

ICICI case: Ex-Sebi chief Damodaran says Chanda Kochhar should step down for some time

Damodaran says ICICI board should have handled the controversy better to gain the confidence of investors and customers

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Should ICICI CEO Chanda Kochhar step down, or continue in office? Well, it is always a tough call for anyone who is under the lens for alleged conflict of interest. It is rather a double-edged sword.

Stepping down while an inquiry is on may not always be the best option, given that it may be seen as an acceptance of guilt. But if you do not, it is often bad optics, and you may be accused of being arrogant.

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Therefore, Kochhar needs to decide. One of the options that rests with Kochhar, of course, is what former Sebi chief M Damodaran said: The CEO could step down for a while, get the probe done from an external agency, and return once she is proven innocent.

"There are two ways to handle the situation -- one is for the CEO to step down and say I do not want any part of this. I will prove myself to be right as and when the procedure gets completed," he said.

Damodaran also said that the ICICI board should have handled the controversy better to gain the confidence of investors as well as customers.

"The stakeholders are asking questions, institutional investors who are large shareholders are asking questions; the lay person who is reading newspaper reports is also asking questions. A depositor could be asking questions in the light of all of this and the fact that there is an investigation," he said during an interview to a TV channel.

He added that Kochhar should step down for her own good. "All these years, she has worked very hard. So, I request her to go on leave for a while. She does not have to vacate the post forever and then see what the outcome of the investigation is."

There are allegations of quid pro quo and nepotism involving ICICI bank and its CEO in extending a loan to the Videocon Group. Kochhar's husband Deepak Kochhar's tie up with Videocon promoter Venugopal Dhoot for a renewable energy venture is in the midst of the controversy, given that Videocon had availed a loan from ICICI Bank, at a time when Deepak was allegedly at the helm of the business after Dhoot's exit.

Bank board awaits RBI directive

A Finance Ministry official has said that the ICICI Bank board is waiting for directive from the Reserve Bank of India before taking a call in Chanda Kochhar's case, PTI reported on Wednesday.

Earlier, reports stated that the ICICI Bank board was divided over whether to allow Kochhar to continue or ask her to step down.

A few weeks ago, the bank had said that it has full faith and confidence in her. In a statement issued on March 28, the bank clarified that there was "no question of quid pro quo / nepotism / conflict of interest" in the sanction of loans.