

National Foundation For Corporate Governance

National Conclave on Corporate Governance in India: Transforming Business Environment 30th July 2007: New Delhi

**Keynote Address: Mr. Sunil Bharti Mittal,
President, Confederation of Indian Industry**

It is my singular pleasure in welcoming Hon'ble Minister Shri. Prem Chand Gupta, Minister for Corporate Affairs, Shri Anurag Goel, Secretary, Corporate Affairs, my colleague at CII- Arun, Director-General CII General Mehta, distinguished guests, friends from the media, ladies and gentlemen.

I am truly delighted that we could put together this seminar, this morning event, and sessions at a very short notice. I must share with you people assembled here today how this came through to my mind and we worked with CII and the Ministry to put these together. I was struck how many changes have taken place under Shri Prem Chand Gupta's leadership in the last two-and-a-half to three years. When I went and met him, I, in usual terms, spoke about many difficulties that one has been facing in dealing with ROC and in interpreting a lot of difficult Acts in law and he pointed out to me very clearly that things have since changed and we need to look at in our own stable to see how things have changed dramatically. With that message when I went back, I had a small meeting within our company and I was to truly struck by how much changes have taken place from the time I was dealing myself with many of these matters, to what the company was now dealing. I used to always complain while traveling across the world that when you can set up companies within a matter of days, why in India do we have struggle to get a name clearance in months and keep on visiting the offices of the ROC and others and trying to plead with the Ministry to get approval of the name itself, forget the formation of a company. Today, I can tell you it takes more time on our side to fill up those forms that have to be put in than the time it takes in the Ministry to clear a file to form a company. That is a remarkable achievement. We are, perhaps, now not only at par with the best in the world, to my mind, we may be many days and hours ahead of the world. Congratulations Mr. Minister for your tremendous leadership.

India is changing and India is truly moving on a break-neck speed as far as GDP growth is concerned. Every vertical within the economy is showing tremendous growth and of course we may well be in striking distance of achieving the 10% growth, that India so legitimately needs to claim for itself. If we just leave agriculture for the moment, which is not for discussion today and which is otherwise slightly straying behind, the rest of economy is truly moving forward.

Mr. Goel showed us some snapshots and I will also touch upon some of these as to what all is being done within the Ministry to ensure that the Indian industry, the corporate world does not lag behind for want of attention by the Ministry and I think more importantly by a mind-set which may not be in step of what is happening in the world.

Let me briefly talk about some of these issues. I have just touched upon the electronic filing of it-the MCA-21 is truly a path-breaking initiative, launched by the Prime Minister last year. This was awaited by the industry for a long time and today it has become, to my mind, the most important tool in governing our own affairs in the companies. We are today not only electronically filing everything, getting our companies registered within no time, more importantly, the Ministry also started to do the legacy paper work into very digitized form. Mr. Goel mentioned of clearing of officer of those poorly kept files into a very appropriate form of data mining.

In a few years time when somebody will have to go back, our research analysts, our companies, our people who work in the company on corporate affairs will be able to untap will be able to get information that they need from time to time. To my mind, this needs to be now fully strengthened and the particular site on these should be updated on a daily basis. This could well have been a large media site or a large Google site. The amount of people interact on this particular site is truly amazing and incredible. The more India gets widened up the more India gets connected, the more we remove the digital divide, we can imagine the power that India will have, especially for small towns, small-scale industries and the tiny industries; they now need to come up into the mainstream of Indian economy. I would also like to touch upon the initiatives that have been put in the form of new Companies Act – which the Ministry has been expecting to table in monsoon or at winter session of the Parliament. This is one area the industry was agonizing for a long time. We hope what comes out, as a new Companies Act would be truly a world class Companies Act.

The fact is, for an entrepreneur, what he or she needs is simple rules, simplistic form of management of corporate affairs. I think we have seen the power of this happening when the industrial licensing was abolished in 1991-92; huge amount of energy was released in the market - place, an entrepreneur who were to walk the corridors of powers started to walk the quality path, started to improve their efficiencies, and we have seen what difference that made to our lives. We did not need to go for an import clearance any more.

I think that has a similar parallel here. Now, we will get a simplified, simple-touch governance on our corporate affairs, rather than a plethora of a very complicated form of rules and laws. We do wait for the new Companies Act; it will hopefully come out in the winter session of the Parliament.

There was also a mention about LLPs- most of our mid-size companies, small companies are waiting for a long time and I am delighted that things are progressing very well. We are heartened and encouraged to hear that the Standing Committee is going to give their final recommendations and it seems imminent that this will happen in the next few months. Then the Ministry will take the decision to introduce the Limited Liability Partnership through an Act which will be very important for all those who are in the partnership firms and want to convert themselves into companies.

The Competition Act was briefly touched upon, but to my mind this will again have a very very far-reaching impact in the country. Today, in the absence of several other old laws which were removed and not implemented, we need to look at those laws. Therefore the Competition Commission comes here in a very very vital way. Mergers and accusations are becoming the norm; market dominance has become a subject of debate today and therefore the Competition Commission for governance will truly become very important and we are really very encouraged that this is also on its way.

Finally, I think very important is investor education and IEPF and IICA type of bodies will play a very important role for the large audience, for their education and their awareness. IICA in itself, to my mind, is a very unique and noble initiative by the Ministry where the Ministry officials-the junior and senior staff will be able to go through multitude programmes to ensure that they are in line and in step with what is happening around the globe. I am very delighted that the Academy is being proposed to be set up fairly soon and this Academy will serve as a basis of how the Corporate Affairs Ministry will move in the future.

Finally, I would like to say that we are delighted that we have at the leadership position in the Ministry a person who has been an entrepreneur, who has been an industrialist himself and if I may say so that you would have also experienced some of the difficulties, that we all have experienced in the past and those experiences must have been very very vital and important. Some of the dramatic and big changes that you have brought up in the Ministry are very appreciable, so, therefore, the industry, the corporate world, the world at large is delighted that this Ministry is led by you; you are providing the leadership and I can assure you on behalf of the industry, on behalf of CII, that we will move forward in step with you and in sharing the changes that you have brought about on one hand and allow the corporates to work in a very simple, easy way forward, on the other. The investors and other stakeholders are fully protected because of better and good governance that is put into place.

Let me also say that this is the first conference to kick-start the National Foundation for Corporate Governance and will take this now to our regions, to all the four regions of CII and then to all the states to ensure that we disseminate what is being discussed here in the next few hours on several sessions, and create more awareness across the country, and make NFCG a very active institution in collaboration with several other professional bodies and of course the Ministry of Corporate Affairs. I would like to thank you Mr. Minister and Mr. Secretary for taking time this morning to be with us and share some of your thoughts.

Thank you.