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MINISTRY OF FINANCE
(Department of Financial Services)

RESOLUTION

New Delhi, the 1st July, 2022.

F. No. 14/1/2022-BO-I.—Financial services institutions play a vital role in the development of the national economy. The Central Government has decided to hereby constitute a Financial Services Institutions Bureau (FSIB) for the purpose of recommending persons for appointment as whole-time directors and non-executive chairpersons on the Boards of financial services institutions and for advising on certain other matters relating to personnel management in these institutions. The policy relating to its functions and composition, nomination of its members, and its management, funding and methodology is set out below.

2. **Functions.**—The functions of FSIB shall be as follows, namely:—

- (a) To recommend persons for appointment as whole-time directors (WTDs) and non-executive chairpersons (NECs) on the Boards of Directors in Public Sector Banks, financial institutions and Public Sector Insurers (hereinafter referred to as “PSBs”, “FIs” and “PSIs” respectively);
- (b) To advise the Government on matters relating to appointments, transfer or extension of term of office and termination of services of the said directors;
- (c) To advise the Government on the desired management structure at the Board level for PSBs, FIs and PSIs;
- (d) To advise the Government on a suitable performance appraisal system for WTDs and NECs in PSBs, FIs and PSIs;
- (e) To build a databank containing data related to the performance of PSBs, FIs and PSIs;
- (f) To advise the Government on formulation and enforcement of a code of conduct and ethics for whole-time directors in PSBs, FIs and PSIs;
- (g) To advise the Government on evolving suitable training and development programmes for management personnel in PSBs, FIs and PSIs;
- (h) To help PSBs, FIs and PSIs in terms of developing business strategies and capital raising plan etc.;
- (i) To carry out such process and draw up a panel for consideration of competent authority for any other bank, financial institution or insurer for which the Government makes a reference, after consultation with the regulator concerned with that bank, financial institution or insurer.

3. **Composition of FSIB.**—The composition of FSIB shall be as follows, namely:—

- (a) The Chairperson of FSIB, to be nominated by the Central Government, who shall be a retired official from the banking sector or a regulatory institution, or a business person of repute with sufficient knowledge of the financial sector, or a person with at least 25 years of experience in
Chairperson
(part-time)

- public administration with experience in banking and the financial sector;
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|---|---------------------------------------|
| (b) The Secretary in charge of the Department of Financial Services; | Member
(<i>ex officio</i>) |
| (c) The Secretary in charge of the Department of Public Enterprises; | Member
(<i>ex officio</i>) |
| (d) The Chairperson of the Insurance Regulatory and Development Authority of India (IRDAI), and if the office of Chairperson is vacant, the senior-most whole-time member of IRDAI; | Member
(<i>ex officio</i>) |
| (e) A Deputy Governor of Reserve Bank of India (RBI); | Member
(<i>ex officio</i>) |
| (f) Three persons with subject matter knowledge relating to PSBs and FIs, to be nominated by the Central Government, of whom— | Member
(part-time, non-government) |
| (i) at least two shall be ex-bankers from the public or private sector; and | |
| (ii) one may be an academician, or a former regulator, or a businessperson, or a former administrator, and has experience in business management, information technology, human resource management, finance or accounting; | |
| (g) Three persons with subject matter knowledge relating to PSIs, to be nominated by the Central Government, of whom— | Member
(part-time, non-government) |
| (i) at least two shall be either formerly from the public sector or experts in insurance sector, with specialisation in life insurance, non-life insurance, reinsurance or actuarial science; and | |
| (ii) one may be an academician, or a former regulator, or a businessperson, or a former administrator, and has experience in business management, information technology, human resource management, finance or accounting. | |

3.1 FSIB shall be competent to carry out its functions regardless of any vacancy in its composition.

4. **Initial Chairperson and part-time members.**—The following persons shall be the initial Chairperson and the initial part-time, non-government members of FSIB, from the date of assumption of office till a period of two years from the date of notification of this Resolution, or until further orders of the Central Government, whichever is earlier, namely:—

(a) Shri Bhanu Pratap Sharma (former Secretary, Department of Personnel and Training)	Chairperson
(b) Shri Animesh Chauhan (former Chairman & Managing Director, Oriental Bank of Commerce) (Ex banker from Public Sector category)	Member (in respect of matters relating to PSBs and FIs)
(c) Shri Shailendra Bhandari (former MD & CEO of ING Vysya Bank, Centurion Bank of Punjab and ICICI Asset Management Company)(Ex banker from Private Sector category)	Member (in respect of matters relating to PSBs and FIs)
(d) Shri Deepak Singhal (former ED, RBI in-charge of departments of corporate strategy and budget, corporate services and human resource) Academician, or a former regulator, or a businessperson, or a former administrator category)	Member (in respect of matters relating to PSBs and FIs)
(e) Ms Usha Sangwan (former Managing Director, LIC; with specialisation in life insurance)	Member (in respect of matters relating to PSIs)
(f) Shri A. V. Girija Kumar (former Chairman and Managing Director, Oriental Insurance Company Limited; with specialisation in non-life insurance)	Member (in respect of matters relating to PSIs)
(g) Shri Sujay Banarji {former Whole-Time Member (Distribution), IRDAI; with specialisation in reinsurance or actuarial science or experience as former regulator}	Member (in respect of matters relating to PSIs)

5. **Nomination of subsequent Chairperson and part-time members.**—For nomination of the subsequent Chairperson and part-time members of FSIB, a search committee shall recommend to the Central Government a panel of names numbering thrice the number of persons to be nominated.

5.1 For the nomination of the Chairperson and part-time members with subject matter knowledge relating to PSBs and FIs, the search committee shall consist of the following:

- (a) The Governor of RBI;
- (b) The Secretary in charge of the Department of Financial Services;
- (c) The Secretary in charge of the Department of Personnel and Training (or such other Secretary as may be approved for this purpose by the Appointments Committee of the Cabinet).

5.2 For the nomination of the part-time members with subject matter knowledge relating to PSIs, the search committee shall consist of the following:

- (a) The Chairperson of IRDAI, and if the office of the Chairperson is vacant, the senior-most whole-time member of IRDAI;
- (b) The Secretary in charge of the Department of Financial Services;

- (c) The Secretary in charge of the Department of Personnel and Training (or such other Secretary as may be approved for this purpose by the Appointments Committee of the Cabinet).

5.3 The Search Committee shall specify the core expertise of each nominee, as well as suggest a desired mix to the Government.

6. **Members to not have conflict of interest.**—To avoid conflict of interest, the part-time members shall be either retired or, if working, be required to discontinue work. Further, such members shall have no commercial relationship with any commercial entity that has commercial relationship with any PSB or FI or PSI, and the Central Government may consult the regulator concerned in this regard.

7. **Sitting fee.**—A fee of Rs. 50,000 per sitting shall be payable to the Chairperson and part-time members.

8. **Management.**—FSIB shall be a professional body with autonomy in its affairs and shall have its own secretariat. It may appoint a person, or take on deputation from RBI a person in the rank of Chief General Manager or General Manager in RBI, to act as full-time Secretary of its secretariat. The secretariat shall have its office in Mumbai or such other place as the Central Government may, in consultation with RBI, decide. The general superintendence, direction and management of the affairs of FSIB shall vest in the Secretary, who may exercise all powers and do all acts and things which may be exercised or done by FSIB in accordance with this Resolution and under the guidance of the Chairperson and members of FSIB. FSIB may consult RBI with regard to its secretarial structure.

9. **Funding.**—For each financial year, the funds to be contributed by each of the three categories of financial service institutions (namely, PSBs, FIs and PSIs) towards meeting expenditure by FSIB shall be reckoned in proportion to the total number of their respective vacancies of WTDs and NECs at the beginning of the financial year. The contribution of an individual PSB or FI in the total contribution as reckoned for all PSBs or FIs, as the case may be, shall be in the ratio of the total income of the individual PSB or FI to the total income of all PSBs or FIs, as the case may be, for the financial year. Further, the contribution of an individual PSI in the total contribution as reckoned for all PSIs shall be in the ratio of its net premium earned to the total net premium earned by the individual PSI to all PSIs for the financial year.

9.1 FSIB shall assess its total fund requirement for a particular financial year and apportion it among PSBs, FIs and PSIs in the aforesaid manner and intimate the apportioned requirement to SBI in respect of PSBs, NABARD in respect of FIs, and LIC in respect of PSIs. SBI, NABARD and LIC shall remit upfront the funds to be contributed by PSBs, FIs and PSIs respectively, and collect the contributions of individual PSBs, FIs and PSIs, as the case may be.

10. **Methodology for making recommendations.**—FSIB shall develop an appropriate methodology to search and recommend high-calibre persons for appointment as WTDs and NECs. Till the time such methodology is developed, the methodology followed hitherto by the

Banks Board Bureau (BBB) constituted *vide* Ministry of Finance, Department of Financial Services notifications number S.O. 1215(E) and S.O. 1216(E), both dated the 23rd March, 2016 shall apply. For the purpose of recommending persons in connection with appointment as WTDs, FSIB may also take into consideration any steps taken earlier by BBB.

10.1 Where FSIB calls candidates for interview/interaction, a process of three separate interview/interactions for each candidate shall be followed as part of the existing methodology for making recommendations for appointment as WTDs. In respect of interview/interaction of candidates for appointment as WTDs in PSBs and FIs, each of the three panels for interview/interaction shall consist of one *ex officio* member from among the members listed in clauses (b), (c) and (e) of paragraph 3 and one part-time member from among the part-time members with subject matter knowledge related to PSBs and FIs. In respect of interview/interaction of candidates for appointment as WTDs in PSIs, each of the three panels for interview/interaction shall consist of one *ex officio* member from among the members listed in clauses (b), (c) and (d) of paragraph 3 and one part-time member from among the part-time members with subject matter knowledge related to PSIs.

10.1.1 If any of the *ex officio* members referred to in clause (b) or clause (c) of paragraph 3 is unavailable, either the Secretary in charge of the Department of Personnel and Training or the Secretary in charge of the Department of Expenditure may be co-opted on a panel.

10.1.2 If one more member from amongst the *ex officio* or part-time members is unavailable, the Chairperson may be part of a panel.

10.2 The FSIB shall, after finalising its recommendations, forward the same to the appropriate authority for undertaking consultation with or obtaining vigilance clearance or reports regarding ongoing/contemplated inquiry or investigation or proceeding, if any, against the recommended person from such bodies or agencies as the Central Government may determine, and for deciding on the suitability of that person for appointment.

10.3 The FSIB, in discharge of its functions relating to any matter that concerns only PSBs and FIs, shall associate only the members referred to in clauses (a), (b), (c), (e) and (f) of paragraph 3.

10.4 The FSIB, in discharge of its functions relating to any matter that concerns only PSIs, shall associate only the members referred to in clauses (a), (b), (c), (d) and (g) of paragraph 3.

11. **Miscellaneous.**— On and from the date of publication of this Resolution,—

- (a) all assets, interests and liabilities of the Banks Board Bureau shall stand transferred to FSIB;
- (b) all books of accounts, registers, records and all other documents of the Banks Board Bureau shall stand transferred to FSIB;
- (c) any cause of action, suit, decree, appeal or other proceeding pending by or against Banks Board Bureau before any court or other authority may be continued and enforced by or against FSIB.

Note: For the purposes of this Resolution,—

- (1) “public sector bank” shall mean and include the State Bank of India (SBI) constituted by the State Bank of India Act, 1955, every corresponding new bank constituted by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and any other bank in respect of which the Government may notify that FSIB shall perform such functions as may be specified therein;
- (2) “public sector insurer” shall mean and include the Life Insurance Corporation of India (LIC) established by the Life Insurance Corporation Act, 1956, the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972, every acquiring company as defined in clause (a) of section 3 of the General Insurance Business (Nationalisation) Act, 1972 and Agriculture Insurance Company of India Limited;
- (3) “financial institution” shall mean and include the National Bank for Agriculture and Rural Development (NABARD) established by the National Bank for Agriculture and Rural Development Act, 1981, Small Industries Development Bank of India established by the Small Industries Development Bank of India Act, 1989, the National Housing Bank established by the National Housing Bank Act, 1987, Exim Bank as defined in clause (c) of section 2 of the Export-Import Bank of India Act, 1981, IFCI Limited, India Infrastructure Finance Company Limited and any other lending institution in respect of which the Government may notify that FSIB shall perform such functions as may be specified therein;
- (4) “Banks Board Bureau” shall mean the Banks Board Bureau established under paragraph 7A of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970 and paragraph 7A of the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1980 immediately before omission of the said paragraphs by the Nationalised Banks (Management and Miscellaneous Provisions) Amendment Scheme, 2022.

ORDER

Ordered that this Resolution be published in the Gazette of India, Extraordinary.

Ordered that a copy of this Resolution be communicated to the public sector banks, financial institutions and public sector insurers concerned, Reserve Bank of India, Insurance Regulatory and Development Authority of India and others concerned.

[F. No. 14/1/2022-BO-I]



SAMEER SHUKLA

Joint Secretary to the Government of India