

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5170

ANSWERED ON:24.04.2015

CORPORATE GOVERNANCE

Girri Shri Maheish;Khuba Shri Bhagwanth;Panda Shri Baijayant "Jay";Patil Shri Sanjay(Kaka) Ramchandra

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has taken note of the poor corporate governance practices by the companies despite stringent rules made by the Government during each of the last three years, if so, the details thereof and the reasons therefor;
- (b) whether the Government has come out with a specific policy/guidelines on corporate governance to strengthen/ensure transparency, accountability and to improve the performance of the corporate sector in the country, if so, the details thereof along with the main elements of these policy/ guidelines including paperless norms included in these policy/guidelines and funds provided therein for the purpose so far;
- (c) whether the cases of violation of the said policy/guidelines by the companies have come to the notice of the Government since inception of the policy/guidelines and if so, the details thereof, company-wise along with the action taken/being taken by the Government against such companies;
- (d) whether the Government has set up a panel to formulate such policy/guidelines, if so, the main recommendations of the panel along with the implementation status of such recommendations; and
- (e) the corrective steps taken/being taken by the Government for proper implementation of the said policy/guidelines and its strict compliance by the companies across the country and to ensure further improvement/transparency in corporate Governance?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

(a) to (e):- The Companies Act, 2013 which replaces Companies Act, 1956 incorporates various provisions aimed at strengthening of corporate governance in companies in India, many of which are based on recommendations of various committees. Twenty four sets of rules under the Companies Act 2013, finalized after extensive consultations with stakeholders have also been notified. These provisions include, inter-alia, enhanced responsibilities for Board and its committees like the Audit Committee and Nomination and Remuneration Committee, enhanced disclosures to stakeholders, appointment of Independent Directors, stricter norms for ensuring independence and accountability of auditors, greater level of investor protection.

The first year of implementation of the commenced provisions has been completed on 31.3.2015. Statutory annual filings which will substantially report on the requirements laid down in the new provisions are not yet due. The Registrar of Companies, within their respective jurisdictions, are the authorities entrusted under the Act to initiate action in case of violation of any provision of the Act.