

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA
UNSTARRED QUESTION NO.30**

TO BE ANSWERED ON 2ND FEBRUARY, 2018/ MAGHA 13, 1939 (SAKA)

Revamp Plan for Bank Management

30. SHRI K. PARASURAMAN:

QUESTION

Will the Minister of FINANCE be pleased to state:-

(a) whether the Government has any proposal to take fresh initiatives towards fixing the tenure of senior management and to revamp the salary structure and bonus of senior management in banking sector, if so, the details thereof;

(b) the manner in which professionalization through lateral entry at the level of General Managers and not at the ED/MD level will be implemented;

(c) whether recommendations have been made by various committees that banking boards are to be manned by professional directors rather than political nominees, if so, the details of the status of implementation of such recommendations;

(d) whether the Government is contemplating to fix the accountability by removing senior management for non-performance; and

(e) if so, the details thereof?

ANSWER

**The Minister of State in the Ministry of Finance
(Shri Shiv Pratap Shukla)**

(a): Whole-time Directors (WTD) in Public Sector Banks (PSBs) are appointed for a fixed term or upto the date of superannuation, whichever is earlier. Salary structure of bank officers is decided by banks.

(b): Banks Board Bureau has informed that PSBs do not face any operating constraints in attracting lateral entry at the level of General Managers.

(c): Under the guidelines for selection of Whole Time Directors of Public Sector Banks, only persons with banking experience are eligible for appointment. Further, under the guidelines for selection of part-time Non-Official Directors (NODs) on the boards of PSBs, persons to be considered for appointment are persons of eminence with special academic training or practical experience in relevant fields, retired senior Government officials, Academicians, Directors of premier Management Banking Institutes, experienced professors, and experienced Chartered Accountants.

(d) and (e): Under the provisions of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme issued under the provisions of the Banking Companies (Acquisition and Transfer Undertakings) Acts of 1970 and 1980, Central Government may, if it is satisfied that it is expedient in the interest of the nationalised bank so to do, remove a whole-time Director including the Managing Director from office. No such proposal is presently under consideration of the Government.
