

# spice route

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## NEED FOR SECRETARIAL STANDARDS TODAY



**CS ATUL H. MEHTA,**  
*President, ICSI*  
Board meetings.

A company's governance and management take place through a conventionally proven system of decision-making process, i.e., through General and

Secretaries of India becomes crucial. They are expected to play a vital role in not only ensuring adequate supply of top quality professionals but also laying down standards of professionalism and encouraging uniformity and consistency of corporate practices.

To fulfill its role as an extended arm of the regulator towards ensuring adoption of best secretarial practices and ethical standards by corporate entities, the ICSI established the Secretarial Standards Board in the year 2000 with the objective of formulating Secretarial Standards.

### SECRETARIAL STANDARDS AND THE COMPANIES ACT, 2013

The Companies Act, 2013, has recognised the need for every company to observe Secretarial Standards. Every company must observe these standards with respect to General and Board meetings.

Also, the company secretary must ensure that the company complies with the applicable Secretarial Standards.

### NEED FOR SECRETARIAL STANDARDS

Although Companies Act, 2013 and rules framed under the act are detailed and comprehensive, yet there are places where law is silent. Companies follow diverse secretarial practices in complying with the law provision, in cases, where the Companies Act is silent.

The Institute of Company Secretaries of India (ICSI) is the first institution to issue Secretarial Standards. This will be effective from July 1, 2015. These Secretarial Standards shall apply to Board Meetings and General Meetings in respect of which notices are issued on or after July 1, 2015. Around 8 lakh companies in India will have to comply with these Secretarial Standards to be fully compliant under Companies Act 2013.

By adhering to the Secretarial Standards, companies can ensure adoption of best practices. It will result in better corporate accountability, leading to better value enhancement to stakeholders, regulators and international investors.

There is a need to have standards of probity and fiduciary responsibility towards conduct of such meetings. Transparency and accountability are considered essential characteristics of good corporate governance.

The challenge is to benchmark standards of excellence in the corporate sphere. Before Companies Act, 2013, there was no such non-financial standards duly included in the legislation.

It is here that the role of professional bodies such as the Institute of Company