

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:842
ANSWERED ON:22.11.2002
DIRECTORS OF BANKS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government continue to appoint a number of social workers, political activists and others in various professions to the banks as Directors without equity;
- (b) if so, the reasons for this practice;
- (c) whether such nominees are not held responsible for the bad loans and other culpable activities of the bank management;
- (d) if so, the purpose and criteria of appointment of such directors;
- (e) whether the Government propose to review such patronage; and
- (f) if so, the action taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

- (a) and (b) Appointments of directors on the boards of public sector banks are made in accordance with the criteria and procedures prescribed in the relevant statutes.
- (c) and (d) The general superintendence, direction and management of public sector banks vests with their respective Boards. The non-official director of a public sector bank has no credit sanctioning powers in individual capacity. The decisions in this regard are taken by the Board which is responsible for it.
- (e) and (f)** It is proposed to amend some of the Sections dealing with the nomination of non-official directors of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/80. A Bill in this regard was introduced in the Lok Sabha. This has been referred to Standing Committee of Finance.