

RBI/2022-23/33

DOR.GOV.REC.No.26/18.10.004/2022-23

April 21, 2022

The Chairman / Managing Director / Chief Executive Officer
All Primary (Urban) Co-operative Banks

Madam/Dear Sir,

Creation of Honorary Designations at Board level in Urban Co-operative Banks

It has been observed during the course of supervisory reviews that some of the Urban Co-operative Banks (UCBs) have adopted the practice of creating honorary designations (remunerated or otherwise)/conferring titles at Board level, such as Chairman Emeritus, Group Chairman, etc., which are not recognised in applicable statutes or regulations.

2. While such positions/titles may be indicative of certain privileges/rights for the incumbent to access all board materials and participate in board/committee meetings, enforcing liability or obligations on such person may be difficult. Such positions may be seen as creating conflicts of interest as well as creation of a parallel or shadow authority impeding effective and independent functioning of the legally constituted board in the best interest of all its stakeholders.

3. As such, UCBs are directed not to create any honorary positions/titles at Board level or confer such titles that are non-statutory in nature and to eliminate any such existing position/titles within one year from date of this circular.

4. These directions are issued under Section 35A and Section 36(1)(d) of the Banking Regulation Act, 1949 (AACS).

Yours faithfully,

(Shrimohan Yadav)
Chief General Manager