

Shri M. Damodaran delivers 34th lecture of CVC Lecture Series

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New Delhi: M.Damodaran, former Chairman, SEBI delivered the 34th lecture of the "Lecture Series" organized by the Central Vigilance Commission (CVC) here today. He spoke on the topic "Corporate Governance in Public Sector".

He emphasized the importance of public sector vis a vis private sector in the Indian economy. He said that India needs a healthy public sector due to its size and diversity. He also spoke about various issues that are affecting the functioning of public sector, notably the need for making a distinction between ownership and management in context of public sector. He said that root of the problem in public sector is the inability to distinguish between the two. Practice of governance in the Public sector needed to be improved, he said.

He explained this using several examples such as recruitment policies, appointment of independent Directors, performance and extension of tenure of apex management, among others. He said there are two main issues in corporate governance i.e. conflict of interest and asymmetry of information. He also added that Government, as the largest shareholder in many units, should be responsible for these aspects.

Good corporate governance increases the value of the company and increases returns to the shareholders. He termed it as 'Governance Premium' as opposed to 'Governance Discount' and stated that this was desirable to increase the value of Public Sector Enterprises for the benefit of the nation.

He also spoke on banking related issues such as NPAs. He said that there is a difference between NPAs and frauds. NPAs can arise because of many reasons, he added.

He said that Empowerment, Incentivisation and Accountability are needed in public sector.

Full time and part time CVOs based in Delhi/NCR attended the lecture along with CMDs, Board of Directors and Managers of Public Sector Enterprises as well as officers of the vigilance administration. The lecture was webcast live through NIC and can be viewed online. The web page link will be available on www.cvc.nic.in.