

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5171  
ANSWERED ON:27.08.2010  
SEPARATION OF POSTS BY SEBI  
Das Gupta Shri Gurudas

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Securities and Exchange Board of India (SEBI) is considering a proposal to separate the post of Chairman from that of Managing Director/ Chief Executive Officer (CEO) of Stock Exchanges and public sector undertakings (PSUs);
- (b) if so, the details thereof;
- (c) whether the Standing Conference of Public Enterprises (SCOPE) has opposed this proposal; and
- (d) if so, the details in this regard and Government's reaction thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): SEBI has received suggestions for separating the post of Chairman and that of Managing Director / Chief Executive Officer (CEO) of listed companies. SEBI has advised stock exchanges to separate these positions.
- (b): The Corporate Governance Voluntary Guidelines, 2009, issued by the Ministry of Corporate Affairs, inter-alia, provide for the separation of the roles and responsibilities of the Chairman of the Board and that of the Managing Director/CEO to prevent concentration of power and authority in a single individual. Similar requirements exist in countries including USA, UK and France.
- (c): Yes, Sir.
- (d): SCOPE has contended that the Indian public sector companies have institutionalized checks and balances. This is achieved through the system of Comptroller and Auditor General of India, Central Vigilance Commission, Government Audit and Committee on Public Undertakings. In view of this, there is no need to separate the role of Chairman and Managing Director. SCOPE has further contended that change in the basic structure of the public sector enterprises may adversely affect their performance.