

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1925
ANSWERED ON:30.11.2000
AGRAHAYANA SAKA KUMARAMANGALAM BIRLA COMMITTEE REPORT .
GADDE RAMAMOCHAN;SHIVAJI VITHALRAO KAMBLE

Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) whether Indian accounting standards are compatible with international norms;
- (b) if so, the recommendations of Kumaramangalam Birla Committee on code on corporate governance for listed companies along with the action taken thereon; and
- (c) the steps the Government are contemplating to adopt internationally accepted accounting practices by companies and to enhance the shareholders value?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)br>

(a): Yes, Sir.

(b): The report of the Committee was considered and adopted by SEBI Board at its meeting on January, 25, 2000. The recommendations in the report have been grouped into two categories, namely, mandatory and non-mandatory. The mandatory recommendations are to be implemented through amendments to the listing agreements of stock exchanges. These include, inter alia, the composition of the board of directors with an optimal mix of executive and non-executive independent directors; board procedure, compliance report on corporate governance, constitution of an audit committee to oversee the company's financial reporting and disclosures and adequacy of internal control.

Other recommendations such as setting up of a remuneration committee of the board of directors and option of postal ballot in some matters have been classified as non-mandatory recommendations with which compliance is voluntary.

On February 4, 2000, SEBI issued directions to stock exchanges to amend their listing agreements to implement the mandatory recommendations of the Committee.

The amendments to the listing agreement are to be implemented in a phased manner by:

Companies seeking listing for the first time, at the time of listing.

Group 'A' companies in the BSE or in S&P CNX Nifty Index as on 1.1.2000 latest by 31.3.2001.

Presently listed companies with paid up share capital of Rs.10 crore and above, or net worth of Rs.25 crore or more, latest by 31.3.2002.

Listed companies with paid up share capital of Rs. 3 crore and above, latest by 31.3.2003.

(c) Pursuant to the provisions of Section 210A of the Companies Act, 1956, the steps are being taken by the Government for constitution of National Advisory Committee on Accounting Standards which would advise the Government on the formulation and laying down of accounting policies and accounting standards for adoption by companies or class of companies.