

**'CII Press Release'**  
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**Ensuring certainty of punishment more important than severity: NFCG National  
Conclave on Corporate Governance**  
**Freeze on regulations and focus on compliance: M Damodaran**

[Mumbai, 27 May 2008] Efficient capital markets are a prerequisite for any developing economy. Indian capital markets have seen crucial reforms both regulatory and operational over a period of time. An important factor responsible for making the Indian capital markets one of the best regulated markets is corporate governance. This was further emphasized by Mr Anurag Goel, Secretary, Ministry of Corporate Affairs Government of India in his address at the National Conclave on Corporate Governance in India "Capital Market Regulation and Corporate Governance" organized by the National Foundation for Corporate Governance in Mumbai today.

"Arising out of the current world wide crisis, need is to have new dimensions for corporate governance", said Mr Goel. He further stressed on the increasing role of corporate social responsibility in corporate governance. "We are witnessing increasing importance of equity and sustainability in corporate strategies", said the Secretary. He further emphasized the role of institutions in taking corporate governance to a new level. "Institutionalized systems and structures are crucial to corporate governance. NFCG is such an existing structure. Also the Indian Institute of Corporate Affairs, which would be commenced shortly would serve as a strong platform for corporates and government to work together", stated Mr Goel.

"It is important that we freeze on regulations and focus on compliance. We should demystify the entire concept of corporate governance and also build awareness of the rights and duties of shareholders", said Mr M Damodaran, Former Chairman, Securities & Exchange Board of India at the Conclave. Stressing that current corporate governance code and prescriptive practices are necessary conditions, Mr Damodaran stressed the need to liberate corporate governance from the confines of board rooms and bring it to the investors. "Box ticking is the first step in the journey of good corporate governance practice", explained Mr Damodaran while justifying the prescriptive practices prevalent in the country. He further called upon the NFCG to organize a nation wide campaign to bring awareness among the investors of their rights and duties arising out of corporate governance and to carry on a comprehensive study to correlate corporate governance and value creation.

"The objectives of the NFCG Conclave are to communicate to the Indian industry the new role of Ministry of Corporate Affairs as an enabler and facilitator and to acknowledge the initiatives of the Ministry on critical corporate governance issues with a special focus on capital markets and investor protection", said Dr J J Irani, Past President, CII & Director, Tata Sons Limited. He put forth that implementation of regulatory strategies by the Ministry can bring value to the stakeholders, boost public confidence in the capital market and ensure dynamic growth of the market.

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