

Satyam fraud has diaspora question corporate governance

The admission of a Rs.70-billion (\$1.4-billion) fraud by Satyam Computer founder-chairman B. Ramalinga Raju was a matter of hot discussion on the margins of a diaspora conference here with some delegates saying it raises doubts over the level of corporate governance in India.

'It's sure to raise more questions on corporate governance,' said the Chicago-based Sam Pitroda, who is chairman of India's Knowledge Commission and is considered the architect of the country's telecom revolution of the 1980s.

'But it will be difficult to estimate its likely impact on the outsourcing business in India,' Pitroda told IANS on the margins of the Pravasi Bharatiya Divas - India's annual conclave to connect with its diaspora.

G.M. Vijayeavel, director with a Sri Lanka-based firm, who is also here as a delegate, said he was noticing many scams in India at regular intervals.

'Earlier, we saw stock market scamsters like Harshad Mehta and Ketan Parekh. Now it is Raju,' he said. 'I would think twice before investing in an Indian company.'

Other members of the diaspora who are here for the three-day event concurred, saying the Indian software industry may face a 'tough time' as the Satyam fraud has cast a shadow on the country's corporate sector.

'The Satyam scam shows some major manipulation of accounts, not just by its chairman but also the management and auditors. I have a question: what were the board members doing?' queried a delegate.

According to him, the focus must be on the role of regulatory agencies such as the Securities and Exchange Board of India (SEBI), the Institute of Chartered Accountants of India and the Reserve Bank of India.

Upendra J. Chivukula, deputy speaker of New Jersey General Assembly, said he was aware of similar scams in the US and all of them had their genesis in only one issue.

'Wherever there is a laxity in regulatory measures, such frauds occur.'

Minister of State for Industry Ashwani Kumar said the government and regulators concerned were seized of the financial fraud at Satyam and that action would be accordingly taken.

'We will take necessary steps to restore the investor confidence in Indian companies and also in Satyam Computer Services,' Kumar said, adding that the guilty would not be spared and interests of over 50,000 employees would be protected.

He, however, said that it was for the shareholders to change the management and that the government had no role on that matter.

(© IANS / India eNews)