

**GOVERNMENT OF INDIA  
COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3251  
ANSWERED ON:12.05.2006  
CORPORATE GOVERNANCE  
Reddy Shri K. Jayasurya Prakash

**Will the Minister of COMPANY AFFAIRS be pleased to state:**

- (a) whether the Indian corporates are not adhering to internationally accepted corporate governance norms;
- (b) if so, the details thereof and the reasons therefor;
- (c) the action taken against such erring corporates; and
- (d) the steps being taken by the Government to improve the situation further?.

**Answer**

MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

- (a) The Indian corporates are required to adhere to the provisions of the Companies Act, 1956 and other relevant laws. In addition, certain leading corporates are also taking initiative to adopt and practice internationally accepted corporate governance norms.
- (b) & (c) Do not arise.
- (d) Practice of corporate governance norms flow both through the legal framework and voluntary initiatives by the corporates. The Ministry has set up the National Foundation for Corporate Governance, to work on creation of a business environment that promotes and encourages adoption of good corporate governance norms, on voluntary basis.