management as distinct though complementary functions of the board and the executive respectively, through appropriate grouping of provisions.
- Highlighting directorial commitment and accountability through fewer and more focused board and committee memberships, tighter delineation of independence criteria and minimization of interest-conflict potential.
- Suggesting application of corporate governance principles to Public Sector Undertakings, certainly in case of Listed Companies, and preferably even in case of Unlisted Companies, in terms of freeing them from multiple surveillance agencies and upgrading their boards with independent directors.

(d) The Report of the Study Group has been examined by the Government and matter relating to implementing important recommendations of the Group is under active consideration of the Government.