

Government of India
Ministry of Finance
Department of Economic Affairs

RAJYA SABHA
UNSTARRED QUESTION NO. 3086

TO BE ANSWERED ON TUESDAY, MARCH 28, 2023/ 7 CHAITRA, 1945 (SAKA)

Implementation of recommendation of Uday Kotak Committee

3086. SHRI AYODHYA RAMI REDDY ALLA:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is taking measures to implement the recommendations of the Uday Kotak Committee, if so, the details thereof;
- (b) the steps being taken by Government for improving effectiveness of board evaluation practices and suggest on issues pertaining to disclosure and transparency in corporate governance; and
- (c) the details of measures being taken for improving corporate governance?

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): After duly considering the recommendations of the Uday Kotak Committee in its report submitted in October 2017 and the public comments thereon, SEBI has implemented various recommendations by way of amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These include amendments related to measures related to Composition and Role of the Board of Directors, the Institution of Independent Directors, Board Committees, Enhanced Monitoring of Group Entities, Promoters/Controlling Shareholders and Related Party Transactions, Disclosures and Transparency, Accounting and Audit related issues, constitution of Risk Management Committee and Investor Participation in Meetings of Listed Entities.

(b) to (c): Provisions in the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 promote good corporate governance practices viz., enhanced accountability of directors & management, enhanced disclosures and transparency, role of independent directors and woman directors, audit independence and accountability along-with strict legal actions against those violating these provisions and protect interest of investors including minority shareholders. Some of the recent measures undertaken by SEBI to improve corporate governance, *inter-alia*, include-

- i. Introduction of provisions relating to appointment or re-appointment of persons who fail to get elected as directors, including as Whole-time directors (WTDs) or Managing Directors (MDs) or Managers, at the general meeting of a listed entity,
- ii. Strengthening regulatory provisions and Enhancing Disclosures related to Related Party Transactions under SEBI (LODR) Regulations,
- iii. Strengthening Independence and Enhancing Effectiveness of Independent Directors (IDs)

SEBI, vide circular dated January 5, 2017, has issued a guidance note on Board Evaluation at listed entities to educate the listed entities and their Board of Directors about various aspects involved in the Board Evaluation process and improve their overall performance as well as corporate governance standards to benefit all stakeholders.
