

Annexure II

DEPUTY GOVERNOR

**RESERVE BANK OF INDIA
Central Office,
Shaheed Bhagat Singh Road,
Mumbai-400 001, INDIA**

MEMORANDUM

Constitution of Advisory Group on “Corporate Governance”

A Standing Committee on International Financial Standards and Codes has been set up by Governor, Reserve Bank of India on December 8, 1999 with the objectives of identifying and monitoring developments in global standards and codes pertaining to various segments of the financial system, considering all aspects of applicability of such standards and codes to the Indian financial system, chalking out the desirable road map for aligning India's standards and practices in the light of evolving international practices, periodically reviewing the status and progress in regard to codes and practices, and making available its reports to all concerned organizations in public or private sector.

The Standing Committee in its first meeting held at New Delhi on January 13, 2000 decided to constitute non-official Advisory Groups in ten major subject areas encompassing 43 different standards/codes. In this regard, one of the subject areas identified is “Corporate Governance”. Accordingly, an Advisory Group on “Corporate Governance” under the Chairmanship of Dr. R.H.Patil, Managing Director, National Stock Exchange, Mumbai is constituted with effect from February 8, 2000 with the following as members.

1. Shri Rajendra P. Chitale
Chartered Accountant, C/o M.P. Chitale & Co., Mumbai.
2. Shri M.G. Bhide, Chairman NIBM, Pune
3. Shri Deepak M. Satwalekar,
Managing Director, HDFC, Mumbai
4. Shri Nandan M. Nilekani,
Managing Director, Infosys Technologies, Bangalore.
5. Dr. V.V.Desai, Adviser, ICICI, Mumbai

Shri K. Kanagasabapathy, Adviser-in-Charge, Monetary Policy Department, Reserve Bank of India/Dr. R. Kannan, Adviser, Department of Economic Analysis and Policy will be convenors to the Advisory Group.

The terms of reference of the Advisory Group are as follows:

- (i) to study present status of applicability and relevance and compliance of relevant standards and codes,
- (ii) to review the feasibility of compliance and the time frame over which this could be achieved given the prevailing legal and institutional practices,
- (iii) to compare the levels of adherence in India, vis-à-vis in industrialized and also emerging economies particularly to understand India's position and prioritize action on some of the more important codes and standards,
- (iv) to advise a course of action for achieving the best practices appropriate to us; and
- (v) to help sensitize the public opinion on the above matters through its reports.

The Chairman may co-opt other non-officials as members and officials as special invitees and decide to have meetings on schedules and at places of his convenience.

Secretarial assistance to the Advisory Group will be provided by the Reserve Bank of India. The Reserve Bank will also provide the following facilities to the Chairman and Members and special invitees to the Advisory Group:

- a) reimbursement of return air fare by executive class to attend the Advisory Group meetings
- b) provision of local transport and local hospitality
- c) reimbursement of a sum of Rs.500 per diem to outside members to meet incidental expenses
- d) necessary arrangements for conducting the meetings preferably in the RBI premises.

The Advisory Group is expected to submit its Reports as and when they are ready and a final report in any case within a time frame of one year from the date of the first meeting.

Sd/-

(Y.V. Reddy)

May 25, 2000