

**Report of**  
**Centre for Corporate Governance**

**INSTITUTE OF PUBLIC ENTERPRISE**

**Osmania University Campus, Hyderabad**

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## **Center for Corporate Governance**

The Centre for Corporate Governance (CCG) has been set up to promote understanding and appreciation of corporate governance related issues, which are now essential for all manager as CG is central to corporate leadership and strategic decisions, social responsibility and regulatory compliances in a market driven global economy. The CCG is primarily aims to build and disseminate knowledge of CG through its research, publications, seminars and conference. Further it will provide consultancy to government organizations to public and private companies as well as NGOs in implementing the highest standard of CG practices.

During 2010, ONGC has instituted a Chair on CG titled 'ONGC Subir Raha Chair on Corporate Governance' at the Institute. This has been instituted at IPE by ONGC Limited with the following objectives:

- Identify and formulate criteria and indicators of good corporate governance
- Integrate and standardize the existing body of knowledge, systems, structures, models and mechanisms associated with different forms of corporate governance

Derive mutually agreed-upon corporate governance practices beneficial to all stakeholders

# Research

Title	: Duties of Directors: International Comparison vis-à-vis India
Sponsored by	: National Foundation for Corporate Governance, Ministry of Corporate Affairs, GoI
Project Cost	: Rs 5,00,000/-
Project Team	: Ms J Kiranmai and Prof R K Mishra
Research Support	: Ms B Deepa
Status	: Completed

### ***Executive Summary***

Corporate Governance (CG) is the system by which companies are directed and controlled. These governance structures identify the distribution of rights and responsibilities among different participants in the corporation. CG includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. CG practices are affected by attempts to align the interests of stakeholders. To achieve better CG practices, the boards need to oversee the functions of the organization and ensure that they continue to operate in the best interests of all stakeholders. The roles of Boards are broadly discussed in three fold viz. to govern; to direct; to supervise and control. The present study has been designed to discuss the broad framework of CG practices and the duties enacted by the regulators through Acts in the selected countries. The study makes a comparison of the best practices with respect to the duties and responsibilities of boards and board committees. The study enables to find gaps and review the existing process by meeting the global standards. The main objectives of the study are to: understand corporate governance practices and codes of countries under reference; list down the various provision that are existing in the Companies Act with respect to the duties and responsibilities of boards and board committees of countries under reference; compare the legal frameworks with respect to the duties and responsibilities of boards and board committees; highlight the case studies of the companies with respect to the duties and responsibilities of boards and board committees.

The theory of CG does define the general duties of boards and board committee. The Corporate entities try to draw the framework basing on the nature and economic activity of the corporations. The general duties of directors are similar to arguments in favor of non-uniform duties that are been prioritized rather than the uniform duties. However, restrictions imposed by law may not matter. Every business should be fair and should not suffer from the preference given to the standard duty strategy. The strong legal framework prevailing in every country tries to protect the interest of the shareholder. Legal and regulatory framework deals with a dual reality as they enable the corporation to develop and evolve. They are keen on selecting rules that they enforce more diligently than others. The duty of confidentiality, which is relatively strict in monitoring the area of corporate governance, mandates the directors' duties into the legal regime. For example, the shareholder primacy norm in the US is generally not considered to be enforced with any vigor. The main conflict of interest between shareholders and creditors is of high risk situations and boards need to act to protect the interest of the stakeholders.

The board should always make sure it has a full understanding of the business structure and model in order to govern and monitor it effectively. Indian regulatory framework of CG started during 1988 with the establishment of SEBI. As per Clause 49 of the Listing agreement of the SEBI, the companies agree to comply on the following provision composition of board, roles and responsibilities, duties, etc. The State Owned Enterprises (SOEs) have been implementing the Companies Act interms of the CG norms. The new Companies Act 2013 also emphasized in section (k) of sub section (3) of section 179, the powers of directors, board and board committees, etc. The presence of women directors on the boards of the listed SOEs has been made mandatory.

In the USA, Sarbanes-Oxley Act of 2002 (SOXA) has listed the important governance implications for listed corporations. The Model Business Corporation Act (MBCA),

emphases on the principle guidelines to be implemented for the SOEs. The important provisions that are created includes establishment of Public Company Accounting Oversight Board (PCAOB), Audit Committee and accounting policies, conflict of Interest, Audit Partner Rotation, Improper influence on conduct of Audits. The Act takes action to fraudulently influence, coerce or manipulate an audit, prohibition of non-audit services, prohibits US and foreign companies with securities traded within US from making or arranging from third parties any type of personal loan to directors, attorneys dealing with publicly traded companies, etc.

In the UK, the Companies Act 2006 is an act revised to reform the existing legal framework relating to companies and other forms of business organization, highlighting the roles and responsibilities of directors, auditors, actuaries, etc. The Companies Act is a primary legislation that applies to companies as a number of provisions were created in secondary legislation, mainly through regulations and orders. The *UK Corporate Governance Code, 2014 objectives is to portray the* main principles of the code which guide the companies towards a number of key components such as effective board practice, principles of all good governance including the accountability, transparency, responsibilities of directors, focus on the sustainable success of organizations for longer term, etc. The Financial Reporting Council (FRC) is also responsible for promoting high quality corporate governance and reporting to foster investment in the UK. The FRC code on CG highlights leadership, accountability relations with shareholders, effectiveness and remuneration aspects in the companies.

The Singapore Exchange (SGX) prepared during 2009 and circulated a consultation paper and the suggestions were implemented during 2011. This helped the state to have a greater control over the listed enterprise in Singapore Exchange. The key suggestion was to implement the internal control system in the listed enterprises. The Singapore Companies Act

1999 was reviewed by the Company Legislation and Regulatory Framework Committee. The New Companies Act highlighted on the ensuring an effective, efficient and transparent corporate regulatory framework aimed to attract the international investors into the country.

The Malaysian Code on Corporate Governance 2012 (MCCG 2012) focuses on strengthening board structure and composition as well as recognizing the role of directors as active and responsible fiduciaries.

The following are the broad observations which have been found common in all the countries referred in the study:

- *Role of regulators:* The regulators responsible for implementing CG practices includes Securities and Exchange Board of India and Ministry of Corporate Affairs, India together are responsible in designing the code of corporate governance mandating to be followed by all the listed companies, Securities and Exchange Commission, USA, Financial Conduct Authority, UK, Australian Securities and Investment Commission, Australia, Monetary Authority of Singapore, Singapore, and Securities Commissions, Malaysia.
- *Funding:* The regulators receive funding from allocated national budget for the US, Australia, Singapore, Malaysia and India whereas in the UK funds are generated by the regulator. The approvals were obtained from the government agencies such as Ministry of Finance, Ministry of Corporate Affairs, etc in Australia, Singapore, Malaysia and India. In the case of the US, SEC receives fees from regulated entities but Congress determines the SEC's funding.
- *Duties:* The fiduciary duties of the boards highlights three major aspects i.e. loyalty towards organization, time taken for response and the disclosure mechanisms.
- *Board Committees:* Board and board committees are broadly classified as governance control and internal control.



- Most of the countries, the governance controls are further divided into audit committee, nomination committee and remuneration committee.
- The internal control system has risk management committee.
- *Composition of IDs:* The composition of IDs in the audit committee is 100 per cent in the case of US and UK. Whereas, India holds at 66 per cent and Australia, Malaysia and Singapore composes 50 per cent independent directors as members in audit committees.
- *Performance:* To enhance board performance and create value that boards identify, members need to recognize the diversity issues, appreciate and respect the diversities, emphases on teamwork, etc.

### **Way forward**

The performance of corporate boards has always been a matter of great concern. Boards need to create long-term shareholder value while protecting the interest of all other stakeholders. One significant factor influencing board performance is its composition, that is, the types of directors who form the board. There is a growing concern that diversity in board composition is necessary for effective board performance. Boards succession planning process must be put in place, whereby through an aggressive recruitment process top-quality members are selected based on the current and future needs. The boards must lead by setting up systems to monitor the compliance by the company with legal standards and regulatory requirements. The non-uniform duties of the boards and board committees seem more persuasive than those in favor of uniform duties. The Corporates have to benchmark and follow the best practices.

# **Training Programmes**

**Board Development Programme held from 12 - 14 Sep, 2016**  
**at Hotel Marigold Hyderabad**

The programme was inaugurated by our Director Dr. R K Mishra and coordinated by Mrs. Kiranmai. The valedictory session was also chaired by Dr Mishra ji on 14<sup>th</sup> Sep, 2016, and Dr K S Ratnakar Chairman of Global Research foundation was the guest of honour for this session. There were 15 participants (4 from Bharat Dynamics, 4 from NHPC & its subsidiaries, 2 directors from NTPC, 2 independent candidates (not sponsored by any organization) 1 director from BCCL, One GM from NMDC, 1 Dy. Director General from the Ministry of Communication. The programme was sponsored by NFCG.

## Programme Schedule

Day / Time	Session Plan
<b>Day 1: 12<sup>th</sup> Sep, 2016</b>	
10:00 – 11:15	<b>Session - I</b> <b>Recent Developments in Corporate Management: &amp; Public Sector Enterprises:</b> Dr. R. K. Mishra, Director, IPE
11:15 – 11:30	<b>TEA</b>
11:30 – 13:00	<b>Session - II:</b> <b>‘Change Management’</b> Sri. M L Sai Kumar Former Dean IPE
13:00 - 14:00	<b>LUNCH</b>
14:00 – 17:30	<b>Session – III &amp; IV</b> <b>“Duties, Responsibilities, Liabilities of Directors,&amp; Compliances under Company Law &amp; SEBI</b> Dr. P V S Jagan Mohan Rao, Past President, ICSI & Central Council member ICAI - CFO& CS, Ind-Bharat Power Projects
<b>Day 2: 13<sup>th</sup> Sep, 2016</b>	
10.00 - 11.30	<b>Session V</b> <b>‘Changing Challenges’</b> KRS Sastry Sr Faculty IPE –Programme Director
11.30 – 11.45	<b>TEA</b>
11.45 - 13.00	<b>“Corporate Governance &amp; Evaluation of Board Performance”</b> Dr. Narendranath Menon Sr. Faculty IPE
13.00 – 14.00	<b>LUNCH</b>

<b>Day 2: 13<sup>th</sup> Sep, 2016</b>	
14.00 – 15.30	<b>Session - VII</b> <b>Risk Management</b> Dr. Narendranath Menon Sr. Faculty IPE
15.30 - 15.45	<b>TEA</b>
15.45– 17:30	<b>Session - VIII:</b> <b>“Business Responsibility Report &amp; Business Ethics ”</b> Sri. KRS Sastry, Sr. Faculty IPE Programme Director

<b>Day 3: 14<sup>th</sup> Sep, 2016</b>	
09.30– 11:00	<b>Session – IX</b> <b>Capital Budgeting &amp; Investment Decisions</b> Dr S S Murthy, Dean IPE
11.00 – 11.15	<b>TEA</b>
11:15 – 13:00	<b>Session –X</b> <b>‘Corporate Social Responsibility’</b> Dr Shulagna Sarkar, Asst. Prof. IPE
13:00 – 14:00	<b>LUNCH</b>
14:00 – 15:00	<b>Session – XI:</b> <b>“Transactional Analysis &amp; Leadership Patterns”</b> By Dr K Ratnakar, MD,FICA,FIMFA Chairman Global Medical Education Research Foundation
15:00 – 15:30	<b>Interactions with participants &amp; Distribution of Certificates</b>

### List of Participants

S.No.	Name of Participants	Organization	Contact Number & E-Mail ID
01	Sri Vijay Kumar Gupta Executive Director (Finance)	NHPC Limited	vijaykumar@nhpc.nic.in 09650122550
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04	Dr. Gauri Trivedi Director	NTPC Limited	gauri_trivedi@hotmail.com 09898044070
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06	Ms. Padma Iyer Kaul Deputy Director General	Department of Telecom (DoT)	pi.kaul@gov.in 09650613947
07	Ms. Usha Singh General Manager (Corporate Planning)	NMDC Limited	09490760032

## Board Orientation Programme Held from 07 – 09 November 2016

A Board Orientation Programme (the 9<sup>th</sup> event by the undersigned during the year) was held at Hotel Marigold from 7<sup>th</sup> to 9<sup>th</sup> November 2016. Significant part of this programme is the high profiles of all the five participants (i.e., Ex. Major General, Ex Director General of CPWD, Managing Director of CVPP, Director (Tech) of MTNL, and Director (Commercial) of NBCC. All of them are very senior who very activity interacted with the faculty.

### Programme Schedule

Day / Time	Session Plan
<b>Day 1: 7<sup>th</sup> Nov, 2016</b>	
10:00 – 11:15	<b>Session - I : “Challenges in Uncertain Volatile Complex and Competitive Corporate Environment”</b> Sri. KRS Sastry, Sr. Faculty IPE Programme Director
11:15– 11:30	<b>Tea</b>
11:30 – 13:00	<b>Session - II: “Corporate Governance&amp; Evaluation of Board Performance”</b> Dr. Narendranath Menon Sr. Faculty IPE
13:00 – 14:00	<b>Lunch</b>
14:00 – 17:30	<b>Session – III &amp; IV : “Duties, Responsibilities, Liabilities of Directors,&amp; Compliances under Company Law &amp; SEBI</b> Dr. P V S Jagan Mohan Rao, Past President, ICSI & Central Council member ICAI - CFO& CS, Ind-Bharat Power Projects
<b>Day 2: 8<sup>th</sup> Nov, 2016</b>	
10:00 – 13:00	<b>Session – V: “Capital Budgeting &amp; Investment Decisions”</b> Dr. S S Murthy, Dean IPE
13:00 – 14:00	<b>Lunch</b>
14:00 – 15:30	<b>Session – VI: “Corporate Social Responsibility”</b> Dr Shulagna Sarkar Asst. Prof. IPE
15:30 – 15:45	<b>Tea</b>
15:45 – 17:30	<b>Session - VII: “Business Responsibility Report &amp; Business Ethics”</b> Sri. KRS Sastry, Sr. Faculty IPE Programme Director
<b>Day 3: 9<sup>th</sup> Nov, 2016</b>	
9:30 – 11:00	<b>Session – VIII : Change Management</b> Sri. M L Sai Kumar Former Dean, IPE
11:00 – 13:00	<b>Session –IX: “Transactional Analysis &amp; Leadership Patterns”</b> By Dr K Ratnakar, MD,FICA,FIMFA Chairman Global Medical Education Research Foundation
13:00 – 14:00	<b>LUNCH</b>
14:00 – 15:00	<b>Session X : “Recent Developments in Corporate Management:&amp; Public Sector Enterprises”</b> Dr. R. K. Mishra, Director, IPE
15:00 – 15:30	<b>Participants interactions &amp; Distribution of certificates</b>

### List of Participants

<b><u>S.No.</u></b>	<b><u>Name of Participants</u></b>	<b><u>Organization</u></b>	<b><u>Contact Number &amp; E-Mail ID</u></b>
01	Sri M S Babu Managing Director	Chenab Valley Power Projects Pvt. Ltd.	msbabunhpc@gmail.com 09910352345
02	Sri Sanjeev Kumar Director (Technical)	Mahanagar Telephone Nigam Ltd.	dirtechco@gmail.com 09868130707
03	Maj. Gen. Tajuddin M Mhaisale Independent Director	NBCC (India) Ltd.	tajmhaisale@rediffmail.com 07798740062
04	Sri Ashok Khurana Independent Director		ashok.khurana1@gmail.com 08800690910
05	Sri Rajendra Chaudhari Director (Commercial)		dirc.sectt@nbccindia.com 08527798765



**A One Day Seminar on  
"MoU : DPE Parameters of Performance Evaluation & Monitoring and Global  
Perspective  
(12th August 2016)**

The one day programme titled 'MoU : DPE Parameters of Performance Evaluation and Monitoring' was held on 12<sup>th</sup> August 2016 at IPE, OU Campus. The programme was attended by 13 participants from various CPSEs. The first lecture on "MoU System: A Journey through 1986 and now" was delivered by Prof R K Mishra and Ms J Kiranmai. The second session was delivered by Shri KR S Sastry on the Financial Aspects of MoU. The weightages as per new guidelines and the methodology to fix financial targets was explained with examples. The third session was "MoU – Concept, Philosophy, Components, Drafting and a Case Study on Formulation and Implementation of MoU – DPE Experience and 2016-17 Guidelines, followed by case study" was dwelt by Shri MP Fulzele. The programme concluded by proposing thanks and distribution of certificates.

### Programme Schedule

Time	Details
<b>09.30 am – 10.00 am</b>	<b>Registration</b>
10.00 am – 11.15 am	Welcome Address – <i>Prof J Kiranmai, IPE</i> Participants' Introduction “MoU System: A Journey through 1986 and now” – <i>Prof R K Mishra, IPE</i>
<b>11.15 am – 11.30 am</b>	<b>Tea Break &amp; Group Photograph</b>
11.30 am – 01.00 pm	“Financial Dimension of MoU” – <i>Prof K R S Sastry, IPE</i>
<b>01.00 pm – 02.00 pm</b>	<b>Lunch Break</b>
02.00 pm – 03.15 pm	“MoU – Concept, Philosophy, Components, Drafting and a Case Study on Formulation and Implementation of MoU – DPE Experience and 2016-17 Guidelines” – <i>Shri M P Fulzele</i>
<b>03.15 pm – 03.30 pm</b>	<b>Tea Break</b>
03.30 pm – 04.45 pm	“Case Study on MoU and Group Exercise” – <i>Shri M P Fulzele, PMD &amp; Prof J Kiranmai</i>
<b>04.45 pm – 05.00 pm</b>	<b>Valedictory Session / Award Ceremony</b> – <i>Prof R K Mishra &amp; Shri M P Fulzele, PMD</i>

### List of Participants

S No	Name of Participant	Organization
1	Mr Birendra Nath Sarma GM-Planning [birendra_sarma@oilindia.in] [09435039026]	Oil India Limited
2	Mr Chinmoy Pal GM-Finance & Accounts [chinmoypal@oilindia.in] [08811001204]	Oil India Limited
3	Mr S B Singh General Manager (Finance/MIS & Coord.) [misntc@gmail.com] [09810771227]	National Textile Corporation Ltd New Delhi
4	Mr V K Chaubey [chaubeyvk@rediffmail.com] [09425326933]	NHDC Limited, Bhopal
5	Mr M Islam Chief Manager (Mining)	Coal India Ltd
6	Mr D Nag Chief Manager (Mining)	Coal India Ltd
7	Mr D Seth Chief Manager (Finance)	Coal India Ltd
8	Mr GVS Narasimha Rao AGM (IE) [9490759612]	N M D C Limited, Hyderabad
9	Mr Jyoti Rn Saikia Sr Manager (C) Mobile no.9436702541 Email ID: <a href="mailto:jrsaikia123@gmail.com">jrsaikia123@gmail.com</a>	North Eastern Electric Power Corporation Ltd
10	Mr J B Saini Chief Financial Officer [722242011]	Chandigarh International Airport Limited
11	Ms Sumitra Dhani DGM (F) [9650993564] [sumitradhani@ntpc.co.in]	NTPC Limited
12	Mr Anurag Gupta Addl General Manager [9650990156] [anuraggupta@ntpc.co.in]	NTPC Limited
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## **One Day Workshop on Corporate Governance for Senior Executives of NMDC 15<sup>th</sup> December 2016**

Centre for Corporate Governance, Institute of Public Enterprise, One day Workshop on Corporate Governance for Senior Executives of NMDC held on 15<sup>th</sup> December 2016. The conference was inaugurated by Shri Sandeep Tula, Director (HR), NMDC. The main objective of the above programme is to create awareness on Corporate Governance to the senior executives of NMDC. Among other things, the programme highlighted issues such as bench marking NMDC with other global entities on CG, Provisions in Companies Act 2013, Procedures and Compliance, Corporate Social Responsibility, Financial understanding, etc.

The first session discussed at length the issues of CG practices in Mining Industry. A comparison of the top ten companies was made on various parameters such as board size, meeting held, number of subcommittees, etc. Further the session highlighted five essentials of build a strong, qualified board of directors and evaluates performance, define roles and responsibilities, emphasize integrity and ethical dealing, and evaluate performance and make principled compensation decisions, engage in effective risk management.

The second session highlighted on the companies Act and various clauses on matters to be considered in the Board Meeting provided, constitution of the committee by every listed company, stakeholders relationship committee for companies which consist of more than 1000 shareholders, debenture-holders, deposit-holders and other security holders at any time during a FY, etc.

The third session highlighted the issues on Section 135 detailing about the CSR as a major activity. The activities which an enterprise could consider as CSR have been discussed at length.

The fourth session pointed out the various issues of succession planning and leadership pipeline. The session made the participants to think on issues such as aligning strategic objectives, target setting, forecasting the future, etc. The workshop concluded by conducting a post assessment for the executives. The programme was attended by 22 senior executives of NMDC. The programme was coordinated by Prof R K Mishra and J Kiranmai.

### Programme Schedule

<b>Time</b>	<b>Programme</b>	<b>Faculty</b>
09:00 am – 09.30 am	Registration Literature awareness Flipping through the courseware	
09.30 am - 10.00 am	Corporate Governance : Issues and Challenges	Prof R K Mishra, Ms Kiranmai J & Shri CS T Anil Kumar
10.00 am - 10.10 am	Pre-assessment	
10.10 am – 11.30 am	Corporate Governance : Provisions in Companies Act 2013 - Procedures and Compliance	Shri CS T Anil Kumar & Ms Kiranmai J
11:30 am – 11:45 am	Tea	
11.45 am – 01.00 pm	Corporate Social Responsibility : Companies Act	Dr Shulagna Sarkar & Dr Punam Singh
01.00 pm – 01.45 pm	Lunch	
01.45 pm – 03.00 pm	Case study on Corporate Governance	Group work on Case studies and presentation
03.00 pm – 03.15 pm	Tea	
03.15 pm – 04.00 pm	Corporate Governance : Financial understanding	Shri KRS Sastry
04.00 pm – 05.00 pm	Corporate Governance : Emerging Issues and trends	Prof R K Mishra, Ms Kiranmai J & Shri CS T Anil Kumar
05.00 pm - 05.15 pm	Post assessment	Ms Kiranmai J & Shri CS T Anil Kumar
05.15 pm –05.30 pm	Valedictory	

### List of Participants

Sl no	Name	Designation	Organisation & Address	Phone / Mobile	Email ID
1	M. Shiva Shunmuganathan	ED(Finance )	NMDC, Hyderabad	7382543078	<a href="mailto:edfin@nmdc.co.in">edfin@nmdc.co.in</a>
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**‘ONGC Subir Raha Chair on Corporate Governance’  
Workshop on Corporate Governance in Upstream Oil Industry  
(14-17, February 2017)**

Institute of Public Enterprise, Centre for Corporate Governance *Under the auspicious of* ‘ONGC Subir Raha Chair on Corporate Governance’ Workshop on Corporate Governance in Upstream Oil Industry held during 14-16, February 2017 at Jaiselmer. The programme was inaugurated by Shri A K Misra, GM, ONGC Academy. 13 senior executives of ONGC participated in the workshop. The workshop discussed the overview of CG, companies act in light of corporate governance practices, listing obligations as per the companies act, DPE guidelines, ONGC annual report, leadership and succession planning, etc. The first session was addressed by CS T Anil Kumar who pointed out the need and relevance of governance in the corporate sector. The second session was addressed by Prof J Kiranmai who discussed the corporate failures which gave emergence to the good corporate governance practices. The session also highlighted about various committees, models and theories that strengthen CG framework. Listing obligations and governance has been discussed by CS T Anil Kumar. During an interactive session the team has raised key issues such as

- What is the mandate of ONGC ?
- What are the roles and responsibilities of entities / departments?
- What capabilities, processes and systems will be required?
- How should the risk management processes be organized?

How do ONGC attract the most qualified investors for the long run, maximize economic returns to the state through licensing, learn and retain public trust and manage public expectations, increase local content and benefits to the broader economy, gradually build up capacity and enable actors to perform their role, ensure national oil company participation in the development of the resources, increase accountability, etc. Corporate Governance: Issues and Challenges discussed by Prof Mishra. He portrayed the key objectives of corporate governance is to reach out to business spheres by impacting the economy and society at large. Good corporate governance depends on the existence of strong and competent boards. To remain effective, boards are often confronted with the challenge of achieving an optimal balance between the need for continuity and fresh perspective. Prof Mishra in another session discussed on leadership traits and succession planning in public sector enterprises. Ms Kiranmai presentation on CSR showcased the section 135, areas of CSR, project implementation mechanism, ONGC initiatives, etc. A detailed case study of Oil industry was discussed. The session was moderated by Prof Mishra and J Kiranmai.

### Tentative Programme Schedule

Day	Time	Details	Resource Persons
Day 1	10.00 am – 11.30 am	Companies Law and Corporate Governance	<i>CS T Anil Kumar, IPE</i>
	11.30 am – 11.45 am	Tea / Coffee	
	11.45 am – 12.45 am	DPE Guidelines on Corporate Governance	<i>Kiranmai J, IPE</i>
	12.45 pm – 01.45 pm	Lunch	
	01.45 pm – 02.45 pm	Listing Obligations and Governance	<i>CS T Anil Kumar, IPE</i>
	02.45 pm – 03.45 pm	Corporate Social Responsibility	<i>Kiranmai J, IPE / CS T Anil Kumar, IPE</i>
	03.45 pm – 05.00 pm	Case study : CG practices in Listed CPSEs	Group work and presentation
Day 2	09.45 am – 09.50 am	Welcome	<i>Shri Abanish Mazumdar, ONGC</i>
	09.50 am – 10.00 am	About the programme	<i>J Kiranmai, IPE</i>
	10.00 am – 12.00 am	Corporate Governance: Issues and Challenges	Prof R K Mishra, ONGC Subir Raha Chair Professor and Director, IPE
	12.00 am – 12.15 pm	<b>Tea Break</b>	
	12.15 pm – 01.00 pm	Constitutional Provisions and Reservation Policies	<i>CS T Anil Kumar, IPE</i>
	01.00 pm – 02.00 pm	<b>Lunch Break</b>	
	02.00 pm – 03.15 pm	Leadership and Succession Planning	<i>Prof R K Mishra, IPE</i>
	03.15 pm – 03.30 pm	<b>Tea Break</b>	
	03.30 pm – 04.30 pm	Whistle blowing in CPSEs with case study	<i>CS T Anil Kumar, IPE</i>
	04.30 pm – 05.00 pm	<i>Experience sharing</i>	<i>Participants</i>
Day 3	09.00 am – 09.30 am	<b>Valedictory</b>	



### List of Participants

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1	Ravi Prakash Tiwari	<a href="mailto:56090@ongc.co.in">56090@ongc.co.in</a> <a href="mailto:rpt59@rediffmail.com">rpt59@rediffmail.com</a>	996922194 / 9415955294
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# **Seminars & Conferences**

**8<sup>th</sup> International Conference on Corporate Governance :**  
**Governance, Sustainability and Responsibility,**  
**held on 19-20 Jan, 2017 at Shameerpet Campus, IPE**

The Centre for Corporate Governance, Institute of Public Enterprise organized the 8<sup>th</sup> International Conference on Corporate Governance: Governance, Sustainability and Responsibility on January 19 - 20, 2017 at Shameerpet Campus, Hyderabad in collaboration with Accounting Research Institute(ARI) , University Teknologi Mara , Malaysia, and sponsored by Indian Council for Social Science Research (ICSSR). The conference was inaugurated by Mr. L V V Iyer, Corporate Lawyer and Prof. JP Shama, Dean, Director, IMS, Ghaziabad. During the inaugural address Mr. LVV Iyer highlighted the need of CG. He further emphasized on the giving grater push to stabilize governance system in the economic scenario to overcome corporate scandals.



The conference created a platform for exchange of ideas and opinions among academia, corporate, researchers and other experts from the India and abroad to attract attention of the recent developments in the area of Corporate Governance, trends and future challenges. The increased awareness and visibility of corporate governance standards witnessed grappling

with the issue on the innovations of best corporate governance practices. We have witnessed a vast expansion in the range of issues and challenges taken up by boards, board committees, corporate performance, best practices, benchmarking, etc. Broadly the conference revolved round the main theme i.e. CG challenges and trends, further focusing on sub-themes which would support to achieve the main theme discussed in five technical sessions. Participants from different parts of the world and across the country deliberated and discussed on the various facets of corporate governance such as gender diversity on board, executive compensations, fraud incentives ratios, monitoring factors and earnings management in Public sectors, sustainability reporting, audit committee structures, firm performance and corporate governance, etc.



*Technical Session I: Corporate Governance: Issues and Challenges:* This session was chaired by Prof JP Sharma. Four papers were presented in this session. Key Speaker Prof. A K Rath, Professor, IMI gave incite on future perspectives of CG. Prof. Rath highlighted the contributions to economy, adverse consequences of corporations, Importance of Corporate

Governance and how the Corporate Governance has evolved significantly in recent years, but some basic issues remain unresolved. Governance challenges of SOEs etc., and the other papers broadly highlighted the issues such as Impact of board committees in CG and special reference to audit committees, Auditors and Audit committees in India, Emerging trends and technology towards corporate governance.

*Technical Session IIA Governance and Corruption:* This session was chaired by Prof B N Swami. Four papers were presented during the session. The papers presented during the session covered improving governance reporting in Annual reports, exploring the potential of theory of planned behavior in the fraud prevention initiatives in Local authorities in Malaysia, unconditional conservatism and earnings quality on financial reporting practices in Indonesia upon IFRS convergences, Anti-corruption Law in Malaysia.

*Technical Session IIB Governance and Sustainability:* This session was chaired by Prof. A K Rath. Paper presenter broadly discussed on Corporate Governance practices of CPSEs in India, Impact of Corporate Governance Practices and its performance, Gender diversity and employee compensation.

*Technical Session III: Corporate Social Responsibility:* The session was chaired by Dr Madhu Vij. Seven papers been presented during the session. The session highlighted the CSR policies, Current trends of CSR practices, CSR in Emerging markets and the need for Corporate governance, Impact of Board effectiveness on performance of banks, CG framework and firm performance etc.

Finally, the conference concluded by valuable comments from the Chief Guests highlighting that *increased awareness, visibility of corporate governance standards, best corporate practices across all sectors, innovations in the area of CG, etc.* The formal vote of thanks to delegates, participant, invited speakers, paper presenters, etc was delivered by the convener. Special thanks was proposed to Lead sponsors ICSSR, MoHRD, GoI, who timely supported the event.

## Programme Schedule

Day 1	Topic
09:30 am– 10:00am	<b>Participants Registration &amp; Fellowship Tea</b>
10:00 am– 12:30 am	<b>Inaugural Session</b>
	Welcome Address - <i>Dr R K Mishra, IPE</i>
	About the Programme – <i>Prof J Kiranmai, IPE</i>
	<b>Chief Guest</b> - <i>Mr. L V V Iyer, Corporate Lawyer</i>
	<b>Guest of Honor</b> : <i>Prof. A K Rath, Dean, IMI, New Delhi</i>
	<b>Keynote Speaker</b> : <i>Prof. JP Sharma, Director, IMS, Ghaziabad</i>
	Vote of thanks : <i>Dr S S Murthy, Dean, IPE</i>
<b>12:30 pm – 1:30 pm</b>	<b>Lunch</b>
1:30 pm– 3:00 pm	<b>Technical Session I: Corporate Governance: Issues and Challenges</b> <b>Chairman</b> : Prof J P Sharma, Director, IMS, Ghaziabad
	<b>Key Speaker:</b> A Study of the future perspectives of CG : <i>Prof A K Rath, Professor, IMI, New Delhi</i>
	Impact of Committees in CG with Special reference to Audit Committees : A Case Study, <i>Prof. B N Swami</i>
	Emerging Trends of Technology towards Corporate Governance- Its Issues and Challenges, <i>Ms. K.M. Sujatha</i>
	Auditor and Audit Committee In India – Impact On Corporate Governance, <i>Dr. I Sridhar</i>
<b>3:00 pm – 3:15 pm</b>	<b>Tea</b>
3:15 pm – 4:30 pm	<b>Technical Session II A: Governance and Corruption</b> <b>Chairman</b> : Prof. B N Swami, Professor in Accounting & Finance University of Botswana
	Exploring the Potential of Theory of Planned Behavior (TPB) in the Fraud Prevention Initiatives in Local Authorities in Malaysia, <i>Dr. Safawi Abdul Rahman</i>
	Analysis of Unconditional Conservatism and Earnings Quality on Financial Reporting Practices in Indonesia upon IFRS Convergence, <i>Dr. Erlane K Ghani</i>
	The Relationship between Corruption and Money Laundering under Malaysian Legal perspectives, <i>Dr. Khairul Anuar Bin Abdul Hadi, ARI</i>
	Improving Governance Reporting in Annual Reports, <i>Mr. Vinod Menon</i>

	<b>Technical Session II B: Governance and Sustainability</b> <b>Chairman :</b> <i>Prof. A K Rath, Dean, IMI, Delhi</i>
	CEO Gender and Employee Compensation, <i>Ms. Pavana Jyothi</i>
	Corporate Governance Practices of Central Public Sector Enterprises (CPSEs) in India: A Study with Special Reference to Maharatna CPSEs, <i>Dr. Amit Majumder</i>
	Anti-Corruption Law in Malaysia: A Review, <i>Dr. Khairul Anuar Bin Abdul Hadi</i>
	Impact of Corporate Governance Practices and Its Performance: A Study of Select Public Sector Banks In India, <i>Ms. Neeta Aurangabadkar</i>
<b>Day 2</b> <b>9.30 am– 12.00 pm</b>	<b>Technical Session III : Corporate Social Responsibility</b> <b>Chairman :</b> <i>Prof Madhu Vij, Professor, FMS, Delhi</i>
	Corporate Governance Compliance, Governance Framework and Firm Performance, <i>Dr Amitava Roy</i>
	CSR Policy and its implementation: A study of select IT companies, <i>Dr Reshma Nikhat</i>
	A Study on “Corporate Social Responsibility, is it helpful for ease of doing business?”, <i>Mr. Kalya Lakshmi Sainath &amp; Mr. Korcha Teja Sai</i>
	Current Trends of CSR practices in Indian firms, <i>Mr. Serajul Haque &amp; Dr. Md. Rashid Farooqi</i>
	Impact of Board Effectiveness on Performance of Banks: A Structural Equation Model Analysis, <i>Ms. Manmeet Kaur &amp; Prof Madhu Vij</i>
	Corporate Social Responsibility in Emerging Markets - The need for Corporate Governance, <i>Dr. Abdul Razak and Mr. Ramesh Chandavath</i>
	CSR:A case study of select CPSEs, <i>Ms. Salma Jahan</i>
<b>12.00 pm – 12.30pm</b>	<b>Valedictory</b>
<b>12.30 pm – 01:30pm</b>	<b>Lunch</b>

### List of Participants

Sl No	Name	Designation	Institute
1	Dr Reshma Nikhat	Assistant Professor	Maulan Azad National Urdu University, Hyderabad
2	Ms Pavana Jyothi	Faculty Associate	IBS , Hyderabad
3	Ms Manmeet Kaur	Research Scholar	Faculty of Management Studies, University of Delhi, Delhi
4	Dr Amitava Roy	Assistant Professor	St. Xavier's College, Kolkata
5	Mr Kalya Lakshmi Sainath	Student	LLOYD Business School, Greater Noida
6	Mr Korcha Teja Sai	Student	GATE Institute of Technology and Management Sciences, Bangalore
7	Mr Serajul Haque	Research Scholar	Department of Management, Maulana Azad National Urdu University, Hyderabad
8	Ms Neeta Aurangabadkar Pole	Research Scholar	Osmania University, Hyderabad
9	Dr I Sridhar	Visiting Assistant Professor	Indian Institute of Management, Indore
10	Prof. B N Swami	Professor	Faculty of Business, University of Botswana, Botswana
11	Mr. P.A.Vinod Menon	CEO	Corpcomm Studio, Hyderabad
12	Dr Amit Majumder	Assistant Professor	Bijoy Krishna Girls' College, Howrah
13	Mr Ramesh Chandavath	Research Scholar	Department of Business Management, Osmania University, Hyderabad
14	Dr Abdul Razak	Senior Lecturer	Department of Business



Sl No	Name	Designation	Institute
			Management, Osmania University, Hyderabad
15	Ms Salma Jahan Siddiqui	Research Scholar	Business and Management, Osmania University, Hyderabad
16	Ms K.M. Sujatha	Assistant Professor	Sumathi Reddy Institute of Technology for Women, Warangal
17	Dr Safawi Abdul Rahman	Senior Lecturer	Faculty of Information Management, Universiti Teknologi MARA, Malaysia
18	Khairul Anuar Abdul Hadi	Research Assistant	Accounting Research Institute, Universiti Teknologi MARA (Pahang), Malaysia
19	Mr V R Sridhar	Research Scholar	Bharathiar University, Coimbatore
20	Mr Gangineni Dhananjhay	Research Scholar	Acharya Nagarjuna University
21	Mr B.N Mishra	Director	DPE
22	Mr. Balasubramanyam	Director - Business Development	Sajjala Bio Labs

# **Publications**

## **Journal**

**Indian Journal of Corporate Governance'** provides a forum for discussion and exchange of views by the policy makers, practitioners and academicians on issues of Corporate Governance. It attempts to focus on both Indian and Global Corporate Governance issues including board practices, role of independent directors, ethical issues and merging trends in Corporate Governance.

Journal (Indian Journal of Corporate Governance), Vol 9 No 1 & Vol 9 No 2 published by SAGE.

## **Articles**

- R K Mishra, Diversity and Board Effectiveness: A Case of India, Journal of Modern Accounting and Auditing, 2016, Vol. 12, No., doi: 10.17265/1548-6583/2016.xx.00x
- J Kiranmai and Ms Swetha, Green Accounting Practices in India

# Other Activities

## **BRICS Forum on STATE OWNED ENTERPRISES (SOE)**

### **Reforms and Governance**

**18-19, November 2016**

Ms.J.Kiranmai, Dr. Pavan Kumar and Dr. Jayasree Ravindran faculty colleagues from IPE has attended and acted as rapporteur: “*BRICS FORUM on State Owned Enterprises (SOE) Reforms and Governance*”, held on 18-19, November 2016 at Bangalore. The above

#### **DAY 1: 18<sup>th</sup> November, 2016**

##### **Excerpts from the Inaugural session**

Secretary DPE, Mr Ameising Luikham, highlighted on the modernization, diversification, and adoption of new technologies, talent management and retention, professionalization of Boards, increasing brand value of SOEs in the BRICS. In terms of market capitalization, China and Brazil seen on the lead with 80% and 35% respectively, and a need for more number of SOEs to be listed is desired. As socially responsible entities, reengineering SOEs and improving governance mechanisms needed. Increased orientation to efficiency, service delivery, cost effectiveness is felt.

During the inaugural session, Ms Lynne Brown called for an action plan for cooperation among BRICS member nations, enhance multi-national agreements among South-South, mechanisms for managing the new normal – in terms of economic transformation, innovation, coordination and structural reforms, guidelines on SOE reforms in terms of assessment, supervision, selecting senior management and other related matters.

Mr Peng from China felt the need to work together for excellence in SOEs in improving transparency and efficiency in competitive market space. Cooperation with joint efforts – increase people to people contacts and increase economic efficiency and environment. He further highlighted on the BRICS best practices framework in terms of shareholding, institutional framework and private sector participation.

Mr Geete in his Presidential remarks emphasized on the R&D and innovation to be given a huge thrust which is needed in SOEs and draw line between productivity and employment and policy to be mindful of the issue of diversity. He felt a need for BRICS consortium to show new direction and the path to SOEs concerned and to the world.

#### **Session 1: SOEs and their role in the economy of BRICS member countries**

**Session Chair: Ms Lynne Brown, Hon’ble Minister of Public Enterprises in South Africa ;**

**Co-Chair: Shri. Viswajit Sahay, Joint Secretary, Dept. of Heavy Industries, Govt. of India**

**Presentation 1: Mr Peng Huagang, Deputy Secretary General, SASAC, China**

Mr. Huagang remarked that public ownership will be the main stay in the economic system while multiple forms of ownership will develop side by side. SOEs were observed to be the main carrier of the state-owned economy, main force of public ownership and important material basis of Chinese socialist system.

Of the 1082 State holding listed companies, 388 are from central SOEs and in 2016, 103 central SOEs are under SASAC portfolio and 83 SOEs (including 50 central SOEs) have been listed in the Global Fortune 500. It may also be noted that the Number of enterprises in Fortune 500 have been constantly on the rise since 2003.

SOEs in China assume four prominent roles: promoting economic development; leading scientific and technological innovation; accelerate international operation and fulfill social responsibility.

- **Promoting economic development:** State-owned enterprise is the important pillar of the national economy, taxes they paid account for 1/4 of the fiscal revenue, and industrial added value they create accounts for 1/5 of GDP. The adjustment of the layout and structure of the SOEs are optimized and the state-owned capital can be centralized in important industries and key sectors that have a vital bearing on national security.
- **Lead scientific and technological innovation:** Chinese SOEs attach great importance to innovation and development. From 2011 to 2014, the annual average growth rate of central SOEs' R&D input under SASAC portfolio is 9%. From 2011 to 2015, there are altogether 450 projects of central SOEs won State Scientific and Technological Progress Award and State Technological Invention Award, which is one third of the total.
- **Accelerate international operation:** From 2010 to 2015, the annual average growth rate of central SOEs' overseas total assets and sales revenue have reached 14% and 3.8%. In recent years, the overseas investment of central SOEs was further increased, which account for more than 70% of Chinese non-financial ODI. Up to the end of 2014, 40 central SOEs have invested 252 projects in "one belt and one road" countries or areas, with total investment of 205.8 billion US dollars. Central SOEs expand overseas business to technology intensive areas, such as high-speed railway and nuclear power, which promote the export of technology, investment, equipment, management and services
- **Fulfill social responsibility :** Chinese SOEs shoulder great responsibilities in public welfare, including urban public transport and infrastructure construction in outlying poverty-stricken areas. SOEs have made invaluable contribution and was out front in fighting floods, earthquake rescue and other critical moment. The social security

fund accounts for 35.3% of the fiscal appropriation. Central SOEs have helped 246 key countries in national poverty alleviation.

Mr. Huangang also mentioned certain characteristics of the SOEs:

- **Achieve mutual benefit and win-win results with other ownerships:** The public sector and non-public sector complement each other and achieve mutual benefit and win-win results. The non-public sector in China has achieved rapid development, which contributed more than 60% of GDP, 50% of the taxes paid and 90% of the new employment.
- **Different categories of SOEs play different roles:** SOEs are divided into two groups, commercial ones and public welfare ones: Commercial ones have the primary objective to preserve and increase the value of state-owned assets and maximize the economic benefit. They participate in the market competition and follow “survival the fittest” rule; Public welfare ones have the primary objective to protect and serve the people’s livelihood and provide public goods and services, for which cost control is most important.
- Both of the commercial ones and public welfare ones are independent market players, and follow the rule of market economy and enterprise development. There are differentiation measures to different categories of SOEs with regard to reform, assessment, development and supervision. Through categorization, SOEs have more accurate market positioning, better integrated with the market economy and play a better role in the market
- **SOEs play important role in the market competition as independent market players:** SOEs are independent market players. Proper flows of state-owned capital is facilitated through building state-owned capital investment fund platform, Amend “Enterprise Bankruptcy Law”, and push forward those long time loss-making SOEs to exit the market. Based on the market-orientation, SOEs enjoy inflows and outflows of state-owned capital, the layout of state-owned capital is optimized, and SOEs play a better role in the adjustment.

**Presentation 2: Mr Mogokare Richard Seleke, Director General, Department of Public Enterprises, Republic of South Africa.**

The second presentation was made by Mr Mogokare Richard Seleke, Director General, Department of Public Enterprises, Republic of South Africa. Mr. Seleke reiterated that there are communalities in defining the problem areas in BRICS member nations and the need to synergize for optimizing the relationship.

While the period between 2000 and 2008 saw acceleration in the growth rate of BRICS countries, post 2008/09 BRICS countries have struggled to increase their growth level to the pre-crisis level and growth performance in Brazil, Russia and South Africa are projected to remain below the global average growth. The growth outlook for the BRICS countries shows

that a new growth model needs to be pursued that will promote stability and unlock investments into the productive and other sectors of the economy, which must ensure economic development.

While also dilating the evolution of SOEs in S. Africa, it is observed that there has been a growing number of SOEs that are forming part of the Global 500. In 2014, 23 percent of the Global 500 companies were SOEs from 9 percent in 2005, and SOEs have also become major players in Foreign Direct Investments and “are investing beyond their domestic borders”.

Speaking on the emerging role of SOEs in BRICS framework, Mr. Seleke mentioned that SOEs are expected to look beyond their financial sustainability in both their domestic economies as well as in host countries. Driving investment in the developing world was considered important, with a desirable outcome on technological investments as well. Promoting equality and accelerating South-South trade was also emphasized.

### **Presentation 3: Narendra K Verma, Managing Director and CEO, ONGC Videsh Limited**

Mr. Verma opened his presentation stating the importance of SOEs in areas of strategic importance where the energy sector forms a part of. Profiling the nature of energy producing viz-a viz energy consuming economies such as India and China, he mentioned that energy security was at the heart of economic security, environmental security and national security. He stated that Energy solutions are enormously challenging, given the complexities of energy supplied owing to mismatch of demand and supply.

Perception of energy risk is seen to add to the complexities and SOEs role include addressing the related issues thereof. A trend where is shift from oil based to gas based energy and overseas to domestic energy is also seen given the environmental conventions and countries’ commitment towards the same.

Also speaking of per capita consumption to population base, India is found to be low in terms of per capital energy consumption and high in population base. With aspirations to improve lifestyle, there is more need for energy supply and energy security in the country. While Russia can be classified as an energy surplus nation, other BRICS member countries and clearly India and China are seen as energy deficit nations given the population and the expectations and requirements thereof. India’s per capita production of energy (fossil fuel) is amongst the lowest among BRICs.

Mr. Verma spoke on the need for a mechanism for energy diplomacy / energy cooperation within BRICS for more energy supply and at stable rates. He also noted the wealth transfer from energy producing nations to energy consumption when oil prices are down and the reverse when oil prices are up. Mentioning that SOEs are fairly structured organizations across the BRICS nations, he also averred the need for the focus to shift from processes to outcomes. He also suggested that BRICS member nations could develop a mechanism for bargaining a better position outside BRICS framework and collectively strengthen the energy diplomacy and energy cooperation within BRICS member nations.



#### **Presentation 4: Mr. Arunachalam, ANTRIX Corporation Limited, India**

Mr. Arunachalam presented on the Role of Space Technology and its Applications and dilated on Space Transportation, Space Infrastructure, Space Applications and Capacity Building in space technology. The activities of Antrix Corporation Ltd., Incorporated in September 1992 as a Government of India Company under the administrative control of Department of Space (DOS) were presented. The organization structure, business portfolios, recent satellite launches, transponder provisioning services in the spaces of telecommunication, radio and television broadcasting etc., Spacecraft Testing Facilities, Remote Sensing Data & Services, and the existing collaboration and future prospects were discussed.

#### **Session 2 : Structure and Principles of SOE Governance in BRICS Member countries**

**Session Chair : Mr Ameising Luikham, Secretary, Department of Public Enterprise, GoI**

#### **Presentation 1: Mr Peng Huagang, Deputy Secretary General, SASAC, China**

SOEs in China follow a three tier model i.e. sectorized model, multiple management and centralized model. The reforms during 2015 focused on changes from “enterprise management” to “capital management” to establish or reorganize SOEs. The main functions of SASAC are to approve articles of association; examine plan of development for enterprises invested by the state; recruit and select senior executives; manage issues of significance; setting up mechanism for incentives and restraints through performance assessment; regulate the transaction of state property right/equity; improve corporate governance norms; enhance financial auditing and the role of supervisory panels; establish a state capital budget system; strengthen institutions via laws and regulations on SOEs. On reforms since 2015, the focus is on Enhancing supervision on state-owned assets by capital management. Clarifying the responsibility of investor, focus on a proper layout of state capital, standardized capital operation, higher capital return, and to ensure capital security are also part of the foci of reforms.

#### **Presentation 2: Ms Matsitsh Mokholo, DDG (Legal and Governance), DPE, South Africa**

The SOEs in the South Africa have developed new governance structure which includes issues relating to improvement in transparency in the operations of SOEs; improve public confidence in the management of State Assets that promote development and equality; recognize the unique positioning of SOEs in the national economies i.e. balancing financial sustainability with developmental imperatives. The Governance models shall improve transparency and accountability to ensure good governance and to increase cooperation between the state and private sector. Most of the countries in the BRICS have moved towards a centralised model to ensure the optimum orientation of SOE Strategies to the overarching

developmental imperatives that have shaped industrial and broader economic development goals

**Presentation 3: Mr Anil Mehra, Executive Director (International Business), PGCIL**

Mr Mehra presented the overall picture of the power sector in India in particular and the role of Power Grid Corp. Ltd in particular. The presentation highlighted the overview of PGCIL, technology, diversification, telecom, consultancy (Domestic & International). The company owns and operates 90% of India's ISTS. The company attracted 26.49% of FPIs, DII of 8.44 % and other of 7.7%. The company has its presence in 18 countries. The focus on technology, use of new technology in transmission and consultancy services offered were dilated.

**Presentation 4: Ms Darya Golenkova, Deputy Head of Division, Administration of Industry organization and Foreign Property, Federal Agency for State Property Management Russia**

Russian SOEs composite have the following constituents: majority shareholdings 17%, block shareholding 12%, controlling share 7% and Russian federation as sole proprietor 64%. Delegation of authority to territorial departments provides for: prompt decision-making and involvement of local authorities; thorough case by case representation of current situation; decreasing of total amount of correspondence between Central office and Territorial departments.

**Presentation 5: "Initiatives of Government of India in Power Sector" By Shri Rajeev Sharma, CMD**

Shri. Rajeev presented an Overview of Power Sector in India, Long Term & Medium Term Demand Projections, Role of Power Finance Corporation Ltd, Initiatives of Government of India and the Impact of Government of India Schemes.

PFC has played a Key role in Implementation of GoI Flagship programmes. Various fund initiatives of Govt. of India such as Indian Renewable Energy Fund (IREF), Renewable Energy Certificate Fund, Fund for supporting small hydro projects, Stressed Asset Equity Fund (SAEF) and Stressed Asset Lending Fund (SALF) were presented.

Initiatives of Government of India on UMPPs, IPDS, UJWAL DISCOM ASSURANCE YOJANA (UDAY etc. were discussed.

The Secretary, DPE discussed the performance management system prevailing in SOEs in India and spoke on the fixed and variable (Performance Related Pay) components that reward performance in SOEs. The parameters of performance and assessment mechanisms were discussed.

## **DAY 2: 19<sup>th</sup> November 2016**

### **Session 3 : Performance Management of SOEs in BRICS Member Countries**

**Session Chair : Dr Madhukar Gupta, Additional Secretary, DPE, GoI**

#### **Presentation 1 : SASAC, China**

Mr Yuan in his presentation highlighted on the Performance Assessment of Chinese Central SOEs. The key points that were discussed include the general framework of performance assessment, key points of performance assessment and the impact of performance assessment on SOEs. SASAC adopts three methods of performance assessment of its SOEs such as annual assessment and tenure assessment, result assessment and process evaluation, and performance outcomes and incentives. Targets are set on the basis of vertical and horizontal comparisons. The two basic indicators for assessment includes annual assessment through EVA and tenure assessments through ratio of value preservation and increment of state-owned assets and their turnover rate of total assets. EVA as a tool for evaluating the performance assessment of SOEs :

- to optimize enterprises' investment plan and cut down those unprofitable and long-term investment.
- to analyzing value chain, cutting operational cost and increasing investment efficiency instead of being impulsive in scale expansion previously.
- to improve the efficiency of capital and the ability to create value through adjusting investment strategy, minimizing capital coefficient and strengthening management towards cost, accounts receivable and inventory

#### **Presentation 2: DPE, SA**

The presentations by Ms Matsietsi Mokholo highlighted the performance of all the 700 entities (including subsidiaries) that were identified through the presidential review process. The portfolio overview of State owned Companies in terms of overall performance per sector is also emphasized in the presentation. The presentation detailed about the various clusters which are contributing to the economic growth in South Africa. These clusters range from communication, defence and aerospace, energy, financial services, forestry and mining. The shareholding pattern, revenues, net profit/loss, total assets were presented.

#### **Presentation 3: DPE, GoI**

Mr Bhal discussed the MoU as a tool for performance assessment of the SOEs in India. MoU is a negotiated agreement and contract between the Administrative / Department/ Holding CPSE i.e. majority shareholder and the Management of the Central Public Sector Enterprise (CPSE) on selected parameters by setting mutually agreed targets and to be evaluated at the end of the year to measure the enterprise performance. The revised guideline 2017-18 has

50% financial parameters and other 50 % non-financial parameters. The non-financial parameters include capacity utilization, human resources, compliance as per the companies act, regulator, corporate governance norms, etc.

**Presentation 4: Federal Property Management, Russia** Ms Oksana presented the Russian case elaborating the functioning of the Federal Property Management Agency, an executive body develop tools and unified mechanism in the field of Corporate Governance for more than 1500 companies with state participation. The Agency plays an important role to increase the attractiveness and value of state assets. To achieve the goals and improving agency work based on: transparency, openness effectiveness and publicity. The agency has developed common tools and unified mechanism in the field of corporate governance standards. The formation of joint-stock company in long-term strategic planning which is based on the strategy of JSC, long-term program of development program of the company is a road map for development of long-term perspective and serves as a tool for effective asset management. Introduction of advanced international practices make state companies more comprehensible and attractive to investors increasing the capitalization by IPO, so that state receives more money.

#### **Session 4: Financial Management of SOEs in BRICS Member countries**

**Session Chair Ms Matsietshi Mokholo, DDG, DPE, SA**

##### **Presentation 1 : Bureau of Financial Supervision and Evaluation, SASAC, China**

Mr Jie's presentation discussed at length the best practices of Financial Management System in Chinese SOEs. The Lead the transformation of financial management and evaluation and supervision are the main tools used for effective financial management system by SASAC. The presentation focused on the optimum resources allocation to increase capital gains, enhance risk management techniques and increase enterprise value creation, report their operation timely, accurately and objectively, and disclose true accounting information. Based on the type of the business and a thorough review of the business process including timeline, content, basis and criteria are considered for accounting system. The relations between the items and the front end of the business, achieving accounting standards and the integration of corporate finance are undertaken simultaneously. To ensure the operations of the enterprises are disclosed from time to time, dynamic monitoring and operation analysis of the financial status of central SOEs. A comprehensive performance evaluation system is designed to ensure to measure the evaluation of operation. With more than 20 key indexes, we evaluate the profitability, operating efficiency, solvency and developing capability of the enterprises on an objective, fare and accurate basis, finding weak links for enterprises and helping them improve financial indexes.

## **Presentation 2: BPRL's Joint Ventures with Russia & Brazil National Oil companies, GoI**

Bharat Petroleum entered the upstream sector in 2003 with the aim of providing partial supply security of crude and hedging of price risks and to become a vertically integrated oil company. With the additional aim of strengthening the company's bottom line, a wholly owned subsidiary company of Bharat Petroleum a Navratna CPSE, by the name Bharat PetroResources Limited (BPRL) was incorporated in October 2006. BPRL was set up with the objective of carrying out Exploration and Production activities considering the need for a focussed approach for Exploration and Production activities and implementation of investment plans of Bharat Petroleum at a quicker pace. BPRL, OIL and IOC have purchased 29.9% participatory stake in Taas-Yuryakh and 23.9% stake in JSC Vankorneft from Rosneft, Russia. The autonomy is given for international of operations. BPCL attains the status of Navratna providing an opportunity to establish a subsidiary BRPL. BPRL indirectly owns 33% of the stake, and OIL and IOC each indirectly own 33.5% and of the Indian consortium's total stake. The company also developed footprints in Brazil with collaboration with other international players.

## **Session 5 : Corporate Governance Practices in SOEs of BRICS Member Countries**

**Session Chair : Mr Peng, Deputy Secretary General, SASAC, China**

### **Presentation 1 : SASAC, China**

Mr. Chen Dongliang, detailed about the structure of Corporate Governance in Chinese SOEs, principles to improve CG standardized, mechanisms and future strategies. Most of the SOEs have been corporatized or transformed into listed companies. There are 167,000 SOEs among which, 90% are incorporated to Company Law. The legal system ensures clear right and responsibility for shareholders meeting, board of directors, management team, supervisory board and workers congress, based on laws and articles of associations. The rules and regulations formulated: 1)relationship between board of directors and state-owned assets supervision and administration organization; 2)responsibility of the board and different committees; 3)relationship between the board and the management team; 4)performance evaluation of the board and board members; 5) the requirements of employee director. Further the guidelines clarify on the principal-agent relationship between state-owner and operator; enhance oversight by appointing directors, authorizing board of directors and formulating corporate governance system and procedure.

### **Presentation 2: CSR, DPE, GoI**

Dr Gupta in his address informed the member countries that first time, anywhere in the world, CSR has been mandated through legislation in India. The Section 135 of the Companies Act, 2013 contains CSR provisions. Schedule VII of the Act enumerates activities that can be undertaken by CPSEs as CSR. Section 135, amended Schedule VII of the Act, and the Companies (Corporate Social Responsibility Policy) Rules, 2014 were notified by

M/o Ministry of Corporate Affairs on 27th Feb 2014. This is the first year of implementation of CSR by CPSEs under the Act. The activities covered in Schedule VII includes : Eradicating hunger, poverty, malnutrition, promoting healthcare including contributions to “Swach Bharat Kosh”; Promoting education and employment enhancing vocational skills; Promoting gender equality, empowering women; Ensuring environmental sustainability including contribution to “Clean Ganga Fund”; Protection of national heritage, art and culture; Measures for the benefit of armed forces, war widows and their dependents; Promotion of sports; Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government; Contribution to technology incubators; Rural development projects; Slum-area development. Further tax concessions are also provided under Finance Act, 2014. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to scientific research, rural development projects, skill development projects, agricultural extension projects, etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.

### **Presentation 3 : Bureau of Public Enterprises and Restructuring, South Africa**

Ms Orcilia Ruthnam, highlighted the legislative framework of corporate governance, mandated shareholder interests, challenges in legislation, practices and frameworks, etc. Boards must maintain the highest standard of transparency, disclosure, and accountability to act in accordance with laws and best practice. The a Ministerial directives, however influence the process by expressing their views on the direction of the business

### **Issues and Observations**

#### **Session 1**

- The growth outlook for the BRICS countries shows that a new growth model needs to be pursued that will promote stability and unlock investments into the productive and other sectors of the economy, which must ensure economic development.
- Driving investment in the developing world was considered important, with a desirable outcome on technological investments as well. Promoting equality and accelerating South-South trade was also emphasized.
- There is a need for a mechanism for energy diplomacy / energy cooperation within BRICS for more energy supply and at stable rates.
- While SOEs are fairly structured organizations across the BRICS nations, the need for the focus to shift from processes to outcomes.
- BRICS member nations could develop a mechanism for bargaining a better position outside BRICS framework and collectively strengthen the energy diplomacy and energy cooperation within BRICS member nations.

## **Session 2**

- SOEs shall focus on investors' responsibility to achieve centralized supervision and SOEs have to follow the rule of the market, and make SOEs be independent market players.
- Emphasized the need to increase the number of SOEs in the Global Fortune 500 list.
- There could be collaborations that would aid achievement of critical SOE objectives.
- There could also be country to country bilateral agreements for capacity building / training, for instance, in the areas of governance.

## **Session 3:**

- Two basic indicators for assessing SOEs performance in China: annual assessment : profit and economic value-added(EVA) and tenure assessment
- Executive remuneration and assessments take place at the concerned levels. Remuneration standards and bonus/incentives for executives based on the SOE performance
- In India, performance management and evaluation takes place through the Memorandum of Understanding (MoU)
- MoU has been an evolving phenomenon and there is a need for policy directions in terms of privatization, R&D investments and initiatives for change management

## **Session 4:**

- Financial Management System in Chinese SOEs highlight: optimize resources allocation and increase capital gain, enhance risk management techniques and increase enterprise value creation, report their operation timely, accurately and objectively, and disclose true accounting information
- BPCL attains the status of Navratna providing an opportunity to establish a subsidiary BRPL. BPRL indirectly owns 33% of the stake, and OIL and IOC each indirectly own 33.5% and of the Indian consortium's total stake. The company also developed footprints in Brazil with collaboration with other international players

## **Session 5:**

- Most SOEs in China have been corporatized and listed and a clear legal system of CG exists in China comprising companies law, enterprise SOE law, property law, securities law.
- Enhance capacity building for boards and improve incentive mechanisms for directors
- In India, CSR is mandated for all profit making SOEs. CSR activities includes eradication of poverty, improving primary health, contribution to swach bharat kosh,

gender equality, technology incubator and R&D, etc. CSR initiative support to achieve inclusive growth

Governance framework in Africa highlights on the specific rights of the and boards performance. BPE ensures adherence to various compliance issues, governance challenges, internal control and audit outcomes. The BPE strikes balance between enterprise interest and national interest.



**Two Day International Conference on Gender and Management  
on 4-5, January 2017 at Bhubaneswar,  
organised by BIMTECH and IPE**

The two day international conference on “ Gender and Management: Issues and Challenges” is organized by Birla Global University, previously known as BIMTECH, Bhubaneswar and Institute of Public Enterprise (IPE), Hyderabad in collaboration with University of Ljubljana, Slovenia. The conference aims at bringing together leading academicians, researchers, industry experts and research scholars from India and abroad to discuss, deliberate and bring fresh perspectives on the much debated topic of Gender and Management. The main themes of the conference are:

- role of women on boards
- gender impact on managerial effectiveness
- gender and productivity
- women entrepreneur : issues and challenges
- women at workplace

Over the two days participants and speakers deliberated on the various issues focusing the main and the sub themes quoting relevant examples wherever required. The conference started with vibrant deliberations from Prof P Nayak followed by Prof Rado’s presentation focussing on two major challenges.

- Firstly, implementation of values, human rights, equality, decision making, etc
- Secondly, improving quality of CG practices

Prof. Aleksandra Kanjua Mrčela spoke on whether gender is still in question? She stated that gender equality is the basis of modern democracy. Gender equality is valued, and women today are well educated and experienced. This has been a topic of research and debate for several decades (e.g. the position of Women managers in Yugoslavia and India, with PreetaNath, 1990). She pointed that there are various arguments in political and academic international debate for gender equality such as

- The argument of General fairness: Removing structural obstacles, because it is not women’s fault – structural discrimination; prejudices; unconsciousness bias;
- The Business arguments:
  - Standard Business arguments - diversity gain – feminine skills and advantages of women are good for business. In many cases, the competencies of women are hidden as people cannot look beyond their gender. This is however based on the

assumption that all women are the same, different from men and better than men, but, in some cases women are not better than men and should not be promoted just because of their gender, *not competence* – based on assumption that all women are the same, different from men and worse than men.

- Advanced Business arguments – loss based on discrimination talented and competent women; value creation boards (new, different boards)

Dr. SK Acharya spoke on about people management which inevitably involves a talk on diversity. Both men and women have a common cause to contribute to the welfare of the organization and the organization should harvest various differences. Gender diversity is not a mere percep\tion, it is a fact. Dr. B.K. Das proposed vote of thanks.

In all the technical session around 35 papers were presented. These presentations focused on :

- female participation in Nepalies enterprises
- women in parliaments of various countries
- women at workplace
- women and corporate boards
- women in promoting SHGs
- women participation : a case of Thailand

The programme is attended by researchers, policy makers, academicians and students.



- Ms. J Kiranmai and CS T Anil Kumar has attended “*1st Global Congruence to Promulgate International Corporate Governance Day*”. As an important initiative to profess and create international consensus for “International Corporate Governance Day” there is a necessity to bring all the nations together under one platform. Hence, the ICSI hosted its first ever Global Congruence to promulgate International Corporate Governance Day. The Congruence will be held on 08 – 09 December 2016 in the pearl city of Hyderabad, India.
- Prof. R K Mishra attended international Conference on “*Corporate Governance: Retrospect and Prospects*” on 12-13 February 2017 by IMS, Ghaziabad.
- J Kiranmai presented a paper titled Corporate Governance and Diversity at the BIMTECH two day International Conference on “Women and Management : Issues and Challenges during 24-25 November, 2016

**Team Member**

- Prof R K Mishra, ONGC Chair Professor and Chairman, CCG
- Ms J Kiranmai, Head, CCG
- CS T Anil Kumar, Member, CCG
- Mr Chandrashekar, Member, CCG
- Ms Deepa, Research Associate