



बेटी बचाओ
बेटी पढ़ाओ

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2023-24/121

DoR.HGG.GOV.REC.75/29.67.001/2023-24

February 9, 2024

Dear Sir/ Madam

Review of Fixed Remuneration granted to Non-Executive Directors (NEDs)

Please refer to paragraph 9 of circular dated April 26, 2021 ([Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board](#)) as per which ceiling of ₹20 lakh per annum was specified in respect of remuneration of Non-Executive Directors (NEDs), other than the Chair of the Board.

2. Considering the crucial role of NEDs in efficient functioning of bank Boards and its various Committees and in order to further enable the banks to sufficiently attract qualified competent individuals on their Boards, it has been decided to revise the aforementioned ceiling to ₹30 lakh per annum.

3. The banks are required to have suitable criteria for granting fixed remuneration to its NEDs, with the approval of its Board before any review of the extant remuneration. The Board of the bank may fix a lower amount within the ceiling limit of ₹30 lakh per annum depending upon the size of the bank, experience of the NED and other relevant factors.

4. As hitherto, private sector banks would be required to obtain regulatory approval regarding remuneration to Part-time Chairman in terms of Section 10B(1A)(i) and 35B of the Banking Regulation Act, 1949.

5. Banks are required to make disclosure on remuneration paid to the directors on an annual basis at a minimum, in their Annual Financial Statements.

Applicability and Commencement

6. The instructions would be applicable to all the Private Sector Banks including Small Finance Banks (SFBs) and Payment Banks (PBs) as also the wholly owned

विनियमन विभाग, केंद्रीय कार्यालय, 12वीं और 13वीं मंज़िल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001
Department of Regulation, Central Office, 12th & 13th Floor, Central Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai – 400001
टेलीफोन/ Tel No: 22661602, 22601000 फैक्स/ Fax No: 022-2270 5691 ई-मेल / E-mail: govbanksdor@rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाइए

subsidiaries of Foreign Banks. The instructions would come into force with immediate effect.

Power exercised

7. The instructions have been issued in exercise of powers conferred by Section 35B of the Banking Regulation Act, 1949.

Repeal

8. The instructions on Guidelines on Compensation of Non-executive Directors of Private Sector Banks issued vide [circular DBR.No.BC.97/29.67.001/2014-15 dated June 1, 2015](#) stand repealed.

Yours faithfully

(Scenta Joy)
Chief General Manager