



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.

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

**1) 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 subsection (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 Board Meetings
- II. Committee meetings
- III. Travelling and Halting Allowances:

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'Ts**

- (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.

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

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'Jeevan Deep Building'  
Parliament Street, New Delhi  
Dated, the 30<sup>th</sup> July, 2015

The Chief Executives of  
all Nationalised Banks

**Subject: - Entitlement of sitting fees of Directors on the Board of Nationalised Banks for attending meetings of the Board or of any Committee of the Board etc. – revision thereof**

Sir,

I am directed to refer to this Department's letter No.15/1/2011-BO.I dated 18.10.2011 on the above cited subject. The sitting fees payable to the Directors nominated under clauses (e), (f), (g), (h) and (i) of sub-section (3) of section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970/1980 on the Board of Nationalized Banks were prescribed vide the said letter.

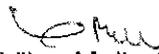
2. The matter has been considered by the Government in consultation with Reserve Bank of India and it has now been decided to further revise the rates of sitting fees payable to the Directors referred in para 1 as under:-

- i) For attending the Board Meeting - Rs.20,000/- per meeting
- ii) For attending the Committee Meeting - Rs.10,000/- per meeting

3. The above revised rates of sitting fees shall take effect from the date of issue of this communication

4. The receipt of this communication may kindly be acknowledged.

Yours faithfully,

  
(Vijay Malhotra)

Under Secretary to the Government of India

(A) Copy forwarded to the following for amending their relevant rules/regulations for revising the sitting fees payable to the part time directors on their Board for attending the meeting of the Board/Committee of the Board, at the rates as indicated above.

- 1) The Chairman, State Bank of India, Central Office, Mumbai.
- 2) The Chairman, NABARD, Head Office, Mumbai.
- 3) The CMD, IDBI Bank Ltd., Head Office, Mumbai.
- 4) The Managing Directors of Associate Banks of State Bank of India.

(B) Copy also forwarded for information to:-

- 1) The Chief General Manager, DBR, Reserve Bank of India, HO: Mumbai.
- 2) The Secretary, Indian Banks' Association, Head Office, Mumbai.
- 3) All Government Nominee Directors on the Boards of Public Sector Banks.

(C) Copy with a copy of Note approved by Finance Minister to IF.I Section, IF.II Section and Insurance Division of the Department for taking necessary action.

  
(Vijay Malhotra)

Under Secretary to the Government of India

**Criteria laid down by the Government for consideration as non-official Director  
in Public Sector Banks/FIs/RBI/Insurance Companies**

**A) Criteria of experience**

The following categories of persons will be considered for appointment of Part-Time Non-Official Director on the Boards of Public Sector Banks/Reserve Bank of India/Financial Institutions/Public Sector Insurance Companies:

- a. Persons of eminence with special academic training or practical experience in the fields of agriculture, rural economy banking, cooperation, economics, business management, human resources, finance, corporate law, Risk Management, industry and IT will ordinarily be considered. 20 years of industry experience at a senior position, established expertise in respective areas (successfully led a reputed organization, brought turnaround in a failing organization) would be preferred.
- b. Retired senior Government officials with total experience of 20 years and minimum 10 years of experience at Joint secretary and above level. Retired CMDs/EDs of Public Sector Banks after one year of retirement. The ex-CMDs/EDs will not be considered for appointment as NoD on the Board of the PSB from which they have retired. Serving CMDs/EDs of a PSB will not be considered for appointment as NoD on the Board of any other PSB.
- c. Academicians/ Directors of premier Management/ Banking Institutes and Professors having more than 20 years experience.
- d. Chartered Accountants with 20 years experience (excluding audit experience) would also be preferred.

**B. Criteria of Educational Qualification**

An NoD should at least be a graduate in any stream preferably with specialization in Business Management, Risk Management, Finance, Human Resources and IT.

**C. Criteria of age**

The age of the Director, on the date of recommendation by Search Committee should not be more than 67 years.

**D. Criteria of Work Experience**

Professionals/ academicians should ordinarily have 20 years of work experience in their particular field.

**E. Criteria of Disqualification**

- (a) A Director already on a Bank/Financial Institution(FIs)/ RBI/Insurance Company, under any category, may not be considered for nomination as NoD in any other Bank/FI/RBI/Insurance Company.
- (b) Persons connected with hire purchase, financing investment, leasing and other para-banking activities, MPs MLAs, MLCs and Stock Brokers will not be appointed as non-official directors on the boards of Banks/FIs/RBI/Insurance Companies. Investors in a hire purchase, financing investment, leasing and other para banking activities would not be disqualified for appointment as NOD, if they are not having any managerial control in such companies.
- (c) No person may be re-nominated as an NOD on the Board of a Bank/FI/RBI/Insurance Company on which he/she has served as Director in the past under any category for two terms or six years whichever is longer.

**F. Criteria of Tenure**

An NoD would not be considered for nomination as a Director on the Board of a Bank/FI/RBI/Insurance Company if such Director has already been a NoD/Shareholder Director on the board of any other Bank/FI/RBI/Insurance company for six years, whether continuously or intermittently.

सं/ No. 15/1/2011- BO.I  
भारत सरकार/ Government of India  
वित्त मंत्रालय/ Ministry of Finance  
वित्तीय सेवाएं विभाग/ Department of Financial Services

3<sup>rd</sup> floor, Jeevan Deep Building  
Parliament Street, New Delhi - 110 001  
28<sup>th</sup> October 2025

To:

1. The Chairman, State Bank of India
2. The Managing Director and Chief Executive Officer,  
all Nationalised Banks

**Subject: Revision of sitting fee to the Directors on the Board of Public Sector Banks.**

Madam / Sir,

Reference is invited to Regulation 59 of the State Bank of India General Regulations, 1955 [the Regulations], and paragraphs 17(1) and 16(1) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme 1970 and 1980 [the Schemes] regarding sitting fees for Directors on the board of State Bank of India and Nationalised Banks. Reference is also invited to this Department's letters of even number dated 18.01.2019 and 30.08.2019 on the subject matter.

2. To ensure consistency in the structure of sitting fees across all Public Sector Banks and to align these with the relevant statutory and regulatory frameworks, it has been decided, superseding the instructions contained in the aforementioned communications, that the payment of sitting fees to the entitled Directors under the provisions of above-mentioned Regulations and Schemes shall be regulated as follows:

- i. There shall be no overall annual ceiling limit on payment of sitting fee.
- ii. The per-sitting amount may be determined by the Board of Directors of respective Public Sector Banks, subject to the limitations prescribed under the Companies Act, 2013, and the regulations enacted thereunder.

Yours faithfully,



(Sanjay Kumar Mishra)

Under Secretary to the Government of India  
E-mail :bo1@nic.in, Tel: 011-23747189

Copy for information to:

The Governor, Reserve Bank of India, Central Office Building, Shahid Bhagat Singh Road, Mumbai – 400 008.

Sitting fees (payable to Directors other than WTDs and Nominee Directors) w.e.f. 28.10.2025

<b>Meeting</b>	<b>Amount per meeting</b>
(a) For attending Board Meeting	Rs. 60,000
(b) For attending meeting of Board Committee	Rs. 30,000
(c) For chairing Board Meeting	Rs. 15,000 [in addition to (a) above]
(d) For chairing meeting of Board Committee	Rs. 7,500 [in addition to (b) above]
Note: No overall ceiling limit on sitting fees	

## Annexure III

### **ELECTION OF SHAREHOLDER DIRECTOR - EXTRACT OF ACTS / REGULATIONS / RESERVE BANK OF INDIA & GOVERNMENT OF INDIA NOTIFICATIONS AND GUIDELINESS:**

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In terms of Section 9(3) (i) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Shareholder Directors shall have to be appointed depending upon the extent of capital issued under clause (c) of subsection (2B) of Section 3 of the Act.

The relevant Sections of The Banking Regulations Act, 1949, The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, the Nationalized Banks (Management & Miscellaneous Provisions) Scheme, 1970 and the relevant regulations of Bank of Maharashtra (Shares and Meetings) Regulations, 2004 and as amended respectively in this regard, are reproduced below for the information of the shareholders.

#### **THE BANKING REGULATION ACT, 1949:**

##### **Substantial Interest - Section 5 (ne)**

- (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 the individual or his spouse or minor child, whether singly or taken together, which represents more than ten percent of the total capital subscribed by all the partners of the said firm.

##### **Prohibition of Common Directors – Section 16(1)**

No Banking Company incorporated in India shall have as a Director in its Board of Directors any person who is a Director of any other Banking Company.

##### **Restrictions on Loans and Advances – Section 20**

- 1) Notwithstanding anything to the contrary contained in Section 77 of the Companies Act, 1956 (1 of 1956), no Banking Company shall –
  - a) grant any loans or advances on the security of its own shares, or
  - b) 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 banking company or a company registered under Section 25 of the Companies Act, 1956 (1 of 1956), or a Government company) of which or the subsidiary or the holding company of which any of the Directors of the banking company 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.

- 2) Where any loan or advance granted by a banking company is such that a commitment for granting it could not have been made if Clause (b) of sub-section (1) had been in force on the date on which the loan or advance was made or is granted by a banking company after the commencement of Section 5 of the Banking Laws (Amendment) Act, 1968 (58 of 1968), but in pursuance of a commitment entered into before such commencement, steps shall be taken to recover the amounts due to the banking company on account of the loan or advance together with interest, if any, due thereon within the period stipulated at the time of the grant of loan or advance or where no such period has been stipulated, before the expiry of one year from the commencement of the said Section 5;

Provided that the Reserve Bank may, in any case, on an application in writing made to it by the banking company in this behalf, extend the period for the recovery of the loan or advance until such date, not being a date beyond the period of three years from the commencement of the said Section 5 and subject to such terms and conditions, as the Reserve Bank may deem fit:

Provided further that this sub-section shall not apply if and when the Director concerned vacates the office of the Director of the banking company, whether by death, retirement, resignation or otherwise.

- 3) No loan or advance, referred to in sub-section (2), or any part thereof shall be remitted without the previous approval of the Reserve Bank, and any remission without such approval shall be void and of no effect.
- 4) Where any loan or advance referred to in sub-section (2), payable by any person, has not been repaid to the banking company within the period specified in that subsection, then, such person shall, if he is a Director of such banking company on the date of the expiry of the said period, be deemed to have vacated his office as such on the said date.

**Explanation - in this Section –**

- a) “Loan or advance” shall not include any transaction which the Reserve Bank may, having regard to the nature of the transaction, the period within which, and the manner and circumstances in which, any amount due on account of the transaction is likely to be realized, the interest of the depositors and other relevant considerations, specify by general or special order as not being a loan or advance for the purpose of this Section;
- b) “Director” includes a member of any board or committee in India constituted by a banking company for the purpose of managing, or for the purpose of advising it in regard to the management of, all or any of its affairs.
- 5) If any question arises whether any transaction is a loan or advance for the purpose of this Section, it shall be referred to the Reserve Bank, whose decision thereon shall be final.

**Applicability of certain Sections of Act to a corresponding new bank – Section 51**

(1) Without prejudice to the provisions of the State Bank of India Act, 1955(23 of 1955) or any other enactment, the provisions of sections 10, 13 to 15, 17, 19 to 21A, 23 to 28, 29 excluding sub-section

(3,) 29A, sub-section (1B), (1C) and (2) of sections 30, 31, 34, 35, 35A, 36 [excluding clause(d) of sub-section(1)] 45Y to 45ZF, 46 to 48] 50, 52 and 53 shall also apply; so far as may be, to and in relation to the State Bank of India or any corresponding new bank or a Regional Rural Bank or any subsidiary bank as they apply to and in relation to banking companies:

**PROVIDED that-**

(a) nothing contained in clause (c) of sub-section (1) of section 10 shall apply to the Chairman of the State Bank of India or to a Managing Director of any subsidiary bank insofar as the said clause precludes him from being a Director of, or holding an office in, any institution approved by the Reserve Bank;

(b) nothing contained in sub-clause (iii) of clause (b) of subsection (!) of section 20 shall apply to any bank referred to in sub-section (1), insofar as the said sub-clause (iii) of clause (b) precludes that bank from entering into any commitment for granting any loan or advance to or on behalf of a company (not being a Government company) in which not less than forty per cent of the paid-up capital is held (whether singly or taken together) by the Central Government or the Reserve Bank or a corporation owned by that bank; and

(c) nothing contained in section 46 or in section 47A shall apply to, -

(i) an officer of the Central Government or the Reserve Bank, nominated or appointed as Director of the State Bank of India or any corresponding new bank or a Regional Rural Bank or any subsidiary bank or a banking company; or

(ii) an officer of the State Bank of India or a corresponding new bank or a Regional Rural Bank or a subsidiary bank nominated or appointed as Director of any of the said banks (not being the bank of which he is an officer) or of a banking company.;

(2) References to a banking company in any rule or direction relating to any provision of this Act referred to in subsection (1) shall, except where such rule or direction provides otherwise, be construed as referring also to the State Bank of India, a corresponding new bank, a Regional Rural Bank and a subsidiary bank.

**THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF UNDERTAKINGS) ACT, 1970:**

**Restrictions on voting rights**

**Section 3(2E)** No shareholder of the corresponding new bank, other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of ten per cent of the total voting rights of all the shareholders of the corresponding new bank.

**Composition of the Board of Directors**

**Section 9 (3) (i) Where the capital issued under clause (c) of sub-section (2B) of Section 3 is:-**

a) not more than sixteen per cent of the total paid up capital, one Director

b) more than sixteen per cent of the total paid up capital, but not more than thirty two per cent of the total paid up capital, two Directors.

c) more than thirty two per cent of the total paid-up capital, three Directors to be elected by the shareholders other than the Central Government from amongst themselves.

Provided that on the assumption of charge after election of any such director under this clause, equal number of directors nominated under clause (h) shall retire in such manner as may be specified in the Scheme.

Provided further that in case the number of directors elected, on or before the commencement of The Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Laws (Amendment) Act, 2006, in a corresponding new Bank exceed the number of directors specified in sub-clause (I) or sub-clause (II) or sub-clause (III), as the case may be, such excess number of directors elected before such commencement shall retire in such manner as may be specified in the scheme and such directors shall not be entitled to claim any compensation for the premature retirement of their term of office.

**Section 9(3A) The Directors to be elected under the said clause (i) shall –**

(A) have special knowledge or practical experience in respect of the one or more of the following matters, namely -

- (a) agricultural and rural economy
- (b) banking
- (c) co-operation
- (d) economics
- (e) finance
- (f) law
- (g) small scale industry

(h) any other matter the special knowledge of, and practical experience in which would, in the opinion of the Reserve Bank of India be useful to the Bank RBI vide its Notification DBR.Appt. BC.No.38/29.39.001/2016-17 dated November 24, 2016 has notified that special knowledge or practical experience in matters or areas relating to (i) Information Technology (ii) Payment & Settlement Systems (iii) Human Resources (iv) Risk Management and (v) Business Management would be useful to a corresponding new bank.

(B) represent the interests of depositors; or

(C) represent the interest of farmers, workers and artisans **Section 9(3AA)** Without prejudice to the provision of subsection 3(A) and notwithstanding anything to the contrary contained in this Act or in other law for the time being in force, no person shall be eligible to be elected as a Director under Clause (i) of Sub-Section (3) unless he is a person having 'fit and proper status' based upon track record, integrity and such other criteria as the Reserve Bank may notify from time to time in this regard.

**Section 9(3AB)** The Reserve Bank may also specify in the notification issued under sub-section 3(AA), the Authority to determine the 'Fit and Proper' status, the manner of such determination, the procedure to be followed for such determination and such other matters as may be considered necessary or incidental thereto.

**Section 9(3B)** Where the Reserve Bank is of the opinion that any Director of a corresponding new bank elected under clause (i) of sub-section (3) does not fulfill the requirements of sub-section (3A) and (3AA), it may after giving to such Director and the Bank a reasonable opportunity of being heard, by order, remove such Director and on such removal, the Board of Directors shall co-opt any other person fulfilling the requirements of sub-section (3A) and (3AA), as a Director in place of the person so removed till a Director is duly elected by the shareholders of the corresponding new bank in the next Annual General Meeting and the person so co-opted shall be deemed to have been duly elected by the shareholders of the corresponding new bank as a Director.

**Obligation as to Fidelity and Secrecy:**

**Section 13(2):** Every Director, member of a local Board or a Committee, or Auditor, Advisor, Officer or other employee of a corresponding new bank shall before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the Third Schedule.

**THE NATIONALISED BANKS (MANAGEMENT AND MISCELLANEOUS PROVISIONS) SCHEME, 1970:**

**Clause 9: Term of office of elected directors**

**Clause 9(4):**

An elected Director shall hold office for three years and shall be eligible for re-election. Provided that no such Director shall hold office continuously for a period exceeding six years.

**Clause 10: Disqualification of Directors**

A person shall be disqualified for being appointed as, and for being, a Director:-

- a) if he has at any time been adjudicated an insolvent or has suspended payment or has compounded with his creditors or
- b) if he has been found to be of unsound mind and stands so declared by a competent court; or
- c) if he has been convicted by a Criminal Court of an offence which involves moral turpitude; or
- d) if he holds any office of profit under any Nationalized Bank or State Bank of India, constituted under sub-section (1) of Section 3 of the State Bank of India Act, 1955 or any subsidiary Bank as defined in Section 3 of the State Bank of India (Subsidiary Banks) Act, 1959, except for holding the post of a whole-time Director, including the Managing Director and Directors nominated under clauses (e) and (f) of sub-section (3) of Section 9 of the Act from amongst the employees of the corresponding new bank.

**Clause 11: Vacation of office of Directors**

- 1) If a Director becomes subject to any of the disqualifications specified in clause 10 or is absent without leave of the Board for more than three consecutive meetings thereof, he shall be deemed to have vacated his office as such and thereupon his office shall become vacant.
- 2) The Chairman or whole-time Director including the Managing Director or a Director referred to in clause (b) or clause (c) of sub section 3 of Section 9 of the Act may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted by that Government shall be deemed to have vacated his office; and any other Director may resign

his office by giving notice thereof in writing to the Central Government and such resignation shall take effect on the receipt of the communication of the resignation by the Central Government.

- 3) Without prejudice to the provision of the foregoing subclauses, the office of a Director referred to in clause (e) or clause (f) of sub-section 3 of Section 9 of the Act shall become vacant as soon as the Director ceases to be a workman or an employee other than workman of the Nationalized Bank of which he is a Director.
- 4) Where any vacancy occurs in the office of a Director other than an elected Director, it shall be filled in accordance with sub-section (3) of Section 9 of the Act.

**Clause 11A: Removal from office of an elected Director**

The shareholders, other than the Central Government, may, by a resolution passed by majority of the votes of such shareholders holding in the aggregate, not less than one half of the share capital held by all such shareholders, remove any Director elected under Clause (i) of sub-section (3) of Section 9 and elect instead of him another person to fill the vacancy.

**Clause 11B: Filling of vacancy in the office of an elected Director**

- 1) Where any vacancy occurs before the expiry of the term of office of an elected Director, the vacancy shall be filled in by election:

Provided that where the duration of vacancy is likely to be less than six months, the vacancy may be filled in by the remaining Directors.

- 2) A person elected or co-opted, as the case may be, under sub clause (1) shall hold office for the unexpired portion of the term of his predecessor.

**Clause 12(8): Disclosure of interest by Directors**

A Director who is directly or indirectly concerned or interested in any contract, loan, arrangement or proposal entered into or proposed to be entered into by or on behalf of the Nationalized Bank, shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest to the Board and shall not be present at the meeting of 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:

Provided that nothing contained in this sub-clause shall apply to such Director by reason only of his being:

- i) a shareholder (other than a Director) holding not more than two percent of the paid up capital in any public company as defined in the Companies Act, 1956 (1 of 1956), or any corporation established by or under any law for the time being in force in India or any co-operative society, with which or to which the Nationalized Bank has entered into or made or proposed to enter into or make, a contract, loan, arrangement or proposal; or ii) an officer or other employee of the Nationalized

Bank, if he is a director referred to in clause (e) or clause (f) of sub-section (3) of Section 9 of the Act.

#### **IV. BANK OF MAHARASHTRA (SHARES AND MEETINGS) REGULATIONS, 2004:**

##### **Chapter II**

##### **Regulation 10: Exercise of rights of joint holders**

If any share stands in the names of two or more persons, the person first named in the register shall, as regards voting, receipt of dividends, service of notices and all or any other matters connected with Bank of Maharashtra except the transfer of shares, be deemed to be the sole holder thereof.

##### **Chapter V**

##### **Election of Directors**

##### **Regulation 63: Directors to be elected at general meeting**

i) A Director under clause (i) of sub-section (3) of Section 9 of the Act shall be elected by the shareholders on the register, other than the Central Government, from amongst themselves in the general meeting of Bank of Maharashtra.

ii) Where an election of a Director is to be held at any general meeting, the notice thereof shall be included in the notice convening the meeting. Every such notice shall specify the number of Directors to be elected and the particulars of vacancies in respect of which the election is to be held.

##### **Regulation 64: List of shareholders**

i) For the purpose of election of a Director under subregulation (i) of Regulation 63 of these regulations, a list shall be prepared of shareholders on the register by whom the Director is to be elected.

ii) The list shall contain the names of the shareholders, their registered addresses, the number and denoting distinctive numbers of shares held by them with the dates on which the shares were registered and the number of votes to which they will be entitled on the date fixed for the meeting at which the election will take place and copies of the list shall be available for purchase at least three weeks before the date fixed for the meeting at a price to be fixed by the Board or the Management Committee, on application at the Head Office.

##### **Regulation 65: Nomination of candidates for election**

- i) No nomination of a candidate for election as a Director shall be valid unless,
- a) he is a shareholder holding not less than 100 (One hundred) shares in Bank of Maharashtra;
  - b) he is on the last date for receipt of nomination, not disqualified to be a Director under the Act or under the Scheme;
  - c) he has paid all calls in respect of the shares of the Bank held by him, whether alone or jointly with others, on or before the last date fixed for the payment of the call;
  - d) the nomination is in writing signed by atleast one hundred shareholders entitled to elect Directors under the Act or by their duly constituted attorney, provided that a nomination by a shareholder who is a company may be made by a resolution of the Directors of the said company and where it is so made, a copy of the resolution certified to be a true copy by the

Chairman of the meeting at which it was passed shall be dispatched to the Head Office of Bank of Maharashtra and such copy shall be deemed to be a nomination on behalf of such company;

e) the nomination accompanies or contains a declaration signed by the candidate before a Judge, Magistrate, Registrar or Sub-Registrar of Assurances or other Gazetted Officer or an Officer of the Reserve Bank of India or any Nationalized Bank, that he accepts the nomination and is willing to stand for election and that he is not disqualified either under the Act or the Scheme or these regulations from being a Director;

ii) No nomination shall be valid unless it is received with all the connected documents complete in all respects and received, at the Central Office of Bank of Maharashtra on a working day not less than fourteen days before the date fixed for the meeting.

**Regulation 66: Scrutiny of nominations**

i. Nominations shall be scrutinized on the first working day following the date fixed for receipt of the nominations and in case any nomination is not found to be valid, the same shall be rejected after recording the reason therefor. If there is only one valid nomination for any particular vacancy to be filled by election, the candidate so nominated shall be deemed to be elected forthwith and his name and address shall be published as so elected.

In such an event there shall not be any election at the meeting convened for the purpose and if the meeting had been called solely for the purpose of the aforesaid election, it shall stand cancelled.

ii. In the event of an election being held, if valid nominations are more than the number of Directors to be elected, the candidate polling the majority of votes shall be deemed to have been elected.

iii. A Director elected to fill an existing vacancy shall be deemed to have assumed office from the date following that on which he is, or is deemed to be, elected.

**Regulation 67: Election disputes**

i) if any doubt or dispute shall arise as to the qualification or disqualification of a person deemed, or declared to be elected, or as to the validity of the election of a Director, any person interested, being a candidate or shareholder entitled to vote at such election, may within seven days of the date of the declaration of the result of such election, give intimation in writing thereof to the Chairman and Managing Director of Bank of Maharashtra and shall in the said intimation give full particulars of the grounds upon which he doubts or disputes the validity of the election.

ii) On receipt of an intimation under sub-regulation (i) the Chairman and Managing Director or in his absence, the Executive Director of Bank of Maharashtra shall forthwith refer such doubt or dispute for the decision of a committee consisting of the Chairman and Managing Director or in his absence, the Executive Director and any two of the Directors nominated under clauses (b) and (c) of sub-section (3) of Section 9 of the Act.

iii) The committee referred to in sub-regulation (ii) shall make such enquiry as it deems necessary and if it finds that the election was a valid election, it shall confirm the declared result of the election or, if it finds that the election was not a valid election, it shall, within thirty days of the commencement of the enquiry, make such order and give such directions including the holding of a fresh election as shall in the circumstances appear just to the committee.

iv) An order and direction of such committee in pursuance of this regulation shall be conclusive.

## **Chapter VI**

### **Voting Rights of Shareholders:**

#### **Regulation 68: Determination of voting rights**

- i) Subject to the provisions contained in Section 3 (2E) of the Act, each shareholder who has been registered as a shareholder on the date of closure of the register prior to the date of a general meeting shall, at such meeting, have one vote on show of hands and in case of a poll shall have one vote for each share held by him.
- ii) Subject to the provisions contained in Section 3 (2E) of the Act, every shareholder entitled to vote as aforesaid who, not being a company, is present in person or by proxy or who being a company is present by a duly authorized representative, or by proxy shall have one vote on a show of hands and in case of a poll shall have one vote for each share held by him as stated hereinabove in sub-regulation (i).

#### **Explanation – for this Chapter, “Company” means any body corporate.**

iii) Shareholders of the Bank entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of himself; but a proxy so appointed shall not have any right to speak at the meeting.

#### **Regulation 69: Voting by duly authorized representative**

- i) A shareholder, being the Central Government or a company, may by a resolution, as the case may be, authorize any of its officials or any other person to act as its representative at any general meeting of the shareholders and the person so authorized (referred to as a “duly authorized representative” in these regulations) shall be entitled to exercise the same powers on behalf of the Central Government or company which he represents, as if he were an individual shareholder of Bank of Maharashtra. The authorization so given may be in favour of two persons in the alternative and in such a case any one of such persons may act as the duly authorized representative of the Central Government/ company.
- ii) No person shall attend or vote at any meeting of the shareholders of Bank of Maharashtra as the duly authorized representative of a company unless a copy of the resolution appointing him as a duly authorized representative certified to be a true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Central Office of the Bank not less than four days before the date fixed for the meeting.

### **RBI'S FIT AND PROPER CRITERIA GUIDELINES:**

Reserve Bank of India (RBI), in exercise of powers conferred on it under sub-sections (3AA) of Section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act 1970/1980 has issued notification RBI/DBR/2019-20/71 Master Direction DBR.Appt. No:9/29.67.001/2019-20 dated August 2, 2019 laying down specific “Fit and Proper” Criteria to be fulfilled by the persons being elected as directors on the Board of PSBs under the provisions of Section 9 (3)(i) of the Banking Companies (Acquisition & transfer of undertakings) Act 1970/1980.

**SALIENT FEATURES OF THE NOTIFICATION:**

The Authority, Manner/ Procedure and Criteria for deciding the "Fit and Proper" status etc. are as under:

**a) Authority:**

All the nationalized banks are required to constitute a "Nomination and Remuneration Committee" consisting of a minimum of three non-executive directors from amongst the Board of Directors for undertaking the process of due diligence to determine 'fit and proper' status of the candidate. The Board of Directors should also nominate one among them as Chairman of the Nomination and Remuneration committee.

The quorum required is three, including the Chairman. In case of absence of any member already nominated, the Board of Directors 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.

**b) Manner and procedure:**

The Bank will obtain necessary information, and declaration & undertaking in format as given in the circular from the persons who file their nomination 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 in the RBI circular.

The committee's discussions should be properly recorded as formal minutes of the meeting and the voting if done should also be noted. Based on the information provided in the signed declaration, the Committee shall decide on the acceptance or otherwise of the candidate and may make references, where considered necessary to the appropriate authority/persons, to ensure that the candidate conforms to the requirements indicated.

**C) Criteria**

The committee shall determine the 'fit and proper' status of the proposed candidate based on the broad criteria as 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 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 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 Insurance Company or a NOFHC holding any other bank.

Explanation: For the purpose of this sub-para and subpara

(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 (including the bank in which he/she has served as director in the past) /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.

(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 (means bodies such as Notified Area Council, City Council, Panchayat, Gram Sabha, Zila Parishad, etc).

(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.

(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 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 Non Operative Financial Holding Company (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.

**(D) The banks shall obtain from the elected director:**

(a) Deed of Covenant executed in the format given in the RBI circular, before such person assumes office of director.

- (b) a simple declaration every year as on 31st 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.

**(E)** Further, the Circular also provides that the Bank 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.

**(F) 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 (3AA) of section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and shall be liable for the consequences thereof.

**GUIDELINES FOR SELECTION OF PART-TIME NON-OFFICIAL DIRECTOR** - GOI guidelines dated June 01,2011 as made applicable vide GOI Office Memorandum dated September 03, 2013 and revised vide MOF Letter No.F.No.16/51/2012-BO.I dated April 28, 2015 and Letter No. F.No.16/51/2012-BO.I dated July 20, 2016 (the extant Government of India guidelines).

The following criteria may be adopted for nomination of part-time non-official directors (NOD) on the boards of public sector banks/financial institutions etc.,

**CRITERIA OF EXPERIENCE**

- a) Nominations will be made keeping in view the provisions of the relevant Act/Rules.
- b) Persons of eminence with special academic training or practical experience in the fields of agriculture, rural economy banking, cooperation, economics, business management, human resources, finance, corporate law, Risk Management, industry and IT will ordinarily be considered. 20 years of industry experience at a senior position, established expertise in respective areas (successfully led a reputed organisation, brought turnaround in a failing organisation) would be preferred.

- c) Retired Senior Government officials with total experience of 20 years and minimum 10 years of experience at Joint Secretary and above level. Retired CMDs/EDs of Public Sector Banks after one year of retirement. The ex-CMDs/ EDs will not be considered for appointment as NoD on the Board of the PSB from which they have retired. Serving CMDs/EDs of a PSB will not be considered for appointment as NoD on the Board of any other PSB.
- d) Academicians Directors of premier Management Institutes and Professors having more than 20 years experience
- e) Chartered Accountants with 20 years experience (excluding audit experience) would also be preferred

### **EDUCATION**

An NOD should at least be a graduate in any stream preferably with specialisation in Business Management, Risk Management, Finance, Human Resources and IT.

### **AGE**

The age of the Director, on the date of recommendation by the Committee should not be more than 67 years.

### **WORK EXPERIENCE**

Professionals/academicians should ordinarily have 20 years of work experience in their particular field.

### **DISQUALIFICATIONS**

- a) A director already on a Bank/Financial Institution (FIs)/ RBI / Insurance Company, under any category, may not be considered for nomination as NoD in any other Bank / FI/ RBI/ Insurance Company.
- b) Persons connected with hire purchase, financing, investment, leasing and other para-banking activities, MPs, MLAs, MLCs and Stock Brokers will not be appointed as non-official directors on the boards of Banks/FIs/RBI / Insurance Companies. Investors in a hire purchase, financing, investment, leasing and other para banking activities would not be disqualified for appointment as NoD, if they are not having any managerial control in such companies.
- c) No person may be re-nominated as a NoD on the Board of a Bank/ FI / RBI / Insurance Company on which he/she has served as Director in the past under any category for two terms or six years whichever is longer.

### **TENURE**

An NOD would not be considered for nomination as a Director on the Board of a Bank/FI/ RBI / Insurance Company if such Director has already been a NOD / Shareholder Director on the board of any other Bank/FI/RBI/Insurance Company for six years, whether continuously or intermittently.

### **PROFESSIONAL RESTRICTION**

- a) If a Chartered Accountant firm is currently engaged in any Public Sector Bank (PSB) as a Statutory Central Auditor, no partner of the same Chartered Accountant firm shall be eligible for appointment as a Non-official Director in any Nationalised Bank / PSB.

b) If a Chartered Accountant firm is currently engaged in a Nationalised Bank as Statutory Branch Auditor or Concurrent Auditor, no partner of the same Chartered Accountant firms should be eligible for appointment as a Non-official Director in the same Bank. As restriction imposed by RBI Notification and GOI Guidelines are similar in nature, the Bank may consider the stricter of the two while determining the Fit & Proper status of the Candidates.

**NOTIFICATION OF RESERVE BANK OF INDIA, DEPARTMENT OF BANKING REGULATION**

DBR.Appt.BC.No.38/29.39.001/2016-17 and DBR.Appt.BC.No.39/29.39.001/2016-17 dated November 24, 2016.

**Special knowledge or practical experience useful to banking companies**

In exercise of the powers conferred by Section 10A(2)(a)(ix) of the Banking Regulation Act, 1949, Section 19A(1)(a)(viii) of State Bank of India Act, 1955, Section 25A(1)(a)(viii) of State Bank of India (Subsidiary Banks) Act, 1959 and Section 9(3A) (A)(viii) of Banking Companies (Acquisition and Transfer of Undertakings) Act 1970/1980, Reserve Bank of India hereby notifies that special knowledge or practical experience in matters or areas relating to (i) Information Technology (ii) Payment & Settlement Systems (iii) Human Resources (iv) Risk Management and (v) Business Management would be useful to a banking company, State Bank of India, subsidiary bank and a corresponding new bank, as the case may.