

**In terms of Govt. of India, Ministry of Finance, Department of Economic Affairs (Banking Division), New Delhi Circular Letter F.No. 9/17/2000-B.O.I dated 19.09.2002 addressed to Chairman & Managing Directors of all Nationalised banks.**

**Guidelines on the Role and Functions of  
Non-official Directors  
on the Boards of Nationalised Banks.**

**I). Introduction**

Under the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980, the Central Government, after consultation with the Reserve Bank, has made a scheme called the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 & 1980. The general superintendence, direction and management of the affairs and business of the nationalised bank is vested in a Board of Directors which is entitled to exercise all such powers and do all such acts and things as the bank is authorised to exercise and do.

Provisions regarding regulation of all the banks including the nationalised banks are contained in the Banking Regulation Act, 1949. Some of the more important obligations cast on the banks as per the provisions in the Banking Regulation Act are briefly as follows:

- a) Prohibition of employment of managing agents and restrictions on certain forms of employment.
- b) Creation of reserve fund and transfer of amounts out of profit to such reserve fund.
- c) Restriction on the nature of subsidiary companies.

- d) Restrictions on loans and advances
- e) Restrictions on power to remit debts.
- f) Restriction on opening of new and transfer of existing places of business.
- g) Maintenance of percentage of assets, in cash, gold or unencumbered securities.
- h) Submission of a return of unclaimed deposits to Reserve Bank of India.
- i) Preparation of Accounts and Balance-sheets by banks and submission thereof to Reserve Bank.

**II). Powers of the Reserve Bank of India to exercise supervision**

The power vesting in the Reserve Bank of India to exercise supervision over banks including nationalised banks and to issue directions which the banks are bound to follow are :

- a) Power to control advances by banks.
- b) Power to grant licenses for opening new offices and transferring of existing ones.
- c) Power to call returns and information from the banks and power to make public any such information obtained.
- d) Causing an inspection by officers of Reserve Bank of any bank and its books and accounts.
- e) Power to issue directions to a bank, in specified circumstances.
- f) Power to caution or prohibit a bank or all the banks, to enter into particular transaction or class of transactions.
- g) Power to advise a bank generally.

- h) To give assistance by means of the grant of a loan or advance to a bank.

**III.) Role and responsibility of individual Directors.**

- i) A nationalised bank is a separate corporate body created by the Bank Nationalisation Acts. Being a separate corporate body, a nationalised bank though owned by the Government, is juridically different from the Central Government. It is not an actual person but an artificial entity and acts through its 'Board of Directors' .
- ii) As more than 51 % of the share capital of a nationalised bank is owned by the Government of India, the share holders, in a sense are comprised of the entire nation. Central Government, on behalf of the shareholders, appoints the directors on the boards of nationalised banks. Though some of the Directors are appointed to represent certain specified interests, they are expected not only to take interest in the banks' activities concerning their own fields of activity but also to deliberate on all matters of general policy affecting the bank's functioning including those concerning their staff. In other words, every director is expected to function in a manner most conducive to the interests of the bank on which he serves and to the welfare of the nation as a whole.
- iii) A Director, other than the Managing Director or a whole-time Director, is not an employee of the bank.
- iv) Every Director of a nationalised bank shall be deemed to be a public servant for the purpose of Chapter-IX of the Indian Penal Code.

- v) A Director other than the Managing Director as an individual, has no power to act on behalf of the bank nor can he give any direction to any employee of the bank on behalf of the management. Unless any power has been specifically delegated to a Director by the Board by way of a resolution, he exercises power only as a member of collective body, sitting alongwith other on the Board of Directors. An individual Director or a Committee of the Board may be authorised by the Board to finally decide a matter or make a recommendation to the Board for its direction.
- vi) A Director while discharging duties of his office must act honestly and with due diligence. He is expected to act with that amount of care and prudence which an ordinary person is expected to take in his own business.
- vii) Under section 20 of the Banking Regulation Act, no nationalised bank shall enter into any commitment for granting any loan or advance to or on behalf of -
- (i) Any of its directors,
  - (ii) Any firm in which any of its directors is interested as partner, manager, employee or guarantor, or
  - (iii) Any company (not being a subsidiary of the nationalised bank or a company registered under section 25 of the Companies Act, 1956 or a Government Company) of which any of the directors of the nationalised bank is a

director, managing agent, manager, employee or guarantor or in which he holds substantial interest, or

(iv) Any individual in respect of whom any of its directors is a partner or guarantor.

viii) Again, under section 20A of the Banking Regulation Act, notwithstanding anything to the contrary contained in section 29 of the Companies Act, 1956, a nationalised bank shall not, except with the prior approval of the Reserve Bank, remit in whole or in part any debt due to it by

(a) Any of its directors, or

(b) Any firm or company in which any of its directors is interested as director, partner, managing agent or guarantor or

(c) Any individual if any of its directors in his partner or guarantor.

Any remission made in contravention of the provisions of sub-section (1) shall be void and of no effect.

ix) A director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered by or on behalf of the nationalised bank shall, as soon as possible after the relevant circumstances, have come to his knowledge, disclose the nature of his interest to the Board when any such contract, loan, arrangement or proposal is discussed unless his presence is required by the other Directors for the purpose of eliciting information and no Director so required to be present

shall vote on any such contract, loan, arrangement or proposal.

- x) Section 13(1) of the "Bank Nationalisation" Acts enjoins on every nationalised bank to observe, except as otherwise required by law, the practices and usages customary among bankers, and, in particular, not to divulge any information relating to or to the affairs of its constituents except in circumstances in which it is, in accordance with law or practices and usages customary among bankers, necessary or appropriate for the nationalised bank to divulge such information.
- xi) According to section 13(2) of the "Banks Nationalisation" Acts, every director of a nationalised bank shall, before, entering upon his duties, make a declaration of fidelity and secrecy in the form prescribed for the purpose.
- xii) Chairman and Managing director is the Chief Executive Officer of the bank and shall exercise such powers and discharge such duties as may be delegated to him by the Board. He is charged with the responsibility for the efficient management of the bank on behalf of the Board. It is through him that the programme, policies and decisions approved by the Board are made effective and again it is through him the Board gets the responses and reactions of those at various levels of the organizations to its deliberations. It is he who interprets the policy decided upon by the Board to the employees of the bank and issues instructions in pursuance of the Board's policies and ensures that these instructions are carried out.

- xiii) In the discharge of their duties, the non - official Directors are expected to observe the following guidelines:
- (a) Directors are expected to disclose to the Board the nature of interest, if any in any proposal. They shall not be present at the meeting of the Board when such a proposal is discussed.
  - (b) Directors shall not sponsor any individual proposal nor would they pressurise the concerned Branch Managers to sanction loans or other facilities to the constituents.
  - (c) In the matter of personnel management, Directors are requested not to sponsor individual cases of employees or officers regarding their transfers, promotions, postings and other related matters.
  - (d) Directors should desist from sending any instructions to the individual officers of the banks or give directions to such officers on any matter. Such cases, if any, should be routed through the Chairman & Managing Director or the bank.
  - (e) Directors are not required to watch the routine of every day's business of the bank. It is the Chief Executive alongwith officers who has to manage the affairs of the bank. The Board has to oversee implementation of policies and performance of the bank at the corporate level.

(f) Directors are expected to work collectively as a team in the board meetings and not involve themselves in the conduct of the day-to-day affairs of the bank. If any information is required, it should be sought only for the purpose of taking a decision or reviewing the situation at the Board level.

IV) **Policies of the Government**

In the discharge of its functions, the bank shall be guided by such directions in the matter of policy involving public interest as Central Government may, in consultation with the Governor of the Reserve Bank and Chairman & Managing Director of the bank, give to it.

All directions given by the Central Government shall be given through the Reserve Bank and if any question whether a direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

V) **Facilities and perks which non-official directors of the Bank may avail of:**

Non-Official directors are entitled to the following facilities and perks

**I. Sitting Fees (ref: GOI communication dated 30.08.2019)**

Sl. No	For attending	Sitting fees payable per meeting (w.e.f. 01.01.2020)
1	Board Meetings	Rs. 70000.00
2	Committee Meetings	Rs. 35000.00
3	For Chairing Board Meeting	Rs. 20000.00 (in addition to (1) above)
4	For Chairing meetings of Board Committees	Rs. 10000.00 (in addition to (2) above)

**II. Travelling and Halting Allowance :**

In addition to fees to which a director is entitled to be paid, every such director travelling in connection with the work of the Bank shall be reimbursed his travelling & Halting expenses, if any, on such basis as may be fixed by Central Government from time to time.



**VI). General**

The important policies laid down by Government / RBI and/or instructions issued by them will normally be placed before the Board. The directors are expected to address themselves to policy formulations and performance appraisal leaving other operational aspects to be handled by the Chairman and senior executives of banks under powers delegated to them by the Board. Some of the important areas on which the directors may bestow particular attention are compliance with monetary and credit policy of RBI/Government, observance of cash reserve and statutory liquidity ratio, efficient management of personnel, funds and branch control, profitability, overall sectoral deployment of funds, loans to sick units, performance budgeting and house keeping particularly in regard to reconciliation of interbranch accounts and customer service including vigilance and avoidance of frauds. Emphasis should be on policy formulation, management information and monitoring.

**VII). A statement indicating DO's and DON'Ts is also annexed herewith.**

**ANNEXURE**

**STATEMENT INDICATING DOs AND DON'Ts FOR  
NON-OFFICIAL DIRECTORS ON THE BOARD OF  
PUBLIC SECTOR BANKS**

**DO'S**

- (i) Attend the Board meetings regularly and effectively.
- (ii) Study the Board papers thoroughly and was the good offices of the Chief executive for eliciting any information at the Board meeting.
- (iii) Ask the Chairman & Managing Director to furnish you with the Board papers and follow-up reports on definite time schedule.

- (iv) Involve yourself as Directors on the Board thoroughly in the matter of formulation of general policy and also ensure that performance of the bank is monitored adequately at Board level.
- (v) Be familiar with the board objectives of the bank and the policy laid down by the Government and the Reserve Bank.
- (vi) All constructive ideas for the better management of the bank and for making valuable contribution would be welcome.
- (vii) You must work as a team and not sponsor or be prejudiced against individual proposals. Management on its part is supposed to furnish full facts and complete papers in advance.
- (viii) Try to give as much of your wisdom, guidance and knowledge as possible to the management.
- (ix) Try to analyse the trends of economy, assist in the discharge of management's responsibility to public and formulation of measures to improve customer service and be generally of constructive assistance to the bank management.

### **DON'T's**

- (i) Do not send any instruction to any individual officer of the bank or give direction to individual officer in any matter.
- (ii) Do not involve yourself in any matter relating to personnel administration - whether it is appointment/sponsoring or transfer / posting/ promotion/ redressal of individual grievances of any employee.
- (iii) Do not interfere in the day-to-day functioning of the bank.
- (iv) Do not approach or influence for sanction of any kind of facility from an individual Branch Manager or any other official.

- (v) Do not involve yourself in the routine of every day business and in the management functions.
- (vi) Do not participate in the Board discussion if a proposal in which you are directly or indirectly interested comes up for discussion. Disclose your interest well in advance to the chief executive.
- (vii) Do not reveal any information relating to any constituent of the bank to anyone as you are under oath of secrecy and fidelity.
- (viii) Directors should not send for individual officers of the bank or give directions to such officers on any matter.
- (ix) You should discourage the individual employee or unions approaching you in any matter.
- (x) You may indicate your directorship of the bank on your visiting card or letter heads, but the logos or distinctive design of the bank should not, however, be displayed on the visiting card/letter head.
- (xi) Directors should not directly call for papers/ files / notes recorded by various departments for scrutiny etc. in respect of agenda items to be discussed in the meetings. All information/clarification that they may require for taking a decision will be made available by the executives.
- (xii) Directors are expected to ensure confidentiality of the Bank's agenda papers/notes. Ordinarily, it is suggested that by way of abundant precaution, the Board papers may be returned to the bank after the meeting.
- (xiii) Do not sponsor any loan proposal, buildings and sites for bank's premises, enlistment or empanelment of contractor, architects, doctors, lawyers etc. Do not do anything which will interfere with and/or be subversive of maintenance of discipline, good conduct and integrity of the staff.



RBI/DBR/2019-20/71

Master Direction DBR.Appt.No: 9/29.67.001/2019-20

August 2, 2019  
(Updated as on June 03, 2020)

**Master Direction - Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019**

In exercise of the powers conferred by sub-section (2) of Section 19A of the State Bank of India Act, 1955 [hereinafter referred to as SBI Act]; and sub-sections (3AA) & (3AB) of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, Reserve Bank of India [hereinafter referred to as Reserve Bank] being satisfied that it is necessary and expedient in the public interest to do so, hereby notifies and specifies the authority, manner, procedure and criteria for determining the 'fit and proper' status of a person to be eligible to be elected as a director on the Board of Public Sector Banks, and issues the Directions hereinafter specified.

**CHAPTER – I**

**PRELIMINARY**

**1. Short Title and Commencement:**

- (a) These Directions shall be called the Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019.
- (b) These Directions shall come into effect on the day these are placed on the official website of the Reserve Bank (i.e. [www.rbi.org.in](http://www.rbi.org.in)).

**2. Applicability:**

These Directions shall be applicable to Public Sector Banks.

**3. Definitions:**

(a) In these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below -

- (i) "Board of Directors" or "Board", in relation to a bank, means the collective body of the directors of the bank.

- (ii) “Chairperson” means the Chairman/Part-time Chairman of the Board of Directors of a bank.
- (iii) “Corresponding new bank” shall be as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980.
- (iv) “Director” means a director appointed to the Board of a bank.
- (v) “Elected/Shareholder Director” means a director referred to in section 19(c) of the SBI Act, and clause (i) of sub-section (3) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980.
- (vi) “Government of India Nominee Director” means a director referred to in Section 19(e) of the SBI Act and Section 9(3)(b) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980.
- (vii) “Independent Director” shall be as defined in the Companies Act, 2013.
- (viii) “Nationalised bank” means a corresponding new bank constituted under sub-section (1) of section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970/1980.
- (ix) “Non-official director” means director referred to in Section 9(3)(g), (h) & (i) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and Section 19(c) & (d) of SBI Act.
- (x) Non-Operative Financial Holding Company (NOFHC) means a non-deposit taking NBFC which holds the shares of a banking company and the shares of all other financial services companies in its group, whether regulated by Reserve Bank or by any other financial regulator, to the extent permissible under the applicable regulatory prescriptions.
- (xi) “Public Sector Banks” means State Bank of India and nationalised banks.
- (xii) “State Bank of India” means the State Bank of India constituted under Section 3 of the SBI Act, 1955.

(b) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the SBI Act or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 or Companies Act, 2013 or any statutory modification or re-enactment thereto or SEBI Guidelines or as defined elsewhere by the Reserve Bank or used in commercial parlance, as the case may be.

## CHAPTER – II

### APPOINTMENT OF ELECTED DIRECTORS

#### **4. 'Fit and Proper' Criteria for Elected Directors on the Boards of State Bank of India and Nationalised Banks:**

##### **Authority**

4.1 All the banks are required to constitute a Nomination and Remuneration Committee [hereinafter referred to as the Committee] consisting of a minimum of three non-executive directors from amongst the Board of Directors [hereinafter referred to as Board], out of which not less than one-half shall be independent directors and should include at least one member from Risk Management Committee of the Board, for undertaking a process of due diligence to determine the 'fit and proper' status of the persons to be elected as directors under sub-section (c) of Section 19 of the SBI Act/clause (i) of sub-section (3) of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980. The Government of India nominee director and the director nominated under section 19(f) of the SBI Act/section 9(3)(c) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 shall not be part of the Committee. The non-executive Chairperson of the bank may be appointed as a member of the Committee but shall not chair such Committee. The Board should also nominate one among them as Chairman of the Committee. The quorum required is three, including the Chairman. In case the absence of any nominated member results in want of quorum, the Board may nominate any other non-executive director in his place for the meeting. At the time of constituting the Committee, the Board can decide on its tenure.

##### **Manner and procedure**

4.2 The banks shall obtain necessary information, and a declaration & undertaking, in the format annexed ([Annex 1](#)), from the persons who file their nominations for election. The Committee shall meet after the last date prescribed for acceptance of nominations and determine whether or not the person's candidature should be accepted, based on the criteria mentioned below. The Committee's discussions shall be properly recorded as formal minutes of the meeting and the voting, if done, shall also be noted. Based on the information provided in the signed declaration, the Committee shall decide on the acceptance or otherwise of the candidature and shall make references, where considered necessary, to the appropriate authority / persons, to ensure that the candidate conforms to the requirements indicated.

## Criteria

4.3 The Committee shall determine the 'fit and proper' status of the proposed candidates based on the broad criteria mentioned hereunder:

(i) **Age** – The candidate's age should be between 35 to 67 years as on the cut-off date fixed for submission of nominations for election.

(ii) **Educational qualification** – The candidate should at least be a graduate.

(iii) **Experience and field of expertise** – The candidate shall have special knowledge or practical experience in respect of one or more of the matters enumerated in section 19A(a) of the SBI Act / section 9(3A)(A) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, as the case may be, read with [RBI Circular DBR.Appt.BC No 39/29.39.001/2016-17 dated November 24, 2016](#).

(iv) **Disqualifications:** In addition to 'Disqualifications of Directors' as prescribed in Section 22 of the SBI Act, 1955 / Clause 10 of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970/80:

(a) The candidate should not be a member of the Board of any bank or the Reserve Bank or a Financial Institution (FI) or an Insurance Company or a NOFHC holding any other bank.

*Explanation:* For the purpose of this sub-para and sub-para (c), the expression "bank" shall include a banking company, a corresponding new bank, State Bank of India, a co-operative bank and a regional rural bank.

(b) A person connected with hire purchase, financing, money lending, investment, leasing and other para banking activities shall not be considered for appointment as elected director on the board of a PSB. However, investors of such entities would not be disqualified for appointment as directors if they do not enjoy any managerial control in them.

(c) No person may be elected/ re-elected on the Board of a bank if he/she has served as director in the past on the board of any bank<sup>1</sup>/FI/RBI/Insurance Company under any category for six years, whether continuously or intermittently.

(d) The candidate should not be engaging in the business of stock broking.

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<sup>1</sup> It includes the bank in which he/she has served as director in the past.

- (e) The candidate should not be holding the position of a Member of Parliament or State Legislature or Municipal Corporation or Municipality or other local bodies<sup>2</sup>.
- (f) The candidate should not be acting as a partner of a Chartered Accountant firm which is currently engaged as a Statutory Central Auditor of any nationalised bank or State Bank of India.
- (g) The candidate should not be acting as a partner of a Chartered Accountant firm which is currently engaged as Statutory Branch Auditor or Concurrent Auditor of the bank in which nomination for election is filed.
- (v) **Tenure** – An elected director shall hold office for three years and shall be eligible for re-election: Provided that no such director shall hold office for a period exceeding six years<sup>3</sup>, whether served continuously or intermittently.
- (vi) **Professional Restrictions** –
  - (a) The candidate should neither have any business connection (including legal services, advisory services etc.) with the concerned bank nor should be engaged in activities which might result in a conflict of business interests with that bank.
  - (b) The candidate should not be having any professional relationship with a bank or any NOFHC holding any other bank.

Provided that a candidate having any such relationship with a bank at the time of filing nomination for election shall be deemed to be meeting the requirement under item (b), the candidate shall submit a declaration to the Committee that such relationship with the bank shall be severed if he is elected as a director, and upon being elected, severs such relationship before appointment as a director of the bank.
- (vii) **Track record and integrity** - The candidate should not be under adverse notice of any regulatory or supervisory authority/agency, or law enforcement agency and should not be a defaulter of any lending institution.

#### **5. The banks shall obtain from the elected director:**

- (a) a Deed of Covenant executed in the format annexed ([Annex 2](#)), before such person assumes office of director;

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<sup>2</sup> Other local bodies means bodies such as Notified Area Council, City Council, Panchayat, Gram Sabha, Zila Parishad, etc.

<sup>3</sup> Clause 9(4) of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970/80, and Section 20(3) of the SBI Act



(b) a simple declaration every year as on 31<sup>st</sup> March to the effect that the information already provided by such person has not undergone any change.

(c) Where the elected director informs that there is change in the information provided earlier, the bank shall obtain from such director a fresh [Annex 1](#) incorporating the changes.

## **6. The banks shall also -**

Ensure compliance to Section 20 of the Banking Regulation Act, 1949. In addition,

(a) Put in place a system of safeguards, including proper disclosure of the elected CA director's/his firm's clients, and not participating in bank's credit/investment decisions involving his/firm's clients. The elected CA director should be required to compulsorily dissociate himself from the entire process and sign a covenant to this effect.

(b) Require the elected director to make a full and proper disclosure of his interests and directorships in business entities, with the director personally distancing himself from and not participating in the bank's credit/investment decisions involving entities in which he is interested.

(c) Not allot any professional work to a person who was an elected director of that bank, for a period of two years after demitting office as such director.

## **7. Where the elected director:**

(a) fails to

(i) submit the Deed of Covenant or declaration; or

(ii) make proper disclosures; or

(iii) refrain from participating in credit/investment decisions, where he is interested; or

(b) makes incomplete or incorrect disclosures, or

(c) involves in such activities that render him/her 'not fit and proper' as per the criteria mentioned above,

such director shall be deemed to be not fulfilling the requirements of sub-section (2) of section 19A of the SBI Act / sub-section (3AA) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and shall be liable for the consequences thereof.

8. The Committee shall adopt the revised criteria stated above while scrutinizing the nomination of candidates seeking election as new directors (appointment/re-appointment). However, existing elected directors may be allowed to complete their current terms as per the pre-revised criteria.

### **CHAPTER – III**

#### **INTERPRETATIONS AND REPEAL**

#### **9. Interpretations:**

For the purpose of giving effect to the provisions of these Directions, the Reserve Bank may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the Reserve Bank shall be final and binding on all the parties concerned.

#### **10. Repeal:**

With the issue of these Directions, the instructions/guidelines contained in the following circulars issued by the Reserve Bank stand repealed.

- a) [DBOD. No. BC.No.47/29.39.001/2007-08 dated November 1, 2007](#) on 'Fit and proper' criteria for elected directors on the boards of nationalised banks.
- b) [DBOD. No. BC.No. 50/29.39.001/2007-08 dated November 14, 2007](#) on 'Fit and proper' criteria for elected directors on the boards of Associate Banks of SBI.
- c) DBOD. No. BC.No. 54/29.39.001/2011-12 dated November 21, 2011 on 'Fit and proper' criteria for elected directors on the board of SBI.
- d) DBOD. No. BC.No. 56/29.39.001/2011-12 dated November 21, 2011 on 'Fit and proper' criteria for elected directors on the board of IDBI Bank Limited.

## Annex 1

Name of Bank: \_\_\_\_\_

### ‘Declaration and Undertaking’ by a proposed Director/ MD & CEO/ CEO (with appropriate enclosures)

Sr No	Particulars	Information Disclosed								
<b>I. Personal Details</b>										
1.	Name in full	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">First Name</th> <th style="width: 33%;">Middle Name</th> <th style="width: 33%;">Last Name</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> </tbody> </table>	First Name	Middle Name	Last Name					
First Name	Middle Name	Last Name								
2.	Father’s name									
3.	Gender (M/F/others)									
4.	Present address									
5.	E-mail address & alternate e-mail address: Telephone Number with STD code: Mobile Number:									
6.	Nationality									
7.	Date of Birth (dd/mm/yyyy) and Age	--/--/---- Age: -- years -- months								
8.	Educational qualifications									
9.	Director Identification Number (DIN)									
10.	Aadhaar Number (Optional)									
11.	(a) Permanent Account Number (PAN) (b) Charge where the proposed director is assessed to tax (Income Tax jurisdiction)/name and address of Income Tax Circle/Ward (c) Details of filing of return(s) and payment of taxes for past 3 years	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Date of filing</th> <th style="width: 50%;">Amount of tax paid (INR)</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> </tr> </tbody> </table>	Date of filing	Amount of tax paid (INR)						
Date of filing	Amount of tax paid (INR)									
12.	Permanent address									
13.	Details in the form of a brief write up on the relevant knowledge or experience in respect of one or more of the matters namely accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small scale industry, information technology, payment and settlement systems, human resources, risk management, business management or any other matter the special knowledge of and									

Sr No	Particulars	Information Disclosed								
	practical experience of which would in the opinion of the Reserve Bank be useful to the Banking Company.									
14.	Present occupation (designation, name of the organisation and brief write-up on experience)									
15.	Previous occupation covering minimum of past ten years, with complete address of the organisation(s) worked in, date of joining, date of relieving (including reasons), designation, etc.									
16.	In case a Chartered Accountant, indicate the following: (a) Membership Number of Institute of Chartered Accountants of India (ICAI): (b) Date of registration with the ICAI: (c) Name and Address of the registered firm/s: (d) Details of the Audit(s) presently undertaken by the firm(s) or by you:									
17.	Name of the banker(s) with Branch and Account Numbers (savings/current/loan accounts) where you are a primary account holder:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Bank Name</th> <th style="text-align: center;">Branch</th> <th style="text-align: center;">Type of A/c</th> <th style="text-align: center;">A/c Number</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Bank Name	Branch	Type of A/c	A/c Number				
Bank Name	Branch	Type of A/c	A/c Number							
18.	Details of shareholding, if held in any entity, either in physical or dematerialized form, by you, spouse, and your minor child. (attach demat/shareholding certificate)									
19.	Any other information relevant to directorship of the bank:									
<b>II. Relevant Relationships of proposed director</b>										
20.	List of relatives, [Refer Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definition) Rules, 2014] if any, who are connected with any bank:									
21.	List of entities in which: (a) interested [Refer Section 184 of the Companies Act, 2013]:									

Sr No	Particulars	Information Disclosed																	
	<p>(b)beneficial ownership [<i>Refer Section 89 of Companies Act, 2013 as also the applicable Significant Beneficial Ownership Rules of MCA</i>]:</p> <p>(c)Trustee (also mention any other relationship with reference to a trust):</p>																		
22.	List of entities, existing and proposed, in which holding substantial interest within the meaning of Section 5(ne) <sup>4</sup> of the Banking Regulation Act, 1949.	<table border="1"> <tr> <td data-bbox="903 517 1270 562"><i>Name of the company / firm</i></td> <td data-bbox="1270 517 1353 562"></td> </tr> <tr> <td data-bbox="903 562 1270 607"><i>Country of incorporation</i></td> <td data-bbox="1270 562 1353 607"></td> </tr> <tr> <td data-bbox="903 607 1270 651"><i>Number of shares</i></td> <td data-bbox="1270 607 1353 651"></td> </tr> <tr> <td data-bbox="903 651 1270 696"><i>Face Value of each share</i></td> <td data-bbox="1270 651 1353 696"></td> </tr> <tr> <td data-bbox="903 696 1270 797"><i>Total face value of share holding</i></td> <td data-bbox="1270 696 1353 797"></td> </tr> <tr> <td data-bbox="903 797 1270 887"><i>Shareholding as % of total Paid up Capital</i></td> <td data-bbox="1270 797 1353 887"></td> </tr> <tr> <td data-bbox="903 887 1270 976"><i>Beneficial interest (in value as well as % terms)</i></td> <td data-bbox="1270 887 1353 976"></td> </tr> <tr> <td data-bbox="903 976 1270 1122"><i>Whether the entity is a Section 8 Company under Companies Act, 2013</i></td> <td data-bbox="1270 976 1353 1122"></td> </tr> </table>	<i>Name of the company / firm</i>		<i>Country of incorporation</i>		<i>Number of shares</i>		<i>Face Value of each share</i>		<i>Total face value of share holding</i>		<i>Shareholding as % of total Paid up Capital</i>		<i>Beneficial interest (in value as well as % terms)</i>		<i>Whether the entity is a Section 8 Company under Companies Act, 2013</i>		
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<i>Shareholding as % of total Paid up Capital</i>																			
<i>Beneficial interest (in value as well as % terms)</i>																			
<i>Whether the entity is a Section 8 Company under Companies Act, 2013</i>																			
23.	Details of holdings in entities incorporated abroad and having a place of business in India.																		
24.	Name of Bank/NBFC/any other company in which currently or in the past a member of the Board/ Advisor etc. (giving details of period during which such office is being/ was held).																		
25.	If connected with any entity undertaking hire purchase, financing, investment, leasing and other para banking activities (nature of association to be mentioned), details thereof.																		
26.	If a stock broker or connected with any entity engaged in share broking activities, details thereof.																		

<sup>4</sup> substantial interest" (i) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid up on which exceeds five lakhs of rupees or ten percent of the paid-up capital of the company, whichever is less; (ii) in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent of the total capital subscribed by all the partners of the said firm.

Sr No	Particulars	Information Disclosed
27.	Details of fund and non-fund-based facilities, if any, presently availed in person and/or by entities listed in (21) to (26) above.	
28.	Cases, if any, where as an individual or the entities listed at (21) to (26) above have defaulted or declared as willful defaulter in the past in respect of credit facilities obtained from a bank/NBFC/any other lending institution.	
<b>III. Records of professional achievements</b>		
29.	Professional achievements relevant for the directorship.	
<b>IV. Proceedings, if any, against the proposed director</b>		
30.	(a) As a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past or whether been banned from entry at any profession/ occupation at any time, details thereof.	
	(b) If subject of any written complaint or accusation regarding individual professional conduct or activities, details thereof.	
31.	Details of prosecution, if any, pending or commenced or resulting in conviction of self or the entities listed at (21) to (26) above for violation of economic laws and regulations.	
32.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction.	
33.	If indulged in any breach of AML/CFT guidelines, details thereof.	
34.	If attracting any of the disqualifications envisaged under Section 164 of the Companies Act, 2013, details thereof.	
35.	If adjudicated insolvent or has suspended payment or has compounded with creditors, details thereof.	

Sr No	Particulars	Information Disclosed
36.	If found to be of unsound mind and stands so declared by a competent Court, details thereof.	
37.	(a) If convicted by a Criminal Court of an offence which involves moral turpitude or otherwise, details thereof.	
	(b) If convicted by any Court of law, details thereof?	
38.	If holding any office of profit under any nationalised bank or State Bank of India, except for holding the post of a whole-time director, details thereof.	
39.	If as an individual or any of the entities at (21) to (26) above have been subject to any investigation/vigilance/ matters of enquiry from any of the previous employers or government departments or agency, details thereof.	
40.	If found guilty of violation of rules/ regulations/ legislative requirements by customs/ excise/ income tax/ foreign exchange/ other revenue authorities, details thereof.	
41.	<p>If reprimanded, censured, restricted, suspended, barred, enjoined, or otherwise sanctioned by any regulator such as SEBI, IRDAI, PFRDA etc., professional organisation, government agency, or court because of professional conduct or activities, details thereof.</p> <p><i>(Though it shall not be necessary for a candidate to mention in the column about orders and findings which have been later on reversed/ set aside in toto, it would be necessary to make a mention of the same, in case the reversal/ setting aside is on technical reasons like limitation or lack of jurisdiction, and not on merit. If the order is temporarily stayed and the appellate/ court</i></p>	

Sr No	Particulars	Information Disclosed
	<i>proceedings are pending, the same also should be mentioned).</i>	
<b>V. General Information</b>		
42.	If a professional like Chartered Accountant, Advocate etc. and presently undertaking/undertaken any professional work in any bank, provide details thereof including the name of the bank and period of association with the bank.	
43.	If a sitting MP/MLA/MLC or holding political position in Municipal Corporation or Municipality or other local bodies, provide details thereof.	
VI. In the interest of disclosure and transparency, should there be <b>any other information relevant for assessing 'fit and proper', provide details thereof.</b>		
<b><u>Undertaking</u></b>		
I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place after my appointment which are relevant to the information provided above.		
I also undertake to execute a 'Deed of Covenant' as required to be executed with the bank.		
	Place :	Signature of proposed Director/ MD & CEO/ CEO
	Date :	
	<b>Remarks of Nomination and Remuneration Committee (NRC) of having satisfied itself that the above information is true and complete.</b>	
	Place :	Signature of the Chair of the NRC
	Date :	



## Annex 2

### FORM OF DEED OF COVENANTS WITH A DIRECTOR

THIS DEED OF COVENANTS is made this \_\_\_\_\_ day of \_\_\_\_\_ Two thousand \_\_\_\_\_ BETWEEN \_\_\_\_\_, having its registered office at \_\_\_\_\_ (hereinafter called the 'Bank') of the one part and Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (hereinafter called the 'Director') of the other part.

WHEREAS

A. The director has been appointed as a director on the Board of Directors of the Bank (hereinafter called 'the Board') and is required as a term of his / her appointment to enter into a Deed of Covenants with the Bank.

B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

1. The director acknowledges that his / her appointment as director on the Board of the Bank is subject to applicable laws and regulations including the Memorandum and Articles of Association of the Bank and the provisions of this Deed of Covenants.

2. The director covenants with the Bank that:

(i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the Bank and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.

(ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) The director shall provide to the Bank a list of his / her relatives as defined in the Companies Act, 2013 and rule 4 of the Companies (specification of definition) rules, 2014 and to the extent the director is aware directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) The director shall in carrying on his / her duties as director of the Bank:

(a) use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;

(b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the Bank;

(c) shall keep himself / herself informed about the business, activities and financial status of the Bank to the extent disclosed to him / her;

(d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as 'Board ') with fair regularity and conscientiously fulfil his / her obligations as director of the Bank;

(e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the Bank;

(f) shall bring independent judgment to bear on all matters affecting the Bank brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;

(g) shall in exercise of his / her judgment in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgment; and

(h) shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgment;

(v) The director shall have:

(a) fiduciary duty to act in good faith and in the interests of the Bank and not for any collateral purpose;

(b) duty to act only within the powers as laid down by the Bank's Memorandum and Articles of Association and by applicable laws and regulations; and

(c) duty to acquire proper understanding of the business of the Bank.

(vi) The director shall:

(a) not evade responsibility in regard to matters entrusted to him / her by the Board;

(b) not interfere in the performance of their duties by the whole-time directors and other officers of the Bank and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and

(c) not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the Bank in his / her capacity as director of the Bank only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The Bank covenants with the director that:

(i) the Bank shall apprise the director about :

(a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;

(b) control systems and procedures;

(c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;

(d) qualification requirements and provide copies of Memorandum and Articles of Association;

(e) corporate policies and procedures;

(f) insider dealing restrictions;

(g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

(h) appointments of Senior Executives and their authority;

(i) remuneration policy,

(j) deliberations of committees of the Board, and

(k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the Bank, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.

(ii) the Bank shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a directors of the Bank and to take

informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;

(iii) the disclosures to be made by the Bank to the directors shall include but not be limited to the following :

- (a) all relevant information for taking informed decisions in respect of matters brought before the Board;
- (b) Bank's strategic and business plans and forecasts;
- (c) organisational structure of the Bank and delegation of authority,
- (d) corporate and management controls and systems including procedures;
- (e) economic features and marketing environment,
- (f) information and updates as appropriate on Bank's products;
- (g) information and updates on major expenditure;
- (h) periodic reviews of performance of the Bank; and
- (i) report periodically about implementation of strategic initiatives and plans;

(iv) the Bank shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the director about the levels of authority delegated in matters placed before the Board.

4. The Bank shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the Bank to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the Bank.

6. The Chartered Accountant firm, in which the director is a partner, shall not undertake Statutory Central Audit in any public sector bank / shall not undertake Statutory Branch Audit or Concurrent Audit in the bank during current directorship of the bank.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorized representative of the Bank.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR MENTIONED ABOVE.

For the Bank	Director
By .....	.....
Name :	Name :
Title :	
In the presence of :	
1.....	2.....

F. No. 6/20/2019-BO.I  
**Government of India**  
**Ministry of Finance**  
**Department of Financial Services**

3<sup>rd</sup> floor, Jeevan Deep Building  
Parliament Street, New Delhi – 110 001  
Dated 30<sup>th</sup> August 2019

To:

Managing Director and CEO  
Nationalised banks

Subject: PSB Governance Reforms — Enhancing governance through improved effectiveness of non-official directors

Madam/sir,

The evolution in corporate governance in recent years is reflected in the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI(LODR) Regulations”). Section 166 of the Companies Act, 2013 enumerates duties of directors, while Schedule IV *ibid.* provides a Code for Independent Directors. Similarly, regulation 25(7) of SEBI(LODR) Regulations provides for familiarisation of independent directors through various programmes about the bank, while regulation 17(10) *ibid.* provides for performance evaluation of independent directors. However, these provisions do not apply to Public Sector Banks (PSBs) as they are not established under the Companies Act and the Acts establishing PSBs do not define independent directors.

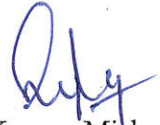
2. While the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 does not define independent directors, non-official directors nominated under clauses (g) and (h) of sub-section (3) of section 9 of the Act, including non-executive chairmen appointed under clause 5(1) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970/1980, hereinafter referred to as “non-official directors”, are similar in nature.

3. Against this background, with a view to improve corporate governance in PSBs, Government has decided to institute the following measures:

- (a) To enable non-official directors to function in a manner similar to that envisaged for independent directors under the provisions of the Companies Act, in addition to the extant “Guidelines on Role and Responsibilities” and “Do’s and Don’ts” for non-official directors on the Boards of PSBs, issued *vide* this Department’s letter no. 9/17/2000-BO.I, dated 19.9.2002 (copy enclosed), the attached “Code for Non-official Directors” shall be applicable in respect of the non-official directors. The bank is requested to communicate the said guidelines, do’s and don’ts, and the code to all its non-official directors.

- (b) To enhance effectiveness of non-official directors as well as other directors appointed/nominated by the Government, the bank shall familiarise them through various programmes about the bank, including (i) the nature of the banking industry, (ii) the bank's business model, (iii) guidelines on roles and responsibilities, do's and don'ts and the code for non-official directors, and (iv) any other relevant information. Such programmes may include, *inter alia*, information on topics such as cybersecurity, use of technology in banking, macroeconomic and fiscal policy, credit appraisal, risk management and treasury operations.
- (c) To enable performance evaluation of non-official directors on peer-review basis, the entire Board of Directors, other than the director who is subject to evaluation, shall evaluate the performance of each non-official director upon completion of every period of one year from the date of her/his nomination, and the bank shall convey the same to this Department in the attached two formats, not later than three months from completion of each such period.

Yours faithfully,



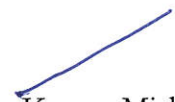
(Sanjay Kumar Mishra)

Under Secretary to the Government of India  
Telefax: 011-23748766, e-mail: bo1@nic.in

Encl.: as above

Copy, with enclosure, to:

1. Executive Director in charge of Department of Banking Regulation, RBI, Mumbai
2. Secretary, Banks Board Bureau, Mumbai



(Sanjay Kumar Mishra)

Under Secretary to the Government of India

## Code for Non-official Directors

### I. Duties

The director shall—

- (1) act in good faith in order to further the objects enumerated in the preamble to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, *viz.*, to meet progressively and serve better the needs of development of the economy in conformity with national policy and objectives, in the best interests of the bank, its shareholders, its employees, the community and for the protection of environment;
- (2) exercise her/his duties with due and reasonable care, skill and diligence, and shall exercise independent judgement;
- (3) not involve in a situation in which she/he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the bank;
- (4) not achieve or attempt to achieve any undue gain or advantage either to herself/himself or to her/his relatives, partners or associates;
- (5) not assign her/his office;
- (6) undertake appropriate induction and regularly update and refresh her/his skills, knowledge and familiarity with the bank;
- (7) seek appropriate clarification or amplification of information;
- (8) strive to attend all meetings of the Board of Directors and of the Board committees of which she/he is a member;
- (9) participate constructively and actively in the committees of the Board on which she/he is chairperson or member;
- (10) strive to attend the general meetings of the bank;
- (11) where she/he has concerns about the running of the bank or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (12) keep herself/himself well-informed about the bank and the external environment in which it operates;
- (13) not unfairly obstruct the functioning of an otherwise proper Board or committee thereof;
- (14) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure herself/himself that the same are in the interest of the bank;
- (15) ascertain and ensure that the bank has an adequate and functional vigil mechanism and ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (16) report concerns about unethical behaviour, actual or suspected fraud, or violation of the bank's code of conduct or ethics policy;
- (17) acting within her/his authority, assist in protecting the legitimate interests of the bank, its shareholders and its employees; and

- (18) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price-sensitive information, unless such disclosure is expressly approved by the Board or required by law.

## **II. Guidelines for Professional Conduct**

The director shall—

- (1) commit herself/himself effectively to her/his responsibilities;
- (2) uphold ethical standards of integrity and probity;
- (3) act objectively and constructively while exercising her/his duties;
- (4) exercise her/his responsibilities in a *bona fide* manner in the interest of the bank;
- (5) devote sufficient time and attention to her/his professional obligations for informed and balanced decision-making;
- (6) not allow any extraneous considerations that will vitiate her/his exercise of objective and independent judgement in the paramount interest of the bank, while concurring in or dissenting from the collective judgement of the Board in its decision-making;
- (7) not abuse her/his position to the detriment of the bank or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (8) refrain from any action that would lead to loss of her/his independence;
- (9) where circumstances arise which make the director lose her/his independence, the director must immediately inform the Board regarding the same; and
- (10) assist the bank in implementing best corporate governance practices.

## **III. Role and Functions**

The director shall—

- (1) help in bringing independent judgement to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) satisfy herself/himself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
- (3) safeguard the interests of all stakeholders, particularly minority shareholders; and
- (4) balance the conflicting interest of stakeholders.

\*\*\*

F. No. 15/1/2011- BO.I  
Government of India  
Ministry of Finance  
Department of Financial Services

3<sup>rd</sup> floor, Jeevan Deep Building  
Parliament Street, New Delhi - 110 001  
Dated 30<sup>th</sup> August 2019

To:

Managing Director and CEO  
Nationalised banks

Subject: PSB Governance Reforms — Improving the effectiveness of the Board —  
Flexibility to Boards of large Public Sector Banks to decide sitting fees of non-  
official directors

Madam/sir,

With a view to enable the Board and its committees to perform its oversight function more effectively, Government has decided to give flexibility to Boards of large Public Sector Banks (PSBs) to decide sitting fees of non-official directors.

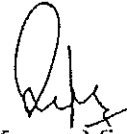
2. Accordingly, in partial supersession of this Department's letter of even number, dated 18.1.2019, *vide* which rates of fee payable to non-executive chairmen / part-time non-official directors on the Boards of nationalised banks were revised in terms of the provisions of clause 17(1) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and clause 16(1) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1980, the undersigned is directed to convey that, in exercise of the powers of the Central Government under the aforesaid provisions, Government has decided that the fees payable to non-executive chairmen / part-time non-official directors of nationalised banks having a total business (being the summation of the gross loans and advances and the total deposit of the bank, reckoned as per the last declared results of the bank) of ₹ 10 lakh crore or higher, shall be as under:

	Meeting	Amount per meeting
(a)	For attending and chairing meetings of the Board	Such fee as may be decided by the bank's Board of Directors, which shall together not exceed the limit as provided for in respect of companies under the Companies Act, 2013 and rules made thereunder
(b)	For attending and chairing meetings of committees of the Board	Such fee as may be decided by the bank's Board of Directors, not exceeding one half of the fee decided by the Board of Directors for attending meetings of the Board



3. Payments as per the above fees shall be subject to an overall ceiling of ₹ 25,00,000 per annum.
4. For the remaining nationalised banks, fee payable would be as per Department's letter of even number, dated 18.1.2019.
5. This issues with the approval of competent authority.

Yours faithfully,



(Sanjay Kumar Mishra)

Under Secretary to the Government of India

Tel: 011-23748766

E-mail: bo1@nic.in

Copy to:

1. Executive Director in charge of the Department of Banking Regulation, Reserve Bank of India, Mumbai
2. Secretary, Banks Board Bureau
3. Government nominee Directors on the Boards of nationalised banks