

# FM nudges SEBI to hear India Inc's concerns

## Not a diktat: Nirmala Sitharaman

**OUR BUREAU**

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Finance Minister Nirmala Sitharaman has tossed into SEBI's court the India Inc demand to do away with the mandate to split the post of Chairman and Managing director (CMD), stating that the capital market regulator must hear out corporates concern on this.

Sitharaman was responding to a plea by Sanjiv Bajaj, CII President-Designate and CMD of Bajaj Finserv, at the Confederation of Indian Industry's post Budget interaction with the Finance Minister and her team including Revenue Secretary Tarun Bajaj and Economic Affairs Secretary Ajay Seth here on Saturday.

SEBI had amended its listing regulations to stipulate that from April 1, 2022 the role of Chairman and Managing Director had to be separated; Chairman and Managing Director should not be related and that the Chairman should hold only non executive positions.

Asking the government to "intervene" on the issue, which he described as "regulatory overreach" by SEBI, Bajaj said that many of these corporate governance requirements are not mandatory even in advanced economies such as the US, the UK and France. Such decisions should be left to the discretion of the boards and shareholders, Bajaj said.

Sitharaman, who is also the Corporate Affairs Minister, said that she had some time back reviewed this issue with SEBI. "Some good number of compan-



FM Nirmala Sitharaman speaks during CII's post-Budget interaction in New Delhi PTI

ies had followed it. That is not to say others should. This norm which was brought in by SEBI four years ago was one of the global best practices and introduced with the aim of moving towards best practices so that companies are professionally run. But I do agree that the way Indian companies have been built over the decade and over a century. So I am of the view that SEBI — which is an independent regulator ... I am not giving them diktat — I am voicing my view — that I think if Indian companies have a view then SEBI should also hear them. I will leave it there and I hope that it indicates where I am coming from.

This should be giving you (Sanjiv Bajaj) some breath of fresh air and moment to heave a sigh of relief. So let's see and I will leave it there", Sitharaman said.

Currently over a third of the top 500 companies by market capitalisation are yet to comply with the SEBI requirement to split the CMD post. As many as 155 companies had the same person as Chairman, MD and CEO as on January 13, 2022, according to data compiled by *primeinfobase.com*.