

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA  
UNSTARRED QUESTION NO. 1878

TO BE ANSWERED ON MONDAY, 14<sup>TH</sup> MARCH, 2022/ PHALGUNA 23, 1943 (SAKA)

Corporate Management by SEBI

QUESTION

1878. SHRIMATI MALA RAJYA LAXMI SHAH  
SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:

Will the Minister of Finance be pleased to state:

- (a) whether any steps have been taken by the Securities and Exchange Board of India (SEBI) to improve the corporate management;
- (b) if so, the details of efforts made in this regard during the last three years;
- (c) the details of the irregularities found in corporate management during the said period, region and State-wise; and
- (d) whether the Government is contemplating any policy scheme to improve the corporate management in stock exchange and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) & (b): Yes. Corporate governance norms for listed companies were introduced on February, 2000 based on the recommendations of the Kumar Mangalam Birla Committee and subsequently, strengthened in 2004 based on the recommendations of the Narayana Murthy Committee. Further, based on the recommendations of Kotak Committee, amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were notified on May 09, 2018. Major reforms arising out of the recommendations of Kotak Committee have been implemented in a phased manner. Some of these reforms taking effect in the last three years are as follows:

- i. At least one woman independent director in the top 500 listed entities by market capitalization by April 1, 2019 and in the top 1000 listed entities, by April 1, 2020.
- ii. Reduction in the maximum number of listed entity directorships from 10 to 8 by April 01, 2019 and to 7 by April 1, 2020.
- iii. Mandatory disclosure of consolidated quarterly results with effect from FY2019-20.

- iv. Minimum six directors in the top 1,000 listed entities by market capitalization by April 1, 2019 and in the top 2000 listed entities, by April 1, 2020.
- v. Quorum for Board meetings (1/3rd of the size of the Board or 3 members, whichever is higher) in the top 1000 listed entities by market capitalization by April 1, 2019 and in the top 2000 listed entities, by April 1, 2020.

(c): In cases of grave irregularities found in corporate governance, SEBI initiated enforcement proceedings in the interest of investors or the securities market. Details of such cases in the last three years are given below:

S.N.	State/Region	Number of Cases
1	Delhi	2
2	Gujarat	7
3	Karnataka	2
4	Maharashtra	7
5	Punjab	1
6	Tamil Nadu	1
7	West Bengal	2

(d): Review of corporate governance norms is a continuous process, and the same are carried out as per the need of the changing dynamics of the securities market. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC, 2018) inter alia prescribe regulatory framework for recognition, ownership and governance in stock exchanges. Further, regulations 7(2) (d), regulations 23 to 33 under Chapter V, regulation 45(1) of the SECC, 2018 deals with the governance of the stock exchanges and clearing corporations.

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