



Corporate Governance & Sustainability for Inclusive Growth

The Rt. Hon. Lord Swraj Paul of Marylebone, PC

Founder & Chairman, The Caparo Group Plc, UK

Ladies and Gentlemen.....

Let me congratulate General Ahluwalia for the great work he and his colleagues are doing to promote corporate governance in India. I have been a well-wisher of the IOD right from its beginning. They have put in a lot of hard work to make it effective, and this is an achievement that has not been easy.

Those who have come from India and other countries; a very special welcome to a London that is much cheaper! Your money now buys more here. For today we have made it even a warmer London! Do have a pleasant stay.

A little bit about Brexit – as you know there is far too much discussion and fear about Brexit. I am a great believer in Europe and if I had my way, I would have liked Britain to stay in Europe. However, the people of our country have voted to leave. Being a strong believer in democracy, we must do what the people decide. I have no doubt whatsoever that all 27 countries that are still members of the EU and Britain, will keep very close ties. So please have faith in the duly elected British Government.

So please note that Britain is open for business!

The Institute of Directors has done a great deal of work, there is still much more to do. Recently, I was reading an article in one of the main newspapers that Mr Modi's effort to fight corruption is responsible for the slowdown of India's growth. Let me say that it is not correct, but even if it was true it is a very small price to pay to improve the lives of the 1.2 billion people in India.

However, one should not overlook the fact that India has made great strides since it gained independence. Not many of you here will remember what India was like before the freedom. I was only 16 years

old, but I saw a lot of the conditions in India. India hardly manufactured anything and most things were imported. My family owned a small manufacturing business and were involved in the freedom struggle. I also learnt from my father the value of truth. He always said – Tell the truth, you don't have to rehearse it. That has been useful to me ever since.

The greatest achievement for India in the past 70 years is that it has maintained a very strong democracy. People have suffered in order to keep democracy, and they have still opted for it. India has built a lot of successful industries, both in private and public sector. Unfortunately, somehow corruption came into both sectors. This is where the corporate governance became a casualty. Unfortunately, that brought frustration because the conditions of a very large number of people improved very little.

I spoke about it in the 80's; some slow progress has been made. Now India needs to take a big step and that is what the Prime Minister is determined to do; however, it will need the support of all the people.

Now is the time to support the Prime Minister to see his vision through and not worry about a small dip in the growth here or there, which can only be temporary. In a speech last week, Modi defended his economic policies asserting that fundamentals are strong and that the government is committed to reversing the setback. PM Modi stated that a "handful of people" are trying to spread a contagion of pessimism based on the slowdown.

I agree with the Finance Minister Arun Jaitley's recent comments. I am convinced that the government is following the right economic policy and it needs to continue to take tough action. Progress is being made and we must persevere. It is in India's best interests.

Effective governance frameworks and robust corporate infrastructure

lie at the heart of all progressive democratic governments and wider societies. Whilst leadership is and will remain integral to success, governance which addresses big issues such as corruption head-on can provide the real competitive advantage.

I congratulate Mr Modi's determination on this, and we should all support and encourage him and his Government during this time.

I am firmly of the opinion that corruption and corporate abuse cannot and must not be tolerated in any form. If we fail to address this issue then I am convinced that it will undermine the advancement of the Indian economy and the wellbeing of its citizens. Let me add, lack of corporate governance is not just a problem of India alone. The world over, we are reading about major scandals every day which are hurting the ordinary man. We must not let it spread, because corruption is like cancer, and we must make the effort to stamp it out.

We are seeing and reading every day, some problems, and issues in this part of the world which are not very principled and honest. It applies to the financial sector; big corporations and we must not let that disease spread.

In this room most of you are aware of the 1980s when corporate abuse and ill-discipline were far too prevalent. I have my own direct experience and this is why I continue to be pleased and heartened that Prime Minister Modi and his government are making real inroads in this area. Progress must be maintained and the trajectory followed in order to help attract foreign direct investment, promote engagement and involvement, support our key industrial sectors and to enable education and ultimately our future.

Positive changes have recently taken place and we remain optimistic. Long called for reforms are underway and positive outcomes are being realised. The government is working hard to instil honest work in the system and I believe that as business leaders we must join him in his uncompromising stand against corruption.

To do business in today's world you cannot ignore governance. Setting up structures, committees and rulebooks is part of the answer but in itself it is not enough.

You have to mean what you say, and be seen to act in accordance with your governance regime. This requires strong leadership, accountability, transparency and honesty. It requires leaders to lead by example. As Professor Samuelson, one of my teachers and a noble laureate professor at MIT once said "The bottleneck is always at the top." You set the tone and the example.

We must ensure that we have at our disposal a workforce that not only possesses the requisite skills base but is also internationally minded in its outlook. You, as Indian IoD members are ideally placed in this regard. Your workforce is at the heart of this. When individuals see the world from a wider global perspective then it will benefit them, you and wider society as a whole.

Education must be at the core of our approach as it forms the basis for robust, democratic societies and enables economic growth and development. Education provides the base from which we learn to question, challenge and stop unacceptable behaviour in our boardrooms and our governments. Education must not be limited to a particular field and that is why at the University of Wolverhampton, where I am Chancellor, we seek to provide a truly wide-ranging educational experience, covering a broad range of skills that will

prepare students for life after university.

We must all continue to work hard and be steadfast in our approach to maintaining a strong democracy and one which places transparent corporate governance at its core. That is why I congratulate General Ahluwalia and I encourage and support him in the work he and the IOD are doing. India needs it.

Thank you.

Excerpts from the Speech delivered by
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