



Fit and Proper Regime

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The **Reserve Bank of India (RBI)** has notified guidelines on Fit and Proper criteria for elected directors on the boards of Public Sector Banks (PSB).

- The Reserve Bank of India (RBI) has mandated that the elected directors of public sector banks (PSBs) are to be appointed by the **Nomination and Remuneration Committee (NRC)** of the board of the respective banks.
- Under **Fit and Proper** criteria, RBI has mandated all the banks to constitute a Nomination and Remuneration Committee (NRC) consisting of a minimum of **three non-executive directors** from amongst the board of directors.
- Of these non-executive directors, not less than one-half shall be **independent directors** and should include at least one member from the Risk Management Committee of the board.
- Fit and proper regime is intended to keep centre's nominated directors away from the PSB board and ensure minimum political intervention.
 - Members of Parliament, state legislatures, and local governments not eligible to be members of PSB boards

Source: BS