More powers for Corporate Affairs Ministry in amended Bill: Khursheed

Special Correspondent

Union Minister of State for Corporate Affairs, Salman Khursheed, inaugurating L’Attitude 13 5 at the Great Lakes Institute of Management near Mamallapuram on Friday. (From left ) A. Vellayan, Chairman, Murugappa Group; P. Murari, advisor to FICCI president; Bala V Balachandran, founder, GLIM; Sriram, executive director, GLIM, are in the picture.

CHENNAI: One of the take-home messages from the Satyam scam is to vest the Corporate Affairs Ministry with more powers to deal with default cases instead of pushing them to court, Salman Khursheed, Minister of State (independent charge) for Corporate Affairs, said on Friday.

This would be a key component of the amended Company Bill to be introduced before the Parliamentary Standing Committee.

Mr. Khursheed was here to inaugurate L’Attitude 13 5, the annual B-school fest of the Great Lakes Institute of Management.

He said the Serious Fraud Investigation Office had taken care of the work it needed to do, but delays in the court, owing to lack of manpower, had led to delays.

The Bill, drafted before the Satyam scam was busted, had anticipated the changes recommended later. “Everything we were told needs to be done after Satyam was put into the Bill before the fraud was unearthed. But, yes, a few things have been added.”
Mr. Khursheed hoped that the Bill, with the changes, would be passed this year and set the agenda for corporate governance for the next decade. “We are explicitly and implicitly saying [in the Bill] that we will be partners and regulators. We must work together.”

“One great shock”

He described the Satyam scam as “one great shock.” It was a potential setback to everything we had said about ourselves and shown to the world in the last decade.

He complimented the team at the Ministry of Corporate Affairs for their action in handling the crisis. “They found a patient in critical condition. What they did was least invasive surgery and put him back on his feet within hours, unlike what we used to do in the past.”

This was possible because the relationship between the government and the corporate world was understood in the light of the 21st century democratic experience. “Pro bono directors stepped in, not to create new turf, but to finish the surgery and retreat as quickly as they can,” he said, continuing with the medical metaphor. At the same time, had Satyam not had the internal strength and the ability to spring back, the task would have been much tougher.

He sought more advocacy on pushing Limited Liability Partnerships (LLP) as the major corporate business vehicle for the services sector. The fundamental advantages of LLP were not known as widely as they should be. Some amendment in legislations governing professional bodies such as the Chartered Accountants and Cost and Works Accountants institutions were necessary as they did not take into account opportunities provided by LLP.

A. Vellayan, chairman, Murugappa Group, spoke about leadership in entrepreneurial and family-managed businesses. The role of the entrepreneur leader was to create the right mix of risk-taking and risk assessment, ensure that the business remained agile while growing in size, foster greater respect for corporate governance and drive the culture of the organisation in consonance with its beliefs and values. The opening remarks were made by Bala V. Balachandran, founder and honorary dean, GLIM.

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