

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 650
ANSWERED ON TUESDAY, THE 24th JULY, 2018/**

SPLIT OF THE POSITION OF CHAIRMAN AND MD IN COMPANIES

QUESTION

650. DR. SANJAY SINGH:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government has directed SEBI to issue order/recommend to top listed companies to split the position of Chairman and/or Managing Directors within a time-frame;
- (b) if so, the details thereof;
- (c) the reasons for time-frame deadline of splitting the posts; and
- (d) the proposal of Government on the issue thereof?

ANSWER

MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS

(SHRI P. P. CHAUDHARY)

(a) to (d):- The first proviso to section 203(1) of Companies Act, 2013 provides that an individual shall not be appointed/reappointed as the chairperson of a company as well as its MD/CEO at the same time unless the articles of such company provide otherwise or the company does not undertake multiple businesses.

The Securities and Exchange Board of India (SEBI), based on the recommendations of Kotak Committee on Corporate Governance, has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 splitting the positions of the Chairperson and Managing Director, to start with, for top 500 listed companies on the basis of market capitalization effective from 01.04.2020.

The time-frame for implementation is to allow adequate transition time to companies to comply with the new requirement.
