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**TEXT OF THE SPEECH OF UNION FINANCE MINISTER SHRI PRANAB  
MUKHERJEE AT THE INDIA CORPORATE AND INVESTOR MEET**

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Following is the text of the Speech of Union Finance Minister Shri Pranab Mukherjee at the India Corporate and Investor Meet in Kolkata today:-

“I am very happy to be here today at the India Corporate and Investor Meet organized under the aegis of the Ministry of Corporate affairs headed by my colleague Dr. M Veerappa Moily.

In the past, the Ministry has been organizing every year an India Corporate Week on several matters of topical interest. The Ministry has also been separately organizing “India Investor Meets” at various important cities to reach out to the investors and to educate them for greater corporate growth and national prosperity. This year these two events are being merged into this event. This is a good move and I endorse it. This would help consolidate the synergies in the objectives of the two events. Corporates and investors are strongly interlinked, interdependent and often even indistinguishable. From the perspective of national economy and its development, they cannot but have the same objectives, though in the short run, their interest could differ and sometimes even be in conflict. Since both form a very important part of the society which has a multitude of needs and compulsions, it is only appropriate that these two sit together in our ongoing drive for sustained growth and inclusive development.

I understand that under the aegis of this initiative six events have been planned in association with various Industry and professional bodies across India in this month. I appreciate their support in partnering these events. The theme for this event is **“Corporate Growth, Governance and Inclusion”**. India can surely do with more of forward movement on each of these issues. I shall be a keen observer of the deliberations at these events and look forward to a meaningful analysis of the deliberations and action pointers as may emerge there from.

The Indian economy has grown at a rapid pace during the current decade and in large measures this growth has come about due to the contribution of the corporate sector. However, the participation of the retail investors in the corporate economy has remained low in spite of the fact that substantial amount of household savings are available that can be channelized through various investment options. It would enable individuals and households to derive higher returns on their savings and thereby link the growth of corporate sector to the growth of their incomes. This requires an effective outreach initiative where people can be educated as well as encouraged to take informed investment decisions. I am sure this event would contribute to achieving this objective.

There have been several initiatives by the Ministry of Corporate Affairs for investors, the foremost among them being the ‘Investor Education and Protection Fund (IEPF)’. The basic intent is to provide educational content to the investors, maintain national registry of economic offenders, offer internet based investor grievance redressal mechanism and undertaking multi-lingual media campaigns to reach out to the investors across the country. Organizing a large number of investor awareness programmes through the partner entities is a part of the outreach programme.

The government plays an important role in nurturing corporate growth through improving the enabling environment for ease of doing business in India. This is a twofold process – one by putting in place an enlightened regulatory regime and the other by providing efficient services so that the entrepreneurial energies and growing foreign interest are directed at creating value for the stakeholders. In this context the

most significant effort is the new Companies Bill. Given the theme of this Meet, it would be in order to briefly touch on some of the salient aspects.

In 2009, the government had launched the Corporate Governance Voluntary Guidelines. The aspects which need to be incorporated in law have been included in the proposed Companies Bill. They are part of our effort to create a flexible and less regulated corporate governance framework. Moreover, regulations which are essential for protecting the interest of investors and making a Board responsible and accountable shall be the hallmark of the governance framework on the passage of the Companies Bill. We have to ensure that the interests of the corporates and the investors are finely balanced.

The Companies Bill has brought in elements of laws that work well in other developed markets, such as accepting the changes in this digital age by allowing the use of video conferencing for board meetings, electronic voting in general meetings, electronic filings, shelf registrations, exit options for minority shareholders, and so on, as well as a few elements that make it contextual for India. The new Bill has consolidated many sections of the previous Act and has been trimmed down with the objective to present a law that is modern and relevant while incorporating global best practices and balancing the complexities and realities of operating in India.

The Bill has been strengthened in the areas of oversight, protection of minority shareholders, management and business conduct and overall governance. Also the new Bill includes many provisions including those related to affirmative action for the protection of small investors, defining revised roles of directors to make them more effective and accountable, enhancing responsibilities of auditors as gatekeepers and laying down provisions that include severe punishment for fraud, false evidence or known misconduct for every person who has a duty of trust towards a company.

It is said that no law is better than having laws that cannot be enforced or where action is delayed. The new Bill also envisages a quick redressal mechanism by providing for tribunals, special courts and even high courts delegating some of their responsibilities to lower courts for a quicker delivery of justice. Of course, ultimately the success of the

proposed Bill with enhanced protection to society is largely dependent on the quality of implementation irrespective of how good the intent of legislature is.

An important aspect of today's theme is "inclusion" and this could be aided by a constructive engagement between the corporate sector and the society at large. The concept of corporate social responsibility (CSR) is well understood but also misconstrued. It could be looked as a concept that brings "inclusiveness" of both the corporates and the investors with the society of which they too are a part. Every company having certain net worth or turnover or net profit (as provided in the Bill) shall have a CSR Policy to endeavour to spend 2% of average net profits of preceding 3 years on CSR activities. The company shall formulate a CSR policy which shall be included in the Board's report and placed on the company's website. In case the company fails to comply, it will give suitable reasons in its Board Report. Companies covered under these provisions are also proposed to be required to constitute a CSR Committee of the Board to oversee CSR initiatives. The proposed bill will also include as a Schedule, an indicative list of CSR initiatives.

Apart from the investor awareness and protection initiatives mentioned earlier, the new Companies Bill has also proposed class action suits a measure which protects investors and also brings about governance. Special measures have also been introduced to strengthen the checks against corporate fraud and enable action in a time-bound manner. The new Bill proposes to provide enhanced powers to the 'Serious Fraud and Investigation Office (SFIO)' such as to search and seize the documents etc without an order from Magistrate.

Let me conclude by saying that a very significant role is played by the corporate sector in the nation's growth and prosperity. To enable this growth and to encourage investment and innovation, the government's endeavour is to create an enabling framework within a transparent and equitable regulatory regime. In return, what is needed from the corporates is good governance, adoption of the best practices and sharing a part of their success with the society, so that all the stakeholders in the economy can contribute to an inclusiveness development in the country.

I wish you and the event all success. I hope the deliberations at the meet are meaningful and incisive. I look forward to your feedback and suggestions in due course for evolving policy correctives for the mutual benefit of corporates, investors and the society at large.”

**DSM/SS/GN**