

NATIONAL FOUNDATION FOR CORPORATE GOVERNANCE

1. Introduction

With the goal of promoting better corporate governance practices in India, the Ministry of Corporate Affairs, Government of India, has set up National Foundation for Corporate Governance (NFCG) in partnership with Confederation of Indian Industry (CII), Institute of Company Secretaries of India (ICSI) and Institute of Chartered Accountants of India (ICAI).

2. Vision

Be A Catalyst In Making India The Best In Corporate Governance Practices.

3. Mission

- To foster a culture for promoting good governance, voluntary compliance and facilitate effective participation of different stakeholders;
- To create a framework of best practices, structure, processes and ethics;
- To make significant difference to Indian Corporate Sector by raising the standard of corporate governance in India towards achieving stability and growth.

4. Stakeholders

4.1 Ministry of Corporate Affairs (MCA): MCA is primarily concerned with administration of the Companies Act, 1956, other allied Acts and rules & regulations framed there-under mainly for regulating the functioning of the corporate sector in accordance with law. The Ministry is also responsible for administering the Competition Act, 2002 which will eventually replace the Monopolies and Restrictive Trade Practices Act, 1969 under which the Monopolies and Restrictive Trade Practices Commission (MRTPC) is functioning. Besides, it exercises supervision over the three professional bodies, namely, Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and the Institute of Cost and Works Accountants of India (ICWAI) which are constituted under three separate Acts of the Parliament for proper and orderly growth of the professions concerned. The Ministry also has the responsibility of carrying out the functions of the Central Government relating to administration of Partnership Act, 1932, the Companies (Donations to National Funds) Act, 1951 and Societies Registration Act, 1980.

4.2 Confederation of Indian Industry (CII): CII is a non-government, not for profit, industry led and industry-managed organization, playing proactive role in India's development process. CII works to create and sustain an environment conducive to the growth of industry in India, parenting Industry through advisory and consultative processes. A facilitator, CII catalyses change by working closely with government on policy issues, enhancing efficiency, competitiveness and expanding business opportunities for industry through a range of specialized services and global linkages.

4.3 Institute of Chartered Accountants of India (ICAI): ICAI is a statutory body established under the Chartered Accountants Act, 1949 for the regulation of the profession of Chartered Accountancy in India. The Institute has achieved recognition as a premier accounting body for the contribution in the fields of education, professional development, maintenance of high accounting, auditing and ethical standards.

4.4 Institute of Company Secretaries of India (ICSI): ICSI is a premier national professional body constituted under the Company Secretaries of India Act, 1980 to develop and regulate the profession of Company Secretaries. The Institute is functioning to develop high caliber professionals ensuring good Corporate Governance and effective management, thus contributing to society at large.

5. Structure of the Foundation

5.1 To effectively execute the policies and programmes, NFCG has a sound internal governance structure capable of delivering the intended outcomes and identifying potential pitfalls. The internal governance structure of NFCG consists:

- **Governing Council**
- **Board of Trustees**
- **Executive Directorate**

5.2 Governing Council

Governing Council of NFCG works at the apex level for policy making. It is chaired by Minister in-charge, Ministry of Corporate Affairs, Government of India. The members of the Governing Council are: -

- Secretary, Ministry of Corporate Affairs, Government of India - Vice Chairman of the Governing Council;

- Shri Kiran Karnik;
- President, Confederation of Indian Industry (CII);
- President, Institute of Chartered Accountants of India (ICAI);
- President, Institute of Company Secretaries of India (ICSI);
- Director General, Confederation of Indian Industry (CII);
- Secretary, Institute of Chartered Accountants of India (ICAI);
- Secretary, Institute of Company Secretaries of India (ICSI);
- Chairman, Indian Banks Association;
- Chairman, Insurance Regulatory and Development Authority;
- Chairman, Securities and Exchange Board of India;
- Special Secretary, Banking, Ministry of Finance; and
- Secretary, Department of Public Enterprises.

5.3 Board of Trustees

Board of Trustees deal with the implementation of policies and programmes and laying down the procedure for the smooth functioning. It is chaired by Secretary, Ministry of Corporate Affairs, Government of India. The members of the Board of Trustees are: -

- Director General, Confederation of Indian Industry (CII);
- Secretary, Institute of Chartered Accountants of India (ICAI); and
- Secretary, Institute of Company Secretaries of India (ICSI).

5.4 Executive Directorate

The Executive Directorate provides the internal support to NFCG activities and implements the decisions of the Board of Trustees. The Executive Director is the Chief Executive Officer of NFCG. The Executive Directorate exercises such powers as may be delegated to it by the Board of Trustees to carry out such functions as may be entrusted to it by the Board. The Executive Director also functions as the Secretary of the Council and the Board and is supported by full time dedicated professional secretariat.

6. Major initiatives of NFCG

Major initiatives of NFCG are as under:

6.1 Platform for deliberations on CG, CSR issues

Number of the events organized by / under the aegis of NFCG

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Seminars / Conference	Nil	01	08	04	08	23
Director Orientation	Nil	Nil	04	04	07	04

Faculty Orientation	Nil	Nil	Nil	Nil	02	Nil
Declamation contest / Moot Court Competition	Nil	Nil	Nil	01	01	01

7. Research Work	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Research Work <i>(completed)</i>	Nil	Nil	Nil	Nil	01	02
Research work <i>(in process of completion)</i>	Nil	Nil	Nil	Nil	06	06

8. Papers on Corporate Governance so far formulated by NFCG

- Discussion paper on Corporate Governance
- Independence Principles for Corporate Board and Directors (draft)
- Internal Governance Norms for Institutional Investors (draft)

Papers in process formulation

- Corporate Governance Norms for SMEs
- Standards on Audit of Corporate Governance

9. Globalization of NFCG via strong International linkage

Established linkage with:-

- Organization for Economic Co-operation and Development (OECD)
- Asian Corporate Governance Association, HK (ACGA)
- Lexis Nexis, Hong Kong.

In process of establishing linkage with:-

- World Council for Corporate Governance (WCCG)
- International Corporate Governance Network (ICGN)
- Global Corporate Governance Forum (GCGF)