

Indian promoters not ready to let go: Assocham survey

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Indian companies are still not ready to hand over complete management control of companies to independent boards and professional managers, business chamber Assocham said on Sunday.

"An overwhelming majority of 78 per cent of the 155 CEOs, both from professional and promoter driven firms, answered in the negative when asked whether the promoters are willing to cede complete control to independent boards and CEOs," said an Assocham survey of chief executives.

A majority of the corporate firms have promoters' holding well over 50 per cent, "and even those with much lower stake are not willing to bet fully on professionals", said Assocham.

"Trust deficit and the family predominance were the two of the main plausible factors coming in the way of transformation of India Inc, where the day-to-day operations are

insulated from the principal shareholders or group of shareholders," it added.

Trust deficit

"Sixty seven per cent of the respondent CEOs said trust deficit between the promoters and the professionals creep in even among the few promoters who have taken a lead in handing over their companies to professionals.

"On the other hand, over 75 per cent of the CEOs in the survey said the family dominance is a major factor for keeping professionals away from the top managements," it added.

Assocham Secretary General DS Rawat said: "One must give credit to NR Narayana Murthy for continuing with his belief that Infosys must be run by professionals despite the fact that the experiment has failed once."

TRACKING | TRENDS

Trust deficit is a prime reason for reluctance to appoint professional directors

Promoters not ready to cede control: Survey

AGE CORRESPONDENT
NEW DELHI, SEPT. 10

India Inc is not ready yet to give complete management control to professional boards and managers, an Assocham survey said on Sunday.

It said as a majority of the corporate firms have promoters' holding well over 50 per cent and even those with much lower stake are not willing to bet fully on professionals.

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A MAJORITY OF THE CORPORATE FIRMS HAVE PROMOTERS' HOLDING WELL OVER 50% AND EVEN THOSE WITH MUCH LOWER STAKE ARE NOT WILLING TO BET FULLY ON PROFESSIONALS.

78% of CEOs answered in the negative when asked whether the promoters are willing to cede complete control of the corporate India to independent boards and CEOs

Trust deficit and the family pre-dominance were the two of the main factors coming in the way of transformation of India Inc

The report noted that India needs a few success stories before the professional run boards can enthuse the corporate India for a significant shift

control of the corporate India to independent boards and CEOs," said Assocham.

It said trust deficit and the family pre-dominance were the two of the main plausible factors coming

in the way of transformation of India Inc where the day to day operations are insulated from the princ-

pal shareholders or group of shareholders like in the US. "In the companies which are being run by the professionals in the US and some other developed economies, it is not as if the promoters keep completely away from their firms. Instead of direct intervention, the promoters' oversight in those economies is through institutional routes like a strong regulator and tough disclosure norms, high standards of corporate governance and activism even on the part of retail and small shareholders who can hold the professional managers accountable from time to time," said the chamber.

It said 67 per cent of the respondent CEOs said trust deficit between the promoters and the professionals creep in even among the few promoters who have taken a lead for handing over their companies to the professionals. "On the other hand, over 75 per cent of the CEOs in the survey said, the family dominance is a major factor for keeping the professionals away from the top managements," said Assocham. "The report noted that India needs a few success stories before the professional run boards can enthuse the corporate India for a significant shift.

India, Iran toy with undersea gas pipeline bypassing Pak

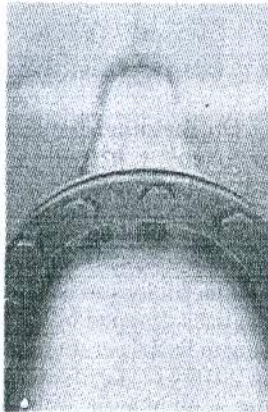
SUBHASH NARAYAN

New Delhi

WITH the prospects of an on land Indo-Iran gas pipeline passing through Pakistan fading, the two countries may start fresh negotiations to build a \$ 5-6 billion undersea gas pipeline that would avoid risks posed to a surface network.

Sources said the Centre is keen to re-look at an undersea gas pipeline running between India and Iran as the project has now become feasible with low fuel prices and lower cost of construction.

The cost of gas through the proposed pipeline is estimated at \$5-5.50 per million British thermal



unit (mmBtu) at the Indian coast, cheaper than the rate at which some of the domestic fields supply gas.

"The proposal for the undersea pipeline has been studied in the past and negotiations for it

New route

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could start after a fresh feasibility study is undertaken to identify the route to be taken by the pipeline and its cost," said a source privy to the development.

The undersea pipeline has been brought back to

the negotiating table, as India has been reluctant to develop 1,036-km on land pipeline passing through Pakistan citing security and commercial concerns.

The on land IPI pipeline would be open to sabotage by militant groups operating out of Pakistan.

Irrespective of the fact that secured delivery mechanism with penalty for any disruption would be built into the contract, any abrupt stoppage of gas supply could compromise India's infrastructure projects. In fact, India has not been participating in talks on the Iran-Pakistan-India pipeline since 2008 when the US government imposed fresh sanctions against Tehran over its suspected nuclear programme. But the country has never officially pulled out of the \$7.6 billion project.

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Undersea India-Iran gas pipeline to help cut cost of LNG

From P1

However, it is pursuing an alternate Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

"The parliamentary standing committee on petroleum and natural gas has said that the government should revive the IPI pipeline project. But some of the issues that were there earlier with respect of the project still persist. We will convince all for an undersea option," said another official privy to the develop-

ment.

Source said that the biggest challenge for developing an undersea gas pipeline would come from Iran itself. Commercial relations between Iran and India have taken a nosedive following differences over grant of Farzad B gas block to ONGC Videsh.

In fact, this led India to suggest that it would lower oil imports from Iran, while the Gulf country indicated that gas block may not be offered to India and would instead be auctioned. How-

ever, lately both sides are trying to resolve the issues and move on.

The issue of undersea gas pipeline has once again surfaced in view of favourable cost dynamics. According to a study commissioned by industry body ASSOCHAM, the under sea pipeline from Iran, avoiding Pakistani waters, can bring natural gas from the Persian Gulf to India at rates less than the price of LNG available in the spot market.

Natural gas imported through the undersea line

would cost \$5-5.50 per million British thermal unit (mmBtu) cheaper than some domestic supplies and LNG coming under spot and long-term contract.

Liquefied natural gas (LNG) imported through ships costs about \$7.50 per mmBtu. Even India's 25-year contract with RasGas of Qatar for supplying about 7.5 million tonnes a year of LNG priced between \$6-7 per mmBtu.

"The cost of landed gas through an undersea

pipeline will be at least \$2 cheaper than importing LNG, saving about \$1 billion annually," the study has said.

During 2016-17, India consumed 55,534 million standard cubic metres (MSCM) of natural gas of which 24,686 MSCM was imported. India is now the fourth largest natural gas importer. Gas is required to feed country's power, fertiliser and steel units.

Shortage of gas has resulted in 24,000 mw of gas-based capacity running at

sub-optimal level of less than 40 per cent of rated capacity. Moreover, no new fertiliser plants are coming up due to gas shortage.

Secured supply of Iranian gas could go a long way in addressing these problems. Though undersea pipeline details are still to be worked out, as per an earlier plan it could carry 31.5 million standard cubic metres gas per day (MM-SCMD) and work on it could be completed in two years from the date of necessary approvals and sign-

ing of a gas sale and purchase agreement (GSPA).

The deep-sea gas pipeline was earlier proposed to be developed by South Asia Gas Enterprise (SAGE), a company promoted by New Delhi-based Siddho Mal group, in joint venture with a UK-based Deepwater Technology Company.

It was decided that the pipeline would run on commercial lines and any company wanting to buy gas from Iran can use the pipeline for a rent.

प्रमोटर कंपनियों के मैनेजमेंट से नियंत्रण छोड़ने को तैयार नहीं : एसोचैम

एजेंसी नई दिल्ली

भारतीय कंपनियों के प्रमोटर मैनेजमेंट का कंट्रोल पेशेवर बोर्ड और प्रबंधकों को सौंपने को तैयार नहीं हैं। खास कर उन कंपनियों में जिनमें प्रमोटरों की हिस्सेदारी 50 फीसदी से अधिक है। यह बात उद्योग संगठन एसोचैम द्वारा पेशेवरों और प्रमोटरों द्वारा चलाई जा रही कंपनियों के 155 सीईओ पर किए गए एक सर्वे में सामने आई है। सर्वे में इनसे पूछा गया था कि क्या प्रमोटर स्वतंत्र बोर्ड और सीईओ को कंपनी का मैनेजमेंट कंट्रोल सौंपने को तैयार हैं? इसमें से 78 फीसदी सीईओ का जवाब 'नहीं' में था।

सर्वे में शामिल 67% सीईओ ने विश्वास की कमी और 75% सीईओ ने परिवार के वर्चस्व को इसका मुख्य कारण बताया। अमेरिका

जैसे देशों में कंपनियों के रोजमर्रा के कामकाज को प्रमुख शेयरधारकों या शेयरधारकों के समूह से अलग रखा जाता है। विकसित अर्थव्यवस्थाओं में कंपनियां पेशेवरों द्वारा चलाई जाती हैं और ऐसा भी नहीं है कि प्रमोटर अपनी कंपनियों से बिल्कुल दूर रहते हैं। वहां प्रमोटर सीधे दखल के बजाय संस्थागत रास्तों का सहारा लेते हैं। इसमें मजबूत नियामक, खुलासे के सख्त नियम, कॉर्पोरेट गवर्नेंस के उच्च मूल्य और खुदरा-छोटे निवेशकों की ओर से दिखाई जानेवाली सक्रियता शामिल है जो पेशेवर प्रबंधकों को समय-समय पर जवाबदेह बनाए रखती है। सर्वे रिपोर्ट में कहा गया है, 'इन्फोसिस में एनआर नारायणमूर्ति अब भी इस बात पर भरोसा करते हैं कि कंपनी को पेशेवरों द्वारा ही चलाया जाना चाहिए।'

