

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION NO. 3571
ANSWERED ON 20th December 2021 / Agrahayana 29, 1943 (SAKA)

Appointment of Independent Directors in PSBs

3571. Shri Kesineni Srinivas:

Will the Minister of FINANCE be pleased to state:-

- (a) whether the Government has established guidelines to avoid conflict of interests in appointments of independent directors to the boards of Public Sector Banks (PSBs);
- (b) if so, the details thereof;
- (c) whether the Government has established an independent vetting/screening process to avoid conflict of interest for candidates being considered for the said posts; and
- (d) if so, the details thereof and if not, the details of proposals under consideration for establishing a screening process in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR. BHAGWAT KARAD)

(a) to (d): In the Public Sector Banks (PSBs), Government nominates the non-official Directors (NoDs) on the board of banks as per approved guidelines dated 25.3.2015. The selection of NoDs is done by a Search Committee. In accordance with the said guidelines, the Search Committee assesses the suitability of persons to be considered for nomination as NoDs in terms of qualification, expertise, track record, integrity etc. and after due diligence recommends the names of the candidates. Further, reports are also sought in respect of these candidates from Reserve Bank of India and other relevant agencies as deemed fit before nominating these candidates for the post of NoDs. Paragraph 10(d) of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and 1980, provides that a persons shall be disqualified for being appointed as, and for being, a director if he holds any office of profit under any nationalised bank or State Bank of India, except for holding the post of a whole-time director, workmen director and non-workmen director.
