

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 2789

ANSWERED ON 21st March 2022 / Phalgun 30, 1943 (SAKA)

Appointment of Independent Directors in Banks

2789. SHRI KANAKMAL KATARA:
SHRIMATI KESHARI DEVI PATEL:

Will the Minister of FINANCE be pleased to state:-

- (a) the details of the number of Independent Directors in the Government and Co-operative Banks along with the number of the same lying vacant or filled up at present, Bank-wise;
- (b) the details of the procedure for nominating such Independent Director;
- (c) whether suggestions/proposals received from public representatives are also considered for nominating these Directors;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (e): Public Sector Banks are established by special Acts, namely, the State Bank of India Act, 1955 (“1955 Act”) and the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 (“1970/1980 Act”). The composition of the Central Board of the State Bank of India is provided for in section 19 of the 1955 Act and that of the Board of Directors of nationalised banks is provided for in sub-section (3) of section 9 of the 1970/1980 Act. Further, a co-operative society is established either under a State Co-operative Act or the Multi-State Co-operative Societies Act, 2002, and as per the provisions regarding the composition of the Board of Directors or the committee entrusted with the management of its affairs, such Board/committee is composed primarily of directors/members elected from among the society’s members and, under some Acts, also include co-opted and nominee directors. The category of “independent directors” is not expressly envisaged in the composition of the Board / committee under the aforementioned Acts.
