

Functioning of independent directors

2837. SHRI VIJAY JAWAHARLAL DARDA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the provisions of the Companies Bill introduced in August, 2009 in the Parliament, and later on referred to the Department related Standing Committee on Finance would enable the responsibility to be fixed on independent directors, in the backdrop of multicrore accounting fraud as such recent fraud cases have exposed gaping holes in our existing corporate governance norms; and

(b) if so, whether the companies would be allowed to have the option to continue a particular independent director for any duration or Government would fix a maximum period for keeping independent directors on the Board of the Company?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH): (a) The concept of Independent Director has been proposed in the Companies Bill, 2009. Clause 147 of the Bill, provides for duties of directors which include the duty to act in good faith in best interest of company, to act with due and reasonable care, skill and diligence, to avoid any conflict of interest, to desist from achieving any undue gain or advantage. These duties would also be applicable for independent directors. The liability for penal action (including for frauds) under the Companies Act, 1956 as well as Companies Bill, 2009 lies on the concerned company and its officer who is in default. In many circumstances, the term 'Officer in default' includes directors.

(b) The recommendations made by Hon'ble Parliamentary Standing Committee which examined the Companies Bill, 2009 regarding specific tenure for independent directors are proposed to be included in the revised Companies Bill also.

Liquidation of Daewoo Motors India Limited

2838. SHRI JAI PRAKASH NARAYAN SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that for liquidation of a company, prior approval of the respective State Government is taken;

(b) if so, whether it is a fact that while liquidating Daewoo Motors India Limited (DMIL), permission of the Uttar Pradesh Government was not taken in advance;

(c) if so, the details thereof;

(d) if not, the reasons therefor;

(e) whether a liquidation proposal without the approval of the State Government is valid in a court of law;

- (f) if so, the details thereof; and
- (g) if not, the action being taken by Government to de-notify the liquidation process of DMIL?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH): (a) No, Sir.

(b), (c) and (d) Does not arise in view of (a) above.

(e) Yes, Sir.

(f) and (g) Does not arise.

Strengthening of Serious Fraud Investigation Office (SFIO)

2839. DR. K.V.P. RAMACHANDRA RAO: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether it is a fact that Government proposes to further strengthen the Serious Fraud Investigation Office;
- (b) if so, the details thereof; and
- (c) by when it is likely to be effected?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH): (a) to (c) Yes, Sir. Keeping in view the recommendations made by Vepa Kamesam committee, it is proposed to give statutory recognition to SFIO. Besides, powers such as treating its investigation report as a report filed by a Police Officer, giving SFIO power to issue letter of requests (letter Rogatory) in cases involving companies having business/interest outside the country and definition of the term 'fraud' alongwith its punishment are also proposed to be included, subject to due approvals, in the revised Companies Bill for strengthening its enforcement framework. On the enactment of the new Companies Bill, these legislative provisions will become effective. Besides the legislative measures, 58 additional posts have been created in SFIO and it has been decided to set up regional offices at New Delhi, Mumbai, Hyderabad, Chennai, Kolkata and Ahmedabad for effective oversight, monitoring and prosecution of cases.

Success of low temperature thermal desalination technology

2840. SHRI R.C. SINGH: Will the Minister of EARTH SCIENCES be pleased to state:

- (a) to what extent the Low Temperature Thermal Desalination Technology helps for conversion of seawater into potable water;
- (b) how this technology is different from the conventional technology;