

BS.

अध्यक्ष का सचिवालय  
 CMD SECRETARIAT  
 बैंक ऑफ महाराष्ट्र, प्र.का., पुणे-5  
  
 5 - MAY 2015  
  
 कार्यपालक निदेशक/E.D.-  
 महाप्रबंधक/G.M.- *Bond Notes*  
 निरस्त महाप्रबंधक/F.G.M.-

**CONFIDENTIAL**

F. No. 16/51/2012-BO.I  
 Government of India  
 Ministry of Finance  
 Department of Financial Services  
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'Jeevan Deep Building'  
 New Delhi, dated the 28 April, 2015

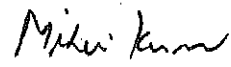
The Chief Executives  
 Of all Public Sector Banks

**Subject: Revised Guidelines for appointment of Part Time Non Official Directors.**

Sir,

In continuation to this Department's letter No.16/17/2010-BO.I dated 13.10.2011, please find enclosed herewith revised guidelines, duly approved by the Appointments Committee of the Cabinet (ACC), for appointment of Part Time Non Official Director on the Boards of Banks, for information.

Encl: As above.

Yours faithfully,  
  
 (Mihir Kumar)  
 Director (MK)

Copy also forwarded for information and necessary action to:

1. Director (Insurance), Director (IF.I) & Director (IF.II) of the Department of Financial Services.
2. The Chief General Manager, Department of Banking Regulation, Reserve Bank of India, HO : Mumbai.
3. Shri Virender Singh, Under Secretary, DOPT, o/O THE establishment Officer, w.r.t their communication No.18(81)EO/2010(ACC) dated 25.03.2015.
4. The Chairman, NABARD, HO : Mumbai.
5. The Chairman & Managing Director, National Housing Bank, HO : New Delhi.
6. The Chairman & Managing Director, SIDBI, HO : Lucknow.
7. The Chairman & Managing Director, IDBI Bank Ltd., HO : Mumbai.
8. The Chief General Manager, DICGC, HO : Mumbai.

गोपनीय / CONFIDENTIAL

भारत सरकार  
Government of India  
मंत्रिमंडलीय नियुक्ति समिति का सचिवालय  
Secretariat of the Appointments Committee of the Cabinet  
कामिक एवं प्रशिक्षण विभाग  
Department of Personnel & Training  
स्थापना अधिकारी का कार्यालय  
Office of the Establishment Officer  
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नॉर्थ ब्लॉक, नई दिल्ली  
North, Block, New Delhi

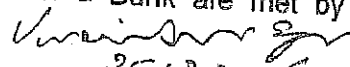
सं. / No.18(81)EO/2010(ACC)

दिनांकित / Dated : 25.03.2015

Reference correspondence resting with the Department of Financial Services' communication No.16/51/2012-BO.I dated 19.11.2014.

2. The Appointments Committee of the Cabinet (ACC) has approved the following revised guidelines for appointment of Non-Official Director (NoDs) in Public Sector Banks(PSBs) and Financial Institutions(FIs):

- (i) Nominations will be made keeping in view the provisions of the relevant Act/Rules.
- (ii) (a) Those interested can apply on Web Portal designated for the purpose. The format of the applications will be placed on the Portal and applicants would be asked to upload certificates relating to qualification and experience on the portal
- (b) The data base so generated will be shared with the Search Committee constituted in DFS for shortlisting the candidates who have applied for the post of Non-Official Directors on the Web Portal of DFS.
- (c) The Search Committee Shall be chaired by Secretary, Department of Financial Services and will consist of Deputy Governor, Reserve Bank of India (to be nominated by Governor RBI) and on outside Expert (to be nominated by ACC).
- (d) The Search Committee will be provided with the Bio-data of the persons who have applied for nomination as Non Official Directors(NoD) on the Board of Public Sector Banks, Insurance Companies, Financial Institutions Regional Local Boards of RBI/SBI.
- (e) The Search commit will provide its recommendations to the Department periodically. The Search Committee may also consider names of outside candidates whose names are not available in the Data Base to ensure that the knowledge - skills required on the Board of a Bank are met by such names.

  
25.03.2015


(iii) The suitability of persons to be considered for nomination as non-official Government Nominee Directors would be assessed in terms of qualifications and expertise, track record, integrity etc. For assessing integrity and suitability, information on criminal records, financial position, civil actions undertaken on pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions applied by regulators and similar bodies and previous questionable business practices etc. will be relied upon.

(iv) 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.
- e. However, the experience criteria may be relaxed with the approval of the Finance Minister in exceptional cases based on merits of the case.
- f. Wherever possible representation may also be given to women and the persons belonging to SC/ST/OBC community.

(v) **EDUCATION**

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

  
25.03.2015

(vi) AGE

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

(vii) WORK EXPERIENCE

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

(viii) 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 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.

(ix) 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.

(x) PROFESSIONAL RESTRICTION

The issue of professional restriction vis-à-vis office of profit in any Public Sector Bank under clause 10(d) of the Nationalized Banks Scheme (Management and Miscellaneous) Provision scheme, 1970 may be separately examined.

(xi) REGIONAL REPRESENTATION

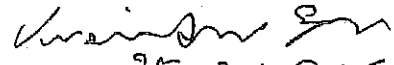
Effort should be made to ensure representation of all the six zones of the country-North, South, East, West, Central and North-East on the Boards of the Public Sector Banks taken together.

  
25.03.2015

(xii) The PSB/FI concerned may indicate the knowledge/skill gap on the Board to the Department of Financial Services and the Department will initiate the process for appointment of NODs six months in advance of occurrence of a vacancy.

(xiii) A reserve panel with two names as proposed in the case of PSUs may also be prepared to address exigencies. The reserve panel shall be used subject to the person therein fulfilling the knowledge/skill gap.

(xiv) Department of Financial Service may work out and prescribed specific time lines for each stage/stakeholder to ensure timely processing of proposals.

  
25.03.2015

(वीरेन्द्र सिंह / Virender Singh)

अवर सचिव, भारत सरकार

Under Secretary to the Government of India

☎:23093671

Department of Financial Services  
(Shri Hasmukh Adhia, Secretary)  
Jeevan Deep Building  
New Delhi.



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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RBI/DOR/2025-26/149

DOR.HGG.GOV. No.68/29.67.001/2025-26

November 28, 2025

**Reserve Bank of India (Commercial Banks - Governance) Directions, 2025**

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In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, 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 and all other provisions / laws enabling the Reserve Bank of India ('RBI') in this regard, RBI being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Directions hereinafter specified.

## Chapter-I Preliminary

### A. Short title and commencement

1. These Directions shall be called the Reserve Bank of India (Commercial Banks: Governance) Directions, 2025.
2. These Directions shall come into force with immediate effect.

### B. Applicability

3. These Directions shall be applicable to Commercial Banks (hereinafter collectively referred to as 'banks' and individually as a 'bank').

*For the purpose of these Directions, 'Commercial Banks' mean banking companies (other than Small Finance Banks, Payment Banks, and Local Area Banks), corresponding new banks, and the State Bank of India, as defined respectively under clauses (c), (da), and (nc) of Section 5 of the Banking Regulation Act, 1949.*

4. In this regard:
  - (i) Public Sector Banks (hereinafter collectively referred to as 'PSBs' and individually as a 'PSB') shall be governed by provisions specified in [Chapter II](#) to the extent they are not inconsistent with their statutory provisions or instructions issued thereunder.
  - (ii) Private Sector Banks (hereinafter collectively referred to as 'PVBs' and individually as a 'PVB') shall be governed by provisions specified in [Chapter III](#).



- (iii) Foreign Banks (hereinafter collectively referred to as 'FBs' and individually as a 'FB') shall be governed by provisions specified in [Chapter IV](#).

*Provided that non-scheduled* commercial banks shall be exempt from provisions contained in:

- (a) paragraph 29 to paragraph 33 and paragraph 59 relating to 'Appointment of Chief Risk Officer'; and
  - (b) paragraph 36 and paragraph 60 pertaining to 'Appointment of Chief Financial Officer and Chief Technical Officer'.
5. The contents of this Master Direction shall be read along with other relevant governing statutes and shall be applicable notwithstanding anything to the contrary contained in the licensing conditions, notifications, directions, regulations, guidelines, instructions, etc., issued by RBI before the issue of these Directions.

### **C. Definitions**

6. In these Directions, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below:
- (1) 'Chairperson' means the Chairman / Part-time Chairman of the Board of Directors of a bank.
  - (2) 'Clawback' means a contractual agreement between the employee and the regulated entity in which the employee agrees to return previously paid or vested remuneration to the entity under certain circumstances.
  - (3) 'Director' means a director appointed to the Board of a bank.
  - (4) 'Elected Director' or '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.
  - (5) '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.



- (6) 'Independent Director' shall be as defined in Section 149(6) of the Companies Act, 2013. In case of PSBs, Non-Official Directors as clarified by GoI from time to time, shall be deemed as Independent Directors.
- (7) 'Major shareholder' shall have the same meaning as under the [Reserve Bank of India \(Commercial Banks – Acquisition and Holding of Shares or Voting Rights\) Directions, 2025](#)
- (8) 'Malus' means an arrangement that permits a bank to prevent vesting of all or part of the amount of a deferred remuneration. Malus arrangement does not reverse vesting after it has already occurred.
- (9) '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.
- (10) '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.
- (11) '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 RBI or by any other financial regulator, to the extent permissible under the applicable regulatory prescriptions.
- (12) 'Relative' shall have the meaning assigned to it under clause 77 of Section 2 of the Companies Act, 2013.
- (13) 'Retention period' means the period of time after the vesting of instruments which have been awarded as variable pay during which they cannot be sold or accessed.
- (14) 'Scheduled bank' shall mean a bank included in the Second Schedule to the Reserve Bank of India Act, 1934.
- (15) 'State Bank of India' means the State Bank of India constituted under Section 3 of the SBI Act, 1955.
- (16) 'Substantial interest' shall have the same meaning as assigned to it in Section 5(ne) of the Banking Regulation Act, 1949



7. All other expressions, unless defined herein, shall have the same meaning as have been assigned to them under the Reserve Bank of India Act, 1934 or the Banking Regulation Act, 1949 or the State Bank of India Act, 1955 or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 / 1980 or the Companies Act, 2013 and Rules made thereunder, or any statutory modification or re-enactment thereto, or [Glossary](#) of Terms published by RBI or as used in common or commercial parlance, as the case may be



## Chapter-II Public Sector Banks

### A. Role of the Board

8. A PSB's Board shall fulfil four major roles viz. overseeing the risk profile of the PSB, monitoring the integrity of its business and control mechanisms, ensuring the expert management, and maximising the interests of its stakeholders.
9. The Board of a PSB shall ensure that responsibilities of its directors are well-defined, and every director is familiarised with the functioning of the PSB before their induction, covering the following essential areas:
  - (i) delegation of powers to various authorities by the Board,
  - (ii) strategic plan of the institution
  - (iii) organizational structure
  - (iv) financial and other controls and systems
  - (v) economic features of the market and competitive environment.
10. The Board of a PSB needs to set and enforce clear lines of responsibility and accountability for itself as well as the senior management and throughout the organization.
11. A PSB shall institutionalise discussions between its management and the Board on quality of internal control systems. The Board shall specifically pay attention to creating and sustaining a culture of control.

### B. Board Structure and Practices

12. The Chair of the Board of a PSB shall be an independent director. In the absence of the Chair of the Board, the meetings of the Board shall be chaired by an independent director.
13. The quorum for the Board meetings shall be one-third of the total strength of the Board or three directors, whichever is higher. At least half of the directors attending the meetings of the Board shall be independent directors.
14. A PSB shall determine the Board agenda items and the periodicity thereof, with the approval of their Boards, such that there is adequate focus on matters of strategic and financial importance, including the seven broad themes indicated below:



<b>Category</b>	<b>Description</b>
Business Strategy	Development of new products Competitiveness of individual businesses Business reviews in relation to targets.
Risk	Policies concerning credit, operational, market, liquidity risks Assessing the independence of the risk function.
Financial Reports and their integrity	Detailed scrutiny of quarterly and annual financial results; NPA management and Integrity of reported NPA and provisioning
Compliance	Regulatory requirements Adherence to RBI and SEBI norms Observations from the annual financial inspection by RBI and from the Long Form Audit Report Review of decisions in previous minutes of meetings, and key decisions within subsidiaries Review of action taken reports Appointments to Board committees
Customer Protection	Mis-selling, particularly third-party products Laying down the appropriateness of products to different customer segments Understanding the broad trends and concentration in the growth of customer grievances and their resolution
Financial Inclusion	Review of priority sector lending; Payments for the disadvantaged; Deposit mobilization from weaker sections Support to microfinance institutions and other issues
Human Resources	Appointments and approvals of directors Perks and perquisites for employees, Incentive schemes for employees Promotion policies for employees Training and skill development of employees

15. The Board shall maintain oversight on the following:

- (i) risk management system, policy and strategy followed by the PSB;
- (ii) exposures to related entities of the PSB, viz. details of lending to / investment in subsidiaries, the asset classification of such lending / investment, etc.; and
- (iii) conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions etc.



16. The Board of a PSB shall review the status of the action taken on points arising from the earlier meetings till action is completed to the satisfaction of the Board, and any pending item shall continue to be put up as part of the agenda items before the Board.
17. A PSB shall place before its Board, copies of all directives / circulars and other important communications from RBI and the Government along with adequate background and supplementary information of the policies and instructions sought to be conveyed in the said circulars.
18. To enable the Board of a PSB to concentrate on strategic issues, the following may be assigned to a Committee of the Board:
  - (i) reviews dealing with various performance areas. Only a summary on each of the reviews may be put up to the Board at periodic intervals;
  - (ii) monitoring of the exposures (both credit and investment) of the PSB;
  - (iii) review of the adequacy of the risk management process and upgradation thereof;
  - (iv) internal control system;
  - (v) ensuring compliance with the statutory / regulatory framework, etc.
19. To improve the manner in which the proceedings of Board Meetings are recorded and followed up, a PSB shall provide the following information to its Board:
  - (i) a summary of key observations made by the directors which shall be submitted in the next Board meeting; and
  - (ii) a detailed recording of the proceedings clearly bringing out the observations, dissents, etc. by the individual directors which shall be forwarded to them for their confirmation.

### **C. Committees of the Board**

#### **20. Audit Committee of the Board**

- (1) A PSB shall set up an Audit Committee of the Board (ACB) comprising only Non-Executive Directors (NEDs). The members shall have the ability to understand all financial statements as well as the notes / reports attached thereto and at least one member shall have requisite professional expertise / qualification in financial



accounting or financial management [e.g., experience in application of accounting standards and practices, including internal controls around it].

*Provided that*, the Chair of the Board shall not be a member of the ACB.

*In this regard*, the bank shall also refer to Circulars DoS.No.5/16.13.100/94 dated April 09, 1994; DOS.No.BC.14/Admn./919/16.13.100/95 dated September 26, 1995; DoS.No.BC.3/08.91.020/96 dated January 20, 1997; DBS.ARS.BC4/08.91.020/2015-16 dated September 24, 2015 and DBS.ARS.BC.01/08.91.020/2017-18 dated July 13, 2017 containing instructions on the constitution, functions, and oversight responsibilities of the ACB.

- (2) The Chair of the ACB shall not be a member of any committee of the Board which has a mandate of sanctioning credit exposures.
- (3) The meetings of the ACB shall be chaired by an independent director who shall not chair any other committee of the Board.
- (4) The ACB shall meet at least once in a quarter with a quorum of three members. At least two-thirds of the members attending the meeting of the ACB shall be independent directors.

*In this regard*, the bank shall also refer to Circulars *DoS.No.BC.18/08.91.020/96 dated September 23, 1996* and *DBS.ARS.BC.No.4/08.91.020/2010-11 dated November 10, 2010 on review mechanisms, and calendar of reviews for the Audit Committee of the Board (ACB)*.

## 21. **Risk Management Committee**

- (1) The Board of a PSB shall constitute a Risk Management Committee of the Board (RMCB) with a majority of NEDs.
- (2) The Chair of the Board may be a member of the RMCB only if they have the requisite risk management expertise.
- (3) The RMCB shall meet at least once in each quarter with a quorum of three members. At least half of the members attending the meeting of the RMCB shall be independent directors of which at least one member shall have professional expertise / qualification in risk management. The bank shall also refer to [‘Guidance Note on Management of Credit Risk’](#).



- (4) Meetings of RMCB shall be chaired by an independent director who shall not be a Chair of the Board or any other committee of the Board.

## 22. **Nomination and Remuneration Committee**

- (1) A PSB shall constitute a Nomination and Remuneration Committee (NRC) consisting of only NEDs.
- (2) 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.
- (3) The Chair of the Board shall not chair the NRC.
- (4) The NRC shall meet with a quorum of three members. At least half of the members attending the meeting of the NRC shall be independent directors, of which one shall be a member of the RMCB.
- (5) The meetings of the NRC shall be chaired by an independent director.
- (6) The meeting of NRC may be held as and when required.

### **D. Fit and Proper' Criteria for Elected Directors**

23. A Public Sector Bank (PSB) shall obtain necessary information, and a declaration and undertaking, in the format enclosed at [Annex I](#), from persons who file their nominations for election to the post of Director 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.
24. The Nomination and Remuneration Committee, constituted in terms of paragraph 22 of these Directions, shall meet after the last date prescribed for acceptance of aforementioned nominations and examine the information provided in the signed declarations to determine whether or not the person's candidature should be accepted, based on the 'Fit and Proper' Criteria mentioned at paragraph 25 of these Directions . The NRC's discussions shall be properly recorded as formal minutes of the meeting and the voting, if done, shall also be noted. The NRC shall also make references, where considered necessary, to the appropriate authority or persons, to ensure that the candidate conforms to the requirements indicated.



25. The NRC shall determine the 'fit and proper' status of the proposed candidates based on the broad criteria mentioned hereunder:
- (i) Age - The candidate's age shall be between 35 to 67 years as on the cut-off date fixed for submission of nominations for election.
  - (ii) Educational qualification - The candidate shall 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 following areas, namely:
    - (a) Agriculture and Rural economy,
    - (b) Banking,
    - (c) Co-operation,
    - (d) Economics,
    - (e) Finance,
    - (f) Law,
    - (g) Small-scale industry,
    - (h) Information Technology,
    - (i) Payment & Settlement Systems,
    - (j) Human Resources,
    - (k) Risk Management,
    - (l) Business Management, and
    - (m) any other matter the special knowledge of, and practical experience in, which would, in the opinion of RBI, be useful to the bank.
  - (iv) Disqualifications: In addition to 'Disqualifications of Directors' as prescribed in Section 22 of the SBI Act, 1955 or Clause 10 of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 / 80, a candidate shall not



- (a) be a member of the Board of any bank or RBI or a Financial Institution (FI) or an Insurance Company or a NOFHC holding any other bank;
- (b) be a person connected with hire purchase, financing, money lending, investment, leasing and other para banking activities. However, investors of such entities shall not be disqualified for appointment as directors if they do not enjoy any managerial control in them;
- (c) have served as director in the past on the Board of any bank, FI, RBI, or insurance company under any category for six years, whether continuously or intermittently;
- (d) be engaging in the business of stock broking;
- (e) be holding the position of a Member of Parliament or State Legislature or Municipal Corporation or Municipality or other local bodies;
- (f) be acting as a partner of a Chartered Accountant firm which is currently engaged as a Statutory Central Auditor of any other PSB;
- (g) be acting as a partner of a Chartered Accountant firm which is currently engaged as Statutory Branch Auditor or Concurrent Auditor of the PSB in which nomination for election is filed.

*Explanation:* For the purposes of subparagraph 25(iv)(a) and subparagraph 25(iv)(c) above, 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.

For the purpose of subparagraph 25(iv)(c) above, the expression 'bank' shall also include the bank in which they have served as director in the past.

For the purpose of subparagraph 25(iv)(e) above, the expression 'other local bodies' means bodies such as Notified Area Council, City Council, Panchayat, Gram Sabha, Zila Parishad, etc.



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, as provided under clause 9(4) of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 / 80, and Section 20(3) of the SBI Act.

- (v) Professional restrictions – a candidate shall
- (a) neither have any business connection (including legal services, advisory services etc.) with the concerned PSB nor be engaged in activities which might result in a conflict of business interests with that PSB.
  - (b) not have 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 subparagraph 25(v)(b), upon submission of a declaration to the NRC that such relationship with the bank shall be severed if he is elected as a director, and upon being elected, the candidate shall sever such relationship before appointment as a director of the PSB.

- (vi) Track record and integrity - The candidate shall not be under adverse notice of any regulatory or supervisory authority / agency, or law enforcement agency and shall not be a defaulter of any lending institution.

26. A PSB shall obtain from an elected director:

- (i) a Deed of Covenant executed in the format enclosed at [Annex II](#) before such person assumes office;
- (ii) a declaration as on March 31 every year to the effect that the information already provided by such person has not undergone any change;

*Provided that*, where there is change in the information provided earlier, the PSB shall obtain from such director a fresh [Annex I](#) incorporating the changes.



- (iii) a full and proper disclosure of their interests and directorships in business entities; and
  - (iv) in case the elected director is a CA (hereinafter referred as 'CA director'), the list of their or their firm's clients.
27. A PSB shall also ensure compliance to Section 20 of the Banking Regulation Act, 1949, and additionally ensure:
- (i) that an elected director distances themselves from and does not participate in the PSB's credit or investment decisions involving entities in which they are interested;
  - (ii) to put in place a system of safeguards for a CA director so that they do not participate in PSB's credit or investment decisions involving their / firm's clients'. The CA director shall be required to compulsorily dissociate themselves from the entire process and sign a covenant to this effect; and
  - (iii) that no professional work is allotted to a person who was an elected director of that PSB, for a period of two years after demitting office as such director.
28. An elected 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, if they:
- (i) fail to
    - (a) submit the Deed of Covenant or declaration; or
    - (b) make proper disclosures; or
    - (c) refrain from participating in credit / investment decisions, where they are interested; or
  - (ii) make incomplete or incorrect disclosures, or
  - (iii) involve in such activities that render them 'not fit and proper' as per the criteria mentioned in paragraph 25 of these Directions.



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	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	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			



Sr No	Particulars	Information Disclosed								
	<p>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 practical experience of which would in the opinion of the Reserve Bank be useful to the Banking Company.</p>									
14.	<p>Present occupation (designation, name of the organisation and brief write-up on experience)</p>									
15.	<p>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.</p>									
16.	<p>In case a Chartered Accountant, indicate the following:</p> <p>a) Membership Number of Institute of Chartered Accountants of India (ICAI):</p> <p>b) Date of registration with the ICAI:</p> <p>c) Name and Address of the registered firm/s:</p> <p>d) Details of the Audit(s) presently undertaken by the firm(s) or by you:</p>									
17.	<p>Name of the banker(s) with Branch and Account Numbers (savings/current/loan accounts)</p>	<table border="1"> <thead> <tr> <th data-bbox="834 1895 971 1973">Bank Name</th> <th data-bbox="971 1895 1109 1973">Branch</th> <th data-bbox="1109 1895 1230 1973">Type of A/c</th> <th data-bbox="1230 1895 1382 1973">A/c Number</th> </tr> </thead> <tbody> <tr> <td> </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							



Sr No	Particulars	Information Disclosed			
	where you are a primary account holder:				
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]: b) beneficial ownership [Refer Section 89 of Companies Act, 2013 as also the applicable Significant Beneficial Ownership Rules of MCA]: c) Trustee (also mention any other relationship with reference to a trust):				
22.	List of entities, existing and proposed, in which holding substantial interest within the meaning of Section 5(ne) <sup>1</sup> of the Banking Regulation Act, 1949.	Name of the company / firm		Country of incorporation	
		Number of shares		Face Value of each share	
		Total face value of share			

<sup>1</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 two crore rupees or such other amount as may be notified in the Official Gazette by the Central Government or ten per cent 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	
		holding	
		Shareholding as % of total Paid up Capital	
		Beneficial interest (in value as well as % terms)	
		Whether the entity is a Section 8 Company under Companies Act, 2013	
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.		
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.		



Sr No	Particulars	Information Disclosed
<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	



Sr No	Particulars	Information Disclosed
	compounded with creditors, details thereof.	
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.	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	



Sr No	Particulars	Information Disclosed
	<p>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 proceedings are pending, the same also should be mentioned).</i></p>	
<b>V. General Information</b>		
42.	<p>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.</p>	
43.	<p>If a sitting MP/MLA/MLC or holding political position in Municipal Corporation or Municipality or other local bodies, provide details thereof.</p>	
<p>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></p>		
<p><b><u>Undertaking</u></b></p>		
<p>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.</p>		



<b>Sr No</b>	<b>Particulars</b>	<b>Information Disclosed</b>
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 :	Name of the Chair of the NRC



**FORM OF DEED OF COVENANTS WITH A DIRECTOR OF A BANK**

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 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 judgement 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 judgement 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 judgement; 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 judgement;



(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 Bank shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. 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.

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 authorised 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 FIRST ABOVE WRITTEN.

For the Bank

Director

By .....

.....

Name:

Name:

Title:

In the presence of:

1. ....

2. ....