

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1643
ANSWERED ON:23.03.2012
PAY IN BANKS
Viswanathan Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether Reserve Bank of India (RBI) has issued any guidelines to regulate the salary of private and foreign banks operating in India;
- (b) if so, the details thereof alongwith the cap imposed on the salaries of the employees of private and foreign banks;
- (c) the parameters fixed by RBI with regard to fixed and variable pay; and
- (d) the steps taken/being taken by the RBI against the banks who have been found violating the said guidelines?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a)to(c): The Reserve Bank of India (RBI) has issued guidelines to private sector banks and foreign banks on `Compensation of Whole Time Directors / Chief Executive Officers / Risk takers and Control function staff, etc` vide circular dated 13th January, 2012, whereby these banks are required to formulate and adopt a comprehensive compensation policy covering all their employees. The guidelines provide for effective alignment of compensation with prudent risk taking and also covers Fixed Pay, Variable Pay composition, Employees Stock Option Plans (ESOPs), Deferral Compensation, Malus / Ctawback arrangements, etc. RBI has also placed the detailed guidelines on its website www.rbi.org.in . As per these guidelines, these banks are also required to make disclosure on the remuneration on an annual basis in their Annual Financial Statements.

(d): These guidelines will be applicable from the financial year 2012-13.