

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
FINANCIAL MARKETS DIVISION

LOK SABHA
UNSTARRED QUESTION NO. 2241
TO BE ANSWERED ON FRIDAY, 6TH MAY, 2016/ VAISAKHA 16, 1938 (Saka)

PLEDGING OF SHARES

QUESTION

2241. SHRI SUDHEER GUPTA:

SHRI BIDYUT BARAN MAHATO:

SHRI ASHOK SHANKARRAO CHAVAN:

DR. SUNIL BALIRAM GAIKWAD:

DR. J. JAYAVARDHAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether many company promoters have pledged most of their shares and still remain as company promoters, if so, the details in this regard and the action taken/ being taken thereon during the last three years;
- (b) whether the Government has fixed any criteria for the promoters in this regard, if so, the details thereof and if not, the reasons therefor; and
- (c) the steps taken/being taken by the Government for benefit of small investors of the companies?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a): The Securities and Exchange Board of India (SEBI) has informed that listed companies/ promoter(s) of listed companies are mandated to disclose the details of the pledged shares to the stock exchanges under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

According to information available as on 30th April 2016, the data related to pledging of shares in the companies listed on the nationwide stock exchanges is as follows:-

Name of the Stock Exchange	Number of Listed Companies	Number of Listed Companies in which promoters have pledged shares
National Stock Exchange of India Limited	1633	570
Bombay Stock Exchange Limited	4268	798
Metropolitan Stock Exchange of India Limited	162	7

Source: SEBI

The promoters of the companies continue to be promoters after pledging of their shares. The requirement under the aforesaid Regulations is adequate disclosures so that the investors may take well informed investment decisions.

(b) and (c): In order to ensure transparency and to protect the interest of investors, SEBI has mandated the following disclosures in the case of listed companies:-

- i) Regulation 31 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 requires the promoters of a listed company to disclose to the stock exchange(s) details of the shares held by them or persons acting in concert with them as and when pledged, invoked or released, within a period of seven working days.
- ii) Further, Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the listed companies to file the shareholding pattern with the stock exchange(s) on a quarterly basis in the prescribed format which includes the disclosure of number and percentage of shares pledged by the promoters and promoter group of the listed company.

Such information, as and when received by the stock exchange(s), is disseminated in the public domain.