

No.16/11/2012-BO-I

Government of India  
Ministry of Finance  
Department of Financial Services  
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Jeevandeep Building,  
Parliament Street,  
New Delhi, dated the 3<sup>rd</sup> April, 2012

To

1. Chairman,  
State Bank of India, Central Office, Mumbai.
2. CMDs of all Nationalised Banks
3. Chairman of all Nationalised Insurance Cos.
4. CMDs of all FIs under DFS.

**Sub: Election of Share Holder Directors-Voting by Public Sector Banks, Financial Institutions and Public Sector Insurance Companies.**

Sir/Madam,

Financial Institutions and Public Sector Insurance Companies have equity in various Companies including various financial institutions and public sector Banks. As a result, they are required to participate in the election process for the election of Share Holder Directors.

2. At present, there is no established procedure in taking decision in such cases. It is important that due care is taken at the stage of decision to support any candidate for election as Share Holder Director. In the case of public sector banks, in particular, this assumes a greater significance since the Government who is a majority share holder, does not participate in the election process under the law.

3. With a view to ensure careful consideration of all factors before taking a decision to support a particular candidate for election as a Share Holder director, it has been decided that a Committee of the Board, headed by the Chairman/CMD, would be constituted in the public sector banks, Financial Institutions and Public Sector Insurance companies which will carefully consider the qualification, experience, profile and background of the various candidates and take a decision on supporting the candidates in the election. In case of election of Share Holder Director in Public Sector Banks, the requirement of the institutions in terms of the expertise required in various fields would also be taken into account. The Sub Committee would not include the Government or the RBI Nominee Directors.

4. Further, it has been observed that persons holding general power of attorney have been casting their votes at the Annual General Meeting. It may be ensured that only persons with specific authorisation by name for a particular institution are allowed to exercise their voting rights.

4. All Public Sector Banks, Nationalised Insurance Companies and Financial Institutions may take action accordingly.

Yours faithfully,



(Sreya Guha)  
Director (BO-I)

Copy to :

1. JS(IF) and JS(P&I)
2. All Government Nominee Directors