

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:4499
ANSWERED ON:20.12.2012
CORPORATE GOVERNANCE STANDARDS IN PSES
Adhi Sankar Shri

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether many Public Sector Enterprises (PSEs) did not provide self-evaluation reports on their corporate governance practices for 2010-11;
- (b) if so, the details thereof;
- (c) whether the low standards of corporate governance in PSEs could hit Government's disinvestment plan;
- (d) if so, the details thereof; and
- (e) the action taken/being taken by the Government in this regard?

Answer

THE MINISTER OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

- (a) and (b) : Of the 248 Central Public Sector Enterprises (CPSEs), self-evaluation reports (SER) in respect of 106 CPSEs on their compliance with guidelines on Corporate Governance for CPSEs for the year 2010-11 have not been received till cutoff date of 30.09.2012.
- (c) and (d) : Higher standards of Corporate Governance is an inherent objective of disinvestment. Lower standards of Corporate governance may impact valuation of a company and its ability to raise resources from the market.
- (e) : The Government has issued guidelines on Corporate Governance which are to be mandatorily followed by all CPSEs, Corporate Governance has been included as one of the mandatory parameter in Memorandum of Understanding signed by the CPSE for the year 2012-13. Further, if SER of a CPSE is not received by the cutoff date, the concerned CPSEs would be graded as 'Poor' in terms of its compliance with the Guidelines on Corporate Governance for CPSEs.