

**GUIDELINES FOR SELECTION OF PART-TIME
NON-OFFICIAL DIRECTOR**

The following criteria may be adopted for nomination of part-time non-official directors (NOD) on the boards of public sector banks/financial institutions etc.

(I) GENERAL

1. Nominations will be made keeping in view the provisions of the relevant Acts/Rules.
2. The suitability of nominees may be assessed in terms of formal qualification and expertise, track record, integrity etc. For assessing integrity and suitability, information on criminal records, financial position, civil actions undertaken to 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.
3. Persons with special academic training or practical experience in the fields of agriculture, rural economy, banking, cooperation, economics, business management, human resources, finance, law, marketing, industry and IT will ordinarily be considered.
4. As far as possible representation may also be given to women and the persons belonging to SC/ST community.

(II) EDUCATION

1. An NOD should at least be a graduate. Educational qualifications may be relaxed with the approval of ACC in case of farmers, depositors and artisans.

(III) AGE

1. The age of the Director, on the date of recommendation by Appointments Board, [**should be between 35 years and 65 years. No further relaxation is desirable. However, the upper age limit may be relaxed only with the approval of the ACC and for reasons to be recorded by the Ministry.**]¹

1 *Modified vide ACC approval dated 19.05.2011. [Prior to approval it reads as, "should not be less than 40 years and preferably below 60 years. The upper age limit may be relaxed in case of outstanding experts, eminent persons".]*

(IV) WORK EXPERIENCE

1. Professionals/academicians should ordinarily have 10 years of work experience in the particular field.

(V) DISQUALIFICATION

1. A director already on a Bank/FI, under any category, may not be considered for nomination as NOD on any other Bank/FI.
2. 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.
3. No person may be re-nominated as a NOD on the Board of a Bank/ FI on which he/she has served as Director in the past under any category for two terms or six years whichever is longer.
4. An NOD would not be considered for nomination as a Director on the Board of a Bank/FI if such Director has already been a NOD/shareholder-Director on the board of any other Bank/FI for six years, whether continuously or intermittently. **[The general rule of two terms for six years for Non-Official Directors should apply to the Directors appointed under CA Category also.]²**

(VI) PROFESSIONAL RESTRICTION

1. NOD will not accept/will not be allotted any work of the Bank/FI for two years after demitting office as Director of that Bank/FI.
2. [During his term as NOD on any Bank, such Director will not undertake any professional work (statutory audit, concurrent audit, legal retainership or empanelment as a lawyer etc.) in that Public Sector Bank. In the case of SBI, such restrictions will cover Associate Banks as well. However, in respect of any other bank / insurance company, the firm should be allowed to be engaged, provided the non official director recuses himself/herself from handling that part of the business of the firm, where there may be a conflict of interest.]³

² *Added vide ACC approval dated 19.05.2011*

³ *Amended vide ACC approval dated 05.12.2007. [Prior to approval it reads as, "During his term as NOD on any Bank, such Director will not undertake any professional work (statutory audit, concurrent audit, legal retainership or empanelment as a lawyer etc.) in any of the Public Sector Banks".]*

3. If a person having professional relationship with bank, including cooperative bank, is selected for being nominated on the board of any bank, he will have to sever his connection with the bank before such appointment.
4. Professionals shall not be nominated on the Board of a PSB with which they have had a business relationship during the last 3 years before such nomination.

(VII) 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 Public Sector Banks taken together.
