

F.No.4/9/1/2014-IR(Pt.)
Government of India
Ministry of Finance
Department of Financial Services

Jeewan Deep Building, IIIrd Floor,
Parliament Street, New Delhi
Dated the 5th January, 2015

To

CEOs of all Public Sector Banks / Financial Institutions /Insurance
Companies

**Subject: Assurance of freedom of non-interference in PSBs on
commercial decisions, transfers and postings etc.**

Sir,

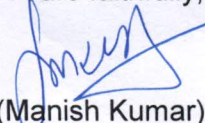
Kindly refer to the discussions in the meeting on 20th November, 2014 at Delhi. It was conveyed in very clear terms that the Government will not interfere in the commercial decisions of the Banks/FIs as well as in the Personnel Matters of Banks/FIs. It is further amplified as follows:-

- (i) The Banks/FIs should take all commercial decisions in the best interest of the organisation without any fear or favour. All decisions should be taken based on facts of the case and objectivity. No such decision should be taken out of any other extraneous considerations such as the influence or the position that the borrower is holding.
- (ii) Each Bank/FI should have their own objective, well laid out transfer and posting rules which should be followed strictly. No exception should be made in such rules at the behest of any recommendation given by anyone including anybody from the Ministry of Finance. If, for genuine reasons, any exception to the rule is made, it should be done only by CMD by giving proper reasons.
- (iii) Each Bank/FI should have a robust grievance redressal mechanism for borrowers, depositors as well as staff. The aggrieved person should have an opportunity to represent his case at least at two levels.

2. It is trusted that the Freedom given to Banks/FIs by Assurance of non-interference will be used in the most objective manner. However, if any complaint comes to this Department from anybody informing that exceptions were made in certain cases without any objective basis, and in order to favour somebody, the person taking such decision would be accountable.

This issues with the approval of Secretary (FS).

Yours faithfully,



(Manish Kumar)

Under Secretary to the Government of India

Copy to:

IF-I Section, Insurance-I, Insurance-II for appropriate action.