

Info Capsule



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

August 7, 2019

1. Master Direction - Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019 (RBI/DBR/2019-20/71 Master Direction DBR.Appt.No: 9/29.67.001/2019-20 : dated August 2, 2019)

In exercise of the powers conferred by sub-section (2) of Section 19A of the State Bank of India Act, 1955 and sub-sections (3AA) & (3AB) of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, has notified and specified the authority, manner, procedure and criteria for determining the 'fit and proper' status of a person to be eligible to be elected as a director on the Board of Public Sector Banks, and issues the Directions hereinafter specified.

The broad criteria for determining the 'fit and proper' status of the proposed candidates is as under:

- i. Age – The candidate's age should be between 35 to 67 years as on the cut-off date fixed for submission of nominations for election.
- ii. Educational qualification – The candidate should at least be a graduate.
- iii. Experience and field of expertise – The candidate shall have special knowledge or practical experience in respect of one or more of the matters enumerated in section 19A(a) of the SBI Act / section 9(3A)(A) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, as the case may be, read with RBI Circular DBR. Appt.BC No 39/29.39.001/2016-17 dated November 24, 2016.
- iv. Disqualifications: In addition to 'Disqualifications of Directors' as prescribed in Section 22 of the SBI Act, 1955 / Clause 10 of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970/80 shall also apply
- v. Tenure – An elected director shall hold office for three years and shall be eligible for re-election: Provided that no such director shall hold office for a period exceeding six years, whether served continuously or intermittently.
- vi. Professional Restrictions –
 - i. The candidate should neither have any business connection (including legal services, advisory services etc.) with the concerned bank nor should be engaged in activities which might result in a conflict of business interests with that bank.
 - ii. The candidate should not be having any professional relationship with a bank or any NOFHC holding any other bank.

Provided that a candidate having any such relationship with a bank at the time of filing nomination for election shall be deemed to be meeting the requirement under item (b), the candidate shall submit a declaration to the Committee that such relationship with the bank shall be severed if he is elected as a director, and upon being elected, severs such relationship before appointment as a director of the bank.

- vii. Track record and integrity - The candidate should not be under adverse notice of any regulatory or supervisory authority/agency, or law enforcement agency and should not be a defaulter of any lending institution.

The detailed Master Direction is available at:
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11649&Mode=0>

2. *Landmark Consumer Protection Bill, 2019 gets Parliamentary approval*

The Parliament gave its nod to the landmark Consumer Protection Bill, 2019 which aims to protect the rights of consumers by establishing authorities for timely and effective administration and settlement of consumers' dispute. This will replace the more than three decades old Consumer Protection Act, 1986.

The new legislation would ease the overall process of consumer grievance redressal. It provides for a better mechanism to dispose consumer complaints in a speedy manner and will help in disposal of large number of pending cases in consumer courts across the nation.

Among other things, it proposes setting up of a Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers as a class. The CCPA would make interventions to prevent consumer detriment arising from unfair trade practices. The agency can also initiate class action, including enforcing recall, refund and return of products.

The legislation also envisages simplified dispute resolution process, has provision for Mediation and e-filing of cases. The Consumer will be able to file cases in the nearest commission under the jurisdiction of which he resides.

The details are available at: <http://www.pib.nic.in/PressReleaseDetail.aspx?PRID=1581384>