

Press Information Bureau
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Ministry of Finance

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Government Amends Procedure For Appointment of Non Official Directors (Nods) on The Boards of Public Sector Banks, Insurance Companies and Financial Institutions to Professionalise the Boards

The Government of India has amended the procedure for appointment of Non Official Directors (NoDs) on the Boards of Public Sector Banks (PSBs), Insurance Companies and Financial Institutions with a view to professionalise the Boards of these banks and further provide required skill sets to improve the quality of deliberations on the Boards of these bank. leading to efficient management of these banks and further leading to better profitability ratios.

Salient features of the revamped procedure for appointment of NoDs an: as follows:-

A designated Web Portal (<http://financialservices.gov.in/nod>) has been created where interested persons can apply online with all the relevant details. The person will have access to status of his application.

- • There would be one High Level Search Committee which will go through the available applications and would recommend names to the Government for approval.
- The applicant should have at least a graduation degree. should he less than 67 years of age and have 20 years of work experience. in following categories:
 - 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.
 - o Retired Senior Government Officials, Academicians, Directors of premier Management, Banking Institutes, professors with 20 years experience
 - would be considered. Chartered Accountants with 20 **years** experience would also be considered.
 - o NoDs could be appointed for maximum six years or two terms.

**Criteria laid down by 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.