

GOVERNANCE IN SECONSTITUENT BANKS

Corporate governance including the principles related to the responsibilities and long-term commitment of the board and ethical behaviour has always been critical to the proper functioning of banks. Though the modern day principles of corporate governance were mostly unknown in the days of the presidency banks and the Imperial Bank of India, the allocation of authority and responsibilities by which the business and affairs of these banks were to be conducted were clearly spelt out and honoured. Departures occurred only on rare occasions and that too in the colonial era.

Many of the principles of governance introduced in the constituent banks of SBI are still being adhered to.

BANK OF CALCUTTA & SECONDARY

The board of directors of the Bank of Calcutta and the boards of the presidency banks were the highest governing bodies of these banks. It was these boards which provided effective leadership and insights in business and functional matters and monitored the banks' performance.

Though the Bank of Calcutta opened for business on 2 June 1806, its board of directors, all civil servants of the East India Company nominated by the government then, first met on 9 April 1806 to consider and approve some instructions of the Government, viz. that, no servant of the East India Company would hold shares in the Bank of Calcutta, all depreciated treasury bills would be replaced by notes of the bank, bank notes of denominations of less than Rs 1000 would at all times be paid in specie and one director instead of three suggested earlier would sign on bank notes.

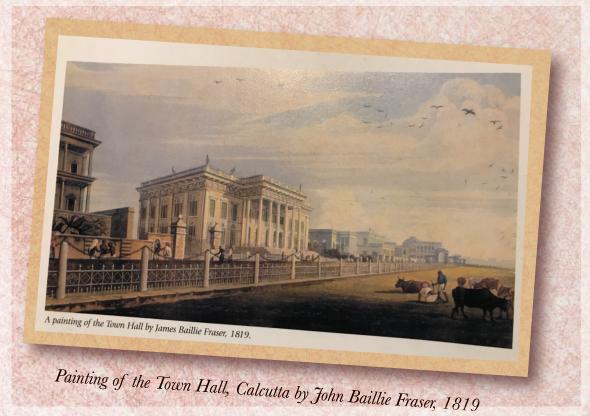


The Bank of Calcutta opened for business at 8, Post Office Street

While arrangements were made for preparing notes of denominations of Rs 10, Rs 50, Rs 100, Rs 250, Rs 500, Rs 1000, Rs 5000 and Rs 10000, the directors requested the Government for the assistance of law officers of the Company when required and for the posting of sentinels to guard the bank.

About a month later, the directors met on 7 May 1806 giving an insight into the kind of business the bank would initially be engaged in.

Pursuant to a request from the Committee for the Management of the Calcutta Town Hall Lottery, the bank undertook the sale of lottery tickets of Rs 1,000 each to raise Rs 5 lakhs for the proposed Town Hall and remit the proceeds to the General Treasury as often they amounted to Rs 10,000 and also effect payment of the prizes as per the list provided by the Commissioner.



Once the funds were raised the imposing Doric style Town Hall came up in 1813 and stands in its pristine glory even to this day.

While announcing the commencement of business of the Bank of Calcutta on 2 June 1806, the bank notified the following in the Calcutta Gazette:

- The Directors of the Bank will meet every Wednesday for the purpose of receiving and determining on all applications for loans in specie, under clause VIII of the Provisional arrangement of the management of the Bank. A box will be open at the Bank from 9 till 12 o'clock on that day for the reception of such applications, which must be presented under sealed covers addressed to the Secretary, and accompanied by the Government Paper to be deposited as security for the loan.
- The Directors, will also receive, at the same time, tenders for the sale of the Government Treasury Notes, or for advances of money upon the security of such Notes.
- Should the Directors find it necessary to reject such tenders, or the applications which may be made to them at any time for loans, the letters containing such applications or tenders, with the Government Paper, will be returned superscribed "rejected" under a sealed cover addressed to the parties, without any reason being assigned by the Directors for the rejection.

- Whenever an application may be complied with or a tender be accepted, either wholly or in part, the necessary communication will be immediately made to the party by the Secretary, and the accommodation granted with as little delay as possible.
- The Treasurer of the Bank will at all times (Sundays and public holidays excepted), during the established hours of business, receive and comply with all applications for the issue of the Government Treasury Bills, in exchange for the Notes of the Bank. The Treasurer will also comply with all applications for the issue of the Notes of the Bank in exchange for the Government Treasury Bills; the Directors exercising, however, discretion with respect to the issue of notes under 250 Rupees in exchange for Treasury Bills.
- The Treasurer will receive at all times, as expressed above, applications for bills on the Provincial Treasuries, and such applications will be immediately complied with, either wholly or in part, whenever the Bank may find it practicable to obtain such bills from the public Treasury. A paper will be affixed at the Bank from time to time specifying the rates of exchange at which the bills will be negotiated, and these rates will be moderate in all cases.

The Notes of the Bank will be issued in the undermentioned sums, and be signed by one of the Directors of the Bank:-

For 10 Sicca Rupees	For 500 Sicca Rupees
" 50 " "	" 1,000 " "
" 100 " "	<i>" 5,000 " "</i>
" 250 " "	" 10,000 " "

The notes under 250 Rupees will be paid at all times at the Bank in specie.

All Promissory Notes or other obligations to the Bank are to be made payable at the Treasury, who will execute the necessary discharges.

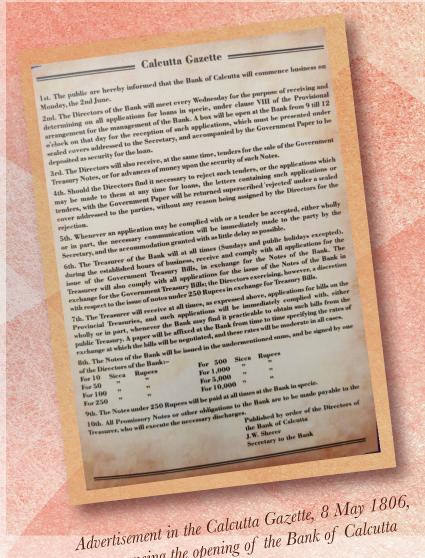
Published by order of the Directors

of

the Bank of Calcutta

J. W. Sherer

Secretary to the Bank.

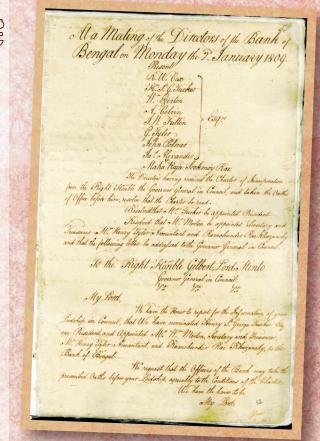


announcing the opening of the Bank of Calcutta

In February 1807 the period for granting loans initially limited to two months was extended to three months and bank notes of every description began to be paid soon after in specie on demand. It was also decided that bills of exchange drawn on the Governor General in Council would be discounted at the bank on application being made for that purpose and that the bank would open accounts with individuals from 2 March 1807.

THE PRESIDENCY BANKS

It took the government nearly two years to announce that the Court of Directors of the East India Company had approved the establishment of a bank in the presidency of Bengal. The enactment of a special law in the British Parliament empowering presidency governments in India to establish banks with perpetual succession was followed by the framing of a charter for the Bank of Calcutta. The bank was redesignated as the Bank of Bengal. Six directors nominated by the shareholders joined the board of the bank alongside the three existing government directors.



Minutes of the meeting of the Board of Directors of the Bank of Bengal, 2 January 1809



By about the middle of the 19th century, the Banks of Bombay and Madras too were set up by similar charters.

PROVISIONS OF THE CHARTERS & SEE

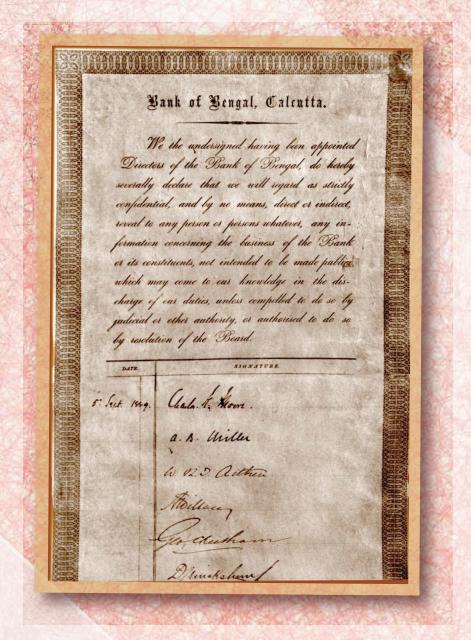
RESTRICTIONS

The terms of these charters were indicative of the singular objectives with which the banks were created. The amount of stock to be held by individual proprietors was limited to Rs one lakh to prevent an establishment which the government had founded for the general advantage from falling into the hands of a few monopolists. Advances to individuals were limited to Rs one lakh, to ensure the use of the capital for the benefit of maximum beneficiaries, as well as for the bank's enhanced safety. The restriction of the bank's advances to government initially to Rs two lakhs later enhanced to Rs five lakhs and repayable in two months was to ensure its distinctively commercial character and not implicate itself too deeply in transactions with the government. The provision that the bank should not hold more than Rs 25 lakhs of Company's paper in its own right was also inserted with the same objective. The bank's rate of interest was limited to a maximum of 12 per cent in accordance with the government's intention of bringing about a permanent reduction in the rate of interest.

Other precautionary measures included provisions requiring the maintenance of a cash reserve of at least one-third of the outstanding liabilities payable on demand, and limiting the total liabilities of the bank to the amount of the bank's capital. As deposits and all other liabilities were included in applying the limit, the note issue was restricted to Rs 50 lakhs.

BOARD OF DIRECTORS

The charter provided for a board of directors for each bank made up of nine directors - three nominated by the government and six elected by the proprietors of the bank's capital — to manage the affairs of the bank. While the government directors had to hold public offices under the government and could continue or be removed at the pleasure of the government, two of the proprietary directors had to go out by rotation annually and two others elected by the proprietors in their place. All proprietary directors had to possess at least one unencumbered share of the bank.



Declaration of fidelity and secrecy signed by Bank of Bengal directors

MERCANTILE DIRECTORS

The proprietary or mercantile directors usually represented the most powerful European managing agency houses of the presidencies then. While representatives of agency houses like Alexander & Co., Colvin & Co., Palmer & Co., Cockerell & Co., Jardine Skinner & Co., Kettlewell Bullen & Co., Gillanders Arbuthnot & Co., Bird & Co., etc. were mostly accommodated in the board of the Bank of Bengal, those of Ritchie Steuart & Co., William Nicol & Co., Leckie & Co., Remington & Co., Charles Forbes &

Co., Finlay Scott & Co., Greaves Cotton & Co., etc. in the Bank of Bombay and those of Parry & Co., Binny & Co., Arbuthnot & Co., etc. in the Bank of Madras were appointed.

Besides Europeans, several Indians like Parsis, Jews, Ismaili Khojas, Gujarati Hindus and Jains also found place on the board of the Bank of Bombay by dint of their status as leading millowners, industrialists and eminent merchants of Bombay presidency. While Framji Cowasji Banaji, an eminent Parsi merchant and benefactor of Bombay, was the only Indian on the bank's first board, several distinguished Indians like Jamsetjee Jeejeebhoy and Cowasjee Jehangir were appointed as mercantile directors of the bank in later years.





Jamsetjee Jeejeebhoy, director, Bank of Bombay in the 1840s, perhaps the richest Parsi merchant of his times who amassed immense wealth in trade with China was a leading benefactor of Bombay too



Cowasji Jehangir, director, Bank of Bombay, 1859-64 belonged to a
Parsi family who pioneered trade with China and
were bankers to the East India Company.

He established industrial ventures and was a philanthropist too.

Indians on the contrary barely found place on the boards of the Banks of Bengal and Madras. The sole Indian on the Bank of Bengal's first board, Maharaja Sookmoy Roy, the founder of a zamindari family of Calcutta, was not replaced by an Indian following his death in 1811 till more than a century later.



Maharaja Sookmoy Roy, grandson of Clive's banker, donated Rs 1.5 lakh for the construction of Cuttack Road and caravanserais for pilgrims travelling to the Jagannath Temple at Puri.

The Bank of Madras appointed an Indian on its board as late as in 1920.

FUNCTIONS OF THE BOARD

The directors were principally concerned with the management of the bank's portfolio of assets of public securities and not those of private joint-stock companies as it was precluded from such investments, granting of loans to agency houses and merchants, discounting of bills, opening of branches, etc.

The board was also responsible for the appointment of officers in the bank and of fixing their salaries provided the whole expense of the establishment did not exceed Rs 30,000 in any one year without authority from the proprietors in a general meeting. The general conditions of service for officers of the bank, all invariably European, were approved by the board.

The meetings of the directors were held bi-weekly on Mondays and Thursdays at 3 p.m. The President of the board was elected from among the nine directors annually and had a casting vote in case of an equal division of votes at the meeting.

At least three directors were necessary to form the quorum for the transaction of business at any meeting of the board.

Three of the directors were required to be present at the bank by rotation each week and attend to the current business and general superintendence of the bank. This was known as the weekly committee of the board, which began to meet daily once mounting issues necessitated the directors to meet more often.

The central board was also required to hold annual general meetings each year and place before the shareholders the annual accounts and a report of the bank's working. Dividends were declared for the shareholders after transferring a portion of the profits to the reserve fund. The three presidency banks usually followed a policy of keeping their dividend rates stable each year and transferred the residual to the reserve fund.

The directors were assisted by the secretary and treasurer, the chief executive officer of the bank, drawn initially from the covenanted civil service. He supervised the preparation of the minutes of board meetings, and the papers for presentation at the weekly meeting of the directors or at more frequent meetings of the daily committee of directors. Besides running the bank under the close supervision of the board, the secretary and treasurer also acted as the mouthpiece of the bank in its negotiations with the government.

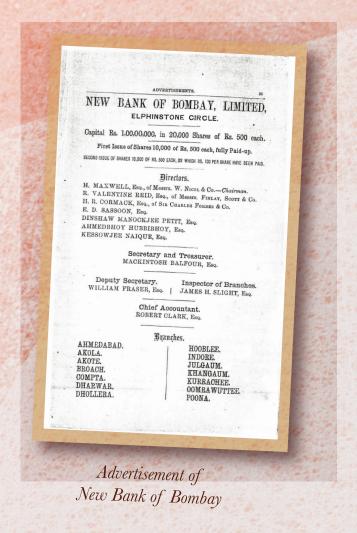
ETHNIC COMPOSITION ON FIRMER GROUND

The Bank of Bombay with an ethnic composition of its board failed in 1867 (see below) and passed into liquidation and was immediately replaced by a new bank largely due to the relentless efforts of the **shetias** or big businessmen of Bombay who rallied around the Government of Bombay. The new Bank of Bombay was registered in 1867 with a capital of Rs one crore in 20,000 shares of Rs 500 each. A scrutiny of the list of 9,788 shareholders allotted up to 11 August 1868 revealed that Indians held about 26.6 per cent of the holdings.

The new bank opened for business on 14 January 1868.

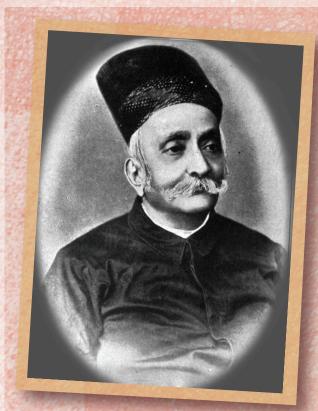
A larger coalition of big businessmen of Bombay comprising Europeans and leading Indian millowners and industrialists made

up the board of the new bank and ensured its diverse ethnic composition too. In 1869, for instance, besides three Europeans on the board, there were several eminent Indians, viz., E. D. Sassoon, a Baghdadi Jew, Dinshaw Manockjee Petit, a Parsi, Kessowji Naik, a Gujarati Hindu and Ahmedbhoy Habibbhoy, an Ismaili Khoja.





E. D. Sassoon hailing from the family of David Sassoon, the founder of the business enterprise of Baghdadi Jews in India, was director of the Bank of Bombay between 1869 and 1880



Dinshaw Manockjee Petit, director, New Bank of Bombay, 1868-92, was founder of the first textile mills in India and a noted philanthropist

In later years, Bomanjee Dinshaw Petit, Tribhovandas Vurjeevandas, Fazulbhoy Currimbhoy and N.B. Saklatvala were among the leading Indians on the board.



Bomanji Dinshaw Petit, son of Dinshaw Manockjee Petit and director,

New Bank of Bombay,
1896-1914, was a noted cotton mill
owner and founder of the
Dinshaw Petit Parsee Hospital in Bombay



Fazulbhoy Currimbhoy, an Ismaili Khoja, was a leading
Bombay millowner and director of the Bank of Bombay between 1914
and 1920 and later of the
Imperial Bank of India between 1921 and 1932



N.B. Saklatvala, a noted industrialist who became
Chairman of Tata Sons in 1932 was director of the
Bank of Bombay in 1920 and a
member of the Bombay local board of the Imperial Bank of India



Tribhovandas Vurjeevandas of Vurjeevandas Madhowdas & Co., was director, New Bank of Bombay between 1896 and 1920.

His father Vurjeevandas Madhowdass was also a director of the bank between 1879 and 1890.

Ahmedbhoy Habibbhoy, who became a director in 1867, continued in the board till his death in 1914.

The presence of several leading Indian mill owners and businessmen on the boards of both the Banks of Bombay ensured an open and shareholder-sensitive management style unknown in the other two presidency banks. Indians were able to collaborate with Europeans in general matters of business on more equal terms only in Bombay.

THE SHAREHOLDERS & SECOND

The Presidency Banks Act and later the Imperial Bank Act provided for remedies against the abuse of the powers by the directors or the management of these banks. The shareholders were empowered to remove any director (other than a government nominee) by a special resolution by a majority of the votes of shareholders holding in the aggregate not less than one-half of the capital, and appoint in his stead, a person who fulfilled the qualifications demanded of a director.

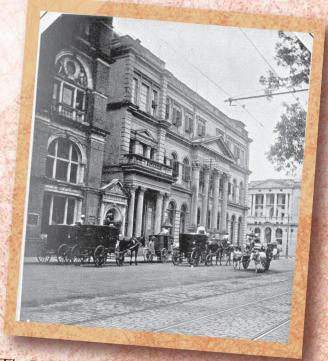
The complete dominance of Europeans on the boards of the Banks of Bengal and Madras and the absence of influential Indian businessmen among their shareholders, however, made the annual general meetings (AGMs) of these two banks lacklustre. Discussions on the business the bank conducted or its performance were minimal with shareholders' interest focused entirely on the bank's dividend payout.

DISSENSIONS WITHIN THE BOARD AND AMONG SHAREHOLDERS

There was of course an underlying conflict between the European and Indian directors of the Bank of Bombay which often broke out in the open. Differences occurred for instance in relation to the bill discounting limits for exchange banks like the Chartered Bank of India, Australia and China, Hong Kong and Shanghai Banking Corporation, etc., then operating in India or in regard to revision of by-laws of the bank proposed by its European directors.



The Chartered Bank of India, Australia and China, Calcutta, c. 1910



The Hong Kong & Shanghai Banking Corporation, Calcutta, c. 1910

Granting of special allowances to senior European officers too was vigorously opposed by the Indian directors as the bank's Indian employees were poorly paid.



Seal of the New Bank of Bombay

Disagreements were often reflected also at the annual general meetings (AGMs) of shareholders of the Bank of Bombay held on the first Monday of June each year.

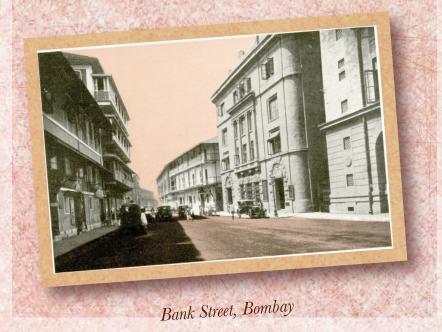
The appointment of the auditor, for example, was a bone of contention among the shareholders of the new Bank. The first Indian auditor appointed to audit the books of the New Bank of Bombay was Raghoonath Narayen in 1869. Narayen was succeeded by a series of Parsi auditors — Byramjee Cursetjee Ghandee, Eduljee Nusserwanjee Sethna and Jamsetjee A. Dalal. In 1911, Dalal was joined by Shapoorjee Bomanjee Billimoria as auditors. A remuneration of Rs 500 was paid for the annual audit then. The Banks of Bengal and Madras however appointed European auditors mostly.

The proposal to set up a mutual guarantee service fund to cover the security of both European officers and Indian employees of the new bank fell through as Indian shareholders opposed the discrimination implicit in the differential insurance rates for Europeans and Indians and held that it perpetuated 'obnoxious and derogatory race distinctions'.

The rate of dividend declared by the bank was also often an issue of controversy at the AGMs particularly when the profits of the bank rose. Successive chairmen of AGMs defended the policy of maintaining the stability of the rates of dividends. At the AGM of the new Bank of Bombay in August 1896, for instance, the chairman of the meeting, presented a list of banks in Scotland, England, Australia and Japan, which had reserves that were nearly equal to or even larger than their capital and advocated that

the Bank of Bombay should emulate them. In view of the modest yields on the major types of market investments then, the chairman was in favour of strengthening the reserve fund so that the market value of the bank's share would rise and eventually compensate the shareholders.

From about the 1890s, the Bank of Bombay instead of enhancing the rate of dividend began to pay bonus to its shareholders, when merited. The Bank of Bengal and the Bank of Madras too adopted this practice from the early 1900s.



In the days of the Imperial Bank of India, a dividend of 16 per cent was paid per annum which was a slight improvement over the rates paid by the presidency banks immediately before the amalgamation. The rate of dividend, however, fell during the Great Depression of the 1930s and the years of WWII and recovered thereafter.

INFRINGEMENTS OF THE CHARTER

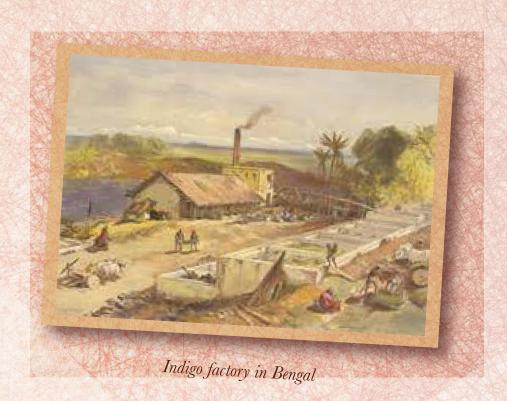
The charters were revised from time to time and the

directors of the three banks usually tried to remove existing restrictions on business to make commercial banking under government supervision a much more open proposition.

BANK OF BENGAL RESIDENCE

Notwithstanding the restrictions on business, there were instances when the banks clearly infringed the provisions of the charter. The commercial crisis of 1830-33 which plagued Bengal was one such instance. A large part of the business of the Bank of Bengal was connected directly or indirectly with the operations of European agency houses and their Indian partners. These agency houses were engaged in financing external trade and the production of indigo and opium in particular.

By about the early 1820s, European capital of about Rs 80 lakhs had been invested in indigo plantations and indigo works in Bengal and more and more private investment flowed in with promises of higher returns than what government paper could give.



But the speculative nature of the indigo market in Europe made the business vulnerable. A commercial slump in England in 1825 depressed the demand for indigo and to compensate for low prices, still more indigo was produced and exported. With the price of indigo falling by nearly 50 per cent, most agency houses faced bankruptcy. The Bank of Bengal stepped in with loans as the partners of large agency houses like Alexander & Co., Palmer & Co., etc. were heavily represented on its board.

To the largest agency house, Alexander & Co., the bank directly or indirectly advanced more than Rs 23 lakhs, when the quantum of loans was restricted to Rs one lakh only.

As against these loans, the bank accepted indigo factories as collateral security again contravening the provision which prohibited the bank from lending against the security of immoveable property. Eventually when Alexander & Co. failed in December 1832, the bank saddled with indigo factories operated them for a while, being unable to dispose them at an advantage. It was yet another contravention of rules as the bank was forbidden to engage in any trade or be concerned in any kind of agency for the buying and selling of public securities or of goods, or any other species of property.

Soon other major agency houses of Bengal collapsed like ninepins. Part of the losses resulting from the bankruptcy of the agency houses was made up by the Bank of Bengal by seizing the assets of their hapless Indian guarantors who were reduced to penury and even served sentences in jail. The bank sufered

considerably during these years and an amount of Rs 6.32 lakhs was eventually written off as bad debts between 1830 and 1833 and the total loss including the amount written off amounted to at least Rs 15 lakhs.

The then Governor General William Bentinck surprisingly took a lenient view of the matter and felt that the charter needed revision as it was 'neither adapted to the circumstances of the country nor even to those of Calcutta'.

It was only in 1839 that some of the provisions of the original charter were to be revised including the raising of the limit on advances to any individual or partnership firm from Rs one lakh to Rs three lakhs.

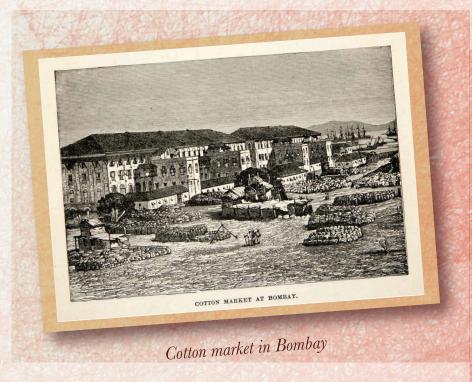


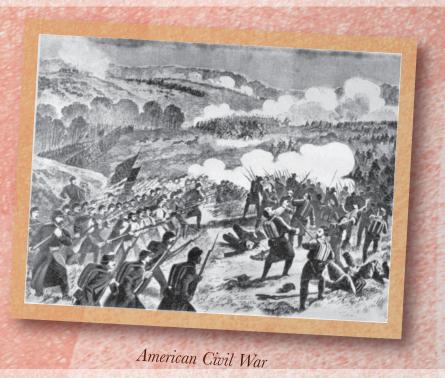
BANK OF BOMBAY

The Bank of Bombay too faced similar restrictions on its business. In 1863, when the charter of the bank was revised in terms of Act X of 1863, in addition to lending against shares of incorporated Indian railway companies, the interest whereon was guaranteed by government, shares of 'other public companies in India' were included but without the qualification that such shares had to hold 'a guarantee from the government with regard to the payment of dividends or interest'. It was this unqualified power, which caused enormous financial losses to the bank later. Several other alterations were also made in the new Act. Principal among them were the removal of restrictions on the quantum of loans as well as their duration. All goods (not just imperishable ones), wares and merchandise were thenceforth made admissible for loans. Discounting of negotiable securities became permissible against the signature of a single borrower in place of two earlier. The new Act also empowered proprietors of the bank a right, till then resting solely with the Governor General, to increase the capital of the bank up to Rs 210 lakhs. Between August 1863 and June 1864 the bank quadrupled its capital from Rs 52.25 lakhs to Rs 209 lakhs. The enhancement almost certainly increased the pressure on the bank's management to find employment for the funds.

A phenomenal rise in Indian cotton prices in the Liverpool market from 6 pence per lb. to 2 shillings following the outbreak of the American Civil War in 1861 and the manic flurry of speculation which

followed saw new companies emerge like mushrooms for every conceivable purpose - banks and financial institutions, land reclamation, trading, cotton cleaning, pressing and spinning, hotel, livery stables, veterinary, and also for making bricks and tiles. The shares of most of these companies began to be sold at high premium as soon as they came into the market.





The bank began advancing against these shares with the knowledge that it would be employed in speculation. The bank's secretary and treasurer 'put himself unreservedly' into the hands of an Indian broker, Premchund Roychund, for granting loans and consistently acted on his advice. No loan application recommended by the broker was declined and money was advanced with the knowledge that it was to be employed in speculation in shares. It was only a matter of time before Premchund acquired complete command of the bank's funds and his influence over the bank was so enormous that even agents of the bank's branches at Kalbadevi, Broach and Surat consulted him or his agents on advances.

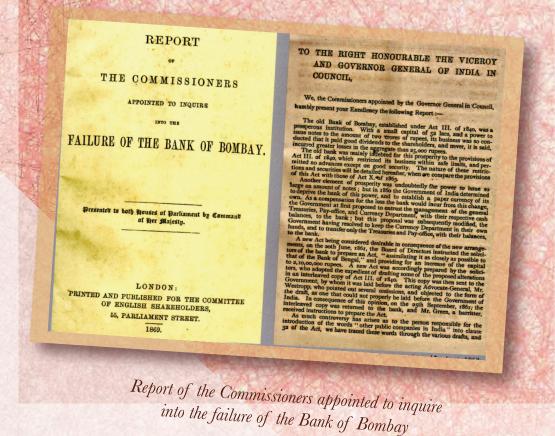


Premchund Roychund, leading stock broker of
Bombay and one of the founders of Native Stock and Share Brokers'
Association, Bombay and a philanthropist

The news of the impending end of the American Civil War in May 1865 however altered the scenario altogether. With Britain poised once again to turn to America for raw cotton, the Indian staple reached a low of 10 pence per lb. Investors rushed to dispose their shares in the bubble companies for which there were no buyers. Banks, FIs, broking firms, etc. unable to meet commitments collapsed. The Bank of Bombay too failed in 1867 with losses of Rs 228 lakhs dragging down European speculators and their victims among

the unwary Europeans and Indians.

The Bombay Bank Commission appointed to inquire into the failure of the bank, held the provisions of Act X of 1863 as one of the primary reasons for the failure of the Bank of Bombay as weak and unprincipled secretaries and negligent presidents and directors of the bank, the latter incapable of managing the bank in difficult times, abused powers conferred by the Act. A fine property' was thus 'sacrificed to incompetency and dishonesty'.



A new Bank of Bombay was set up in its stead immediately thereafter and registered in 1867.

The above infringements apart, the presidency banks as part of their crucial functions lent money to the government time and again much beyond the limit specified in the charters. These breaches occurred either in times of wars and famines or for funding the huge amount of tribute that had to be sent to Britain from India, sometimes at fortnightly intervals, to maintain the imperial establishment in London and a very large part of British military operations in East Africa and Asia.



IMPERIAL BANK OF INDIA

CENTRAL BOARD

The Imperial Bank of India had a much more elaborate organizational set up than its forerunners, the presidency banks.

The Act of 1920 provided for a central board as the highest governing body vested with the superintendence of the affairs and business of the bank and assisted by local boards at Calcutta, Bombay and Madras. It consisted of sixteen governors, later designated as directors, made up of the following, (i) not more than two managing governors appointed by the governor general on recommendation by the central board, (ii) presidents, vice presidents and secretaries of the local boards, (iii) the controller of currency or such other government officer nominated by the governor general in council, and (iv) non-government officials numbering not more than four to be nominated by the Governor General in Council.

In order to qualify for appointment as governor, the person had to be a holder of unencumbered shares of the bank of a minimum value of Rs 10,000 and not hold the office of director, promoter, agent or manager of any joint-stock bank in British India.

The Act gave the central board discretion to include representatives of any local board to be created in future. The controller of currency and secretaries of the local boards were at liberty to attend all meetings of the central board and take part in its deliberations, but were not entitled to vote on any question arising at any meeting.

The meetings of the central board, according to the Act, had to be convened at least once in three months by a managing governor and meetings held at least once a year at each LHO. The meeting could also be convened at the request of any local board. Four governors entitled to vote could form a quorum for the transaction of business. At each meeting, the governors present were to elect a chairman, who was to have a casting vote in the event of a tie.

The board was vested with the task of ensuring that the books of the bank were balanced at the end of every June and December and that the relative statement of the balance at every such period was signed by a majority of governors and sent to the governor general in council. In addition to determining the dividend to be paid to shareholders at the end of each half-year, the central board was also required, before making any such declaration, to set aside out of the profits of the bank such sums as were considered proper as a reserve for meeting contingencies, etc.



Imperial Bank of India, central board of directors, 1921.

Seated (left to right): Sir S.R.M. Annamalai Chettiar, Sir Rajendra Nath Mukherjee,

R.M. Watson Smyth, Sir Norcot Warren, Sir Robert Aitken, J.F.Simpson,

M.B.Dadabhoy. Standing (left to right): A.G.McWatters, N.M.Murray,

S.A.H.Sitwell, Sir Percy Newson and A.F.Buchanan [Absent: Dinshaw Eduljee Wacha]

The regulations of the bank inter alia stipulated that an AGM of the shareholders of the bank would be held on the first Monday of August every year, or as soon as after such day as was convenient at a place where an LHO of the bank was located. No such meeting of course was to be held on two consecutive occasions at the same place. The central board was to submit an annual statement of affairs to the shareholders at the AGM.

The central board was empowered to

appoint such officers and servants as was necessary to conduct the business of the bank, grant salaries, pensions and other emoluments to such officers, and suspend or remove any officer of the bank.

CENTRAL BOARD COMMITTEE & SECONDARY

The Act of 1920 also provided for a central board committee of six members, which was to meet every week. The committee consisted initially of the two managing governors of the bank (replaced by the managing director and the deputy managing director from 1935), the controller of the currency or the officer nominated in his stead by the governor general in council, the president, vice president and the secretary of the local board at the place where the meeting was held. Three members were to form a quorum.

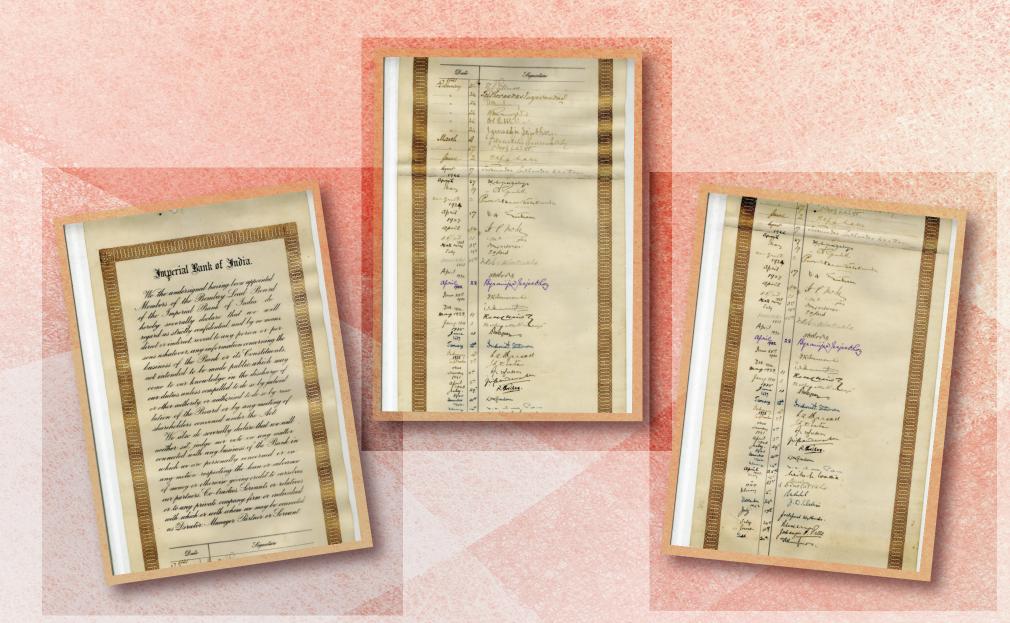
The committee had full powers to attend to the usual business of the bank including the sanction of credit limits and approval of loans by the local boards. No loan could be granted, without the approval of the committee, to a joint stock company whose directorship was associated in any way with the members of the local board.

Moreover, the committee exercised the powers of the central board in respect of initial appointment of all officers, staff assistants and other employees joining the bank on a pay scale of Rs 400 per mensem and over. Such officers, staff assistants and other employees could not be dismissed from the service of the bank except by the committee. It also decided on all promotions of the officers of the bank including those in the senior grades subject to confirmation of such decisions by the central board.

The grant of gratuities or other financial assistance either temporary or permanent, to widows, children or other dependants of deceased officers, staff assistants or other employees was sanctioned by the committee except where any such gratuity or financial assistance came under such general directions as could only be given by the central board from time to time.

LOCAL BOARDS AND COMMITTEES & SECONDARY

The local boards set up at Calcutta, Bombay and Madras assisted the central board in the general superintendence of the affairs and business of the bank. The local board members met at least once a week and appointed a committee of three from amongst themselves to attend at the LHO, on such day or days of the ensuing week as may be arranged, to superintend and transact all the usual business and the affairs of the LHO and branches under it.



Declaration of fidelity and secrecy, Imperial Bank of India, Bombay local board, 1921-52, containing signatures of board members like Purshotamdas Thakurdas, N.B. Saklatvala, Byramjee Jeejeebhoy, J.R.D. Tata, V.N. Chandavarkar, Neville N. Wadia, J.D. Choksi, etc.

The local board could exercise all the powers vested on it by the Act in respect of the establishments under them subject to the following provisions: i. all appointments to posts carrying a pay of Rs 200 per mensem or over except temporary appointments for a period not exceeding three months, ii. initial appointment of officers starting on a pay of Rs 400 per mensem and over with the central board granting salaries, pensions and other emoluments to such officers.

The local board was empowered to sanction without limit on securities mentioned in the Act subject to reporting to the central board, any advance in excess of Rs 15 lakhs against government and/or other authorized securities and in excess of Rs 7.5 lakh against pledge of goods and/or documents of title thereto.

Any advance to an employee of the bank, save on the security of government or other authorized securities, had to be sanctioned by the central board or local board under which he was serving. Prior sanction of the local board was required for instituting or defending legal proceedings. In case of suits of Rs 1 lakh or over approval of the central board was mandatory.



Bombay local board, 1934. Seated (clockwise around table from left):
Nowroji B. Saklatvala, J.F.Macdonnell, R.M.Chinoy, E.C.Reid,
Mathuradas Vissanji, J.G.Ridland, E.J.Bunbury and
Purshotamdas Thakurdas. (Inset: Byramjee Jeejeebhoy)

The governors and members of local boards were required to notify to the bank the names of all the companies in which they were interested and make necessary declarations when the proposal to advance to any such company was being considered. No governor or member had the right to sit, judge or vote in respect of any loans/advances to any firm, company or individual with which he was connected as director, manager, partner, servant or relative.



In 1928 the purchase of a bungalow on Harkness Road in Malabar Hill, Bombay was taken up by the Imperial Bank's Bombay local board as the residence of the Bombay secretary and treasurer. When the matter was to come up for discussion in the board, the then President of the board and a leading mill owner, Fazulbhoy Currimbhoy, withdrew from the meeting as he was related to the owners of the property. The bungalow was purchased for the Bombay secretary and treasurer and named Dunedin. From 1956, it became the residence of the Chairman, State Bank of India.

MINUTES OF MEETINGS

At each meeting of the central board, the minutes of the previous meeting together with the minutes of the central board committee meetings and those of the local board meetings held earlier were submitted before the governors. Dinshaw Eduljee Wacha, one of the first four nominated Indian governors of the Imperial Bank's central board, found this practice too irksome and time-consuming. He felt it was impossible for a governor 'to study' the proceedings of the local boards at a meeting of the central board and also participate in the proceedings of the central board. When his suggestion that a copy of the weekly proceedings of the local boards be circulated in advance was rejected by the bank's management, Wacha took exception to the 'antiquated methods of the bank' and referred to his fellow governors as 'fossils' and the president as a 'dummy' chairman. Though Wacha's comments were expunged from the minutes of the meeting, the bank soon introduced the practice of circulating the weekly proceedings of local board meetings.



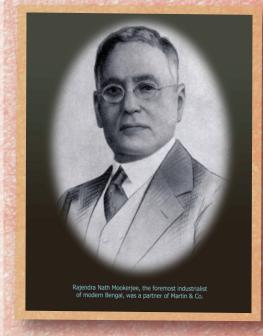
Dinshaw Eduljee Wacha began life as an employee of the Bank of Bombay, joined politics and was one of the founders of the Indian National Congress and later its President in 1901. He was also a member of the Bombay Legislative Council and the Imperial Legislative Council

DIRECTORS AND LOCAL BOARD MEMBERS & SECOND

Four eminent Indians primarily from the domains of business and industry were nominated by the Government of India in the Imperial Bank's first central board - Dinshaw Eduljee Wacha, Annamalai Chettiar, Rajendra Nath Mookerjee and M.B.Dadabhoy - one of the first steps taken by the government in the face of the growing demand for Indianization of the banking service.



Annamalai Chettiar rendered commendable service to the cause of banking, industry and education in India



Rajendra Nath Mookerjee, a foremost industrialist of modern Bengal, founded Martin and Co. and the Indian Iron and Steel Company, Burnpur



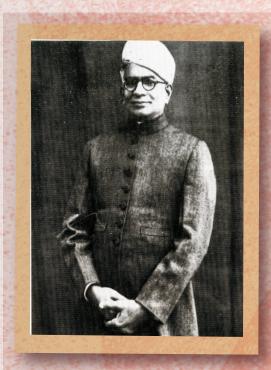
M. B. Dadabhoy, lawyer and industrialist was President of the Council of State between 1933 and 1946

Over the years many other distinguished Indians were appointed directors of the central board or members of the local boards of the Imperial Bank of India.

Among them were Fazulbhoy Currimbhoy, Purshotamdas Thakurdas, V. Shanmuga Mudaliar, Badridas Goenka, Nowroji B. Saklatvala, Vithal N. Chandavarkar, J.R.D. Tata, Neville N. Wadia, J.D. Choksi, S. V. Ramamurty, etc.



Purshotamdas Thakurdas, eminent businessman, industrialist and co-founder of the Federation of Indian Chambers of Commerce and Industry, was a director of the Imperial Bank between 1924 and 1934



Badridas Goenka, renowned industrialist, businessman and director of the Imperial Bank of India from 1932 and later of SBI was the first Indian to preside over AGMs of the Bank from 1933



S. V. Ramamurty, the first Indian civil servant to be appointed Chief Secretary to the Govt. of Madras Presidency between 1939 and 1943 was director of the Imperial Bank between 1952 and 1955

FEES OF DIRECTORS AND LOCAL BOARD MEMBERS

No fees were initially paid to the directors of the presidency banks. In 1856, a resolution was proposed at the annual general meeting of shareholders of the Bank of Bengal for paying a fee of Rs 25 to each director for attending the weekly board meeting. The proposal was hurriedly withdrawn as it elicited protest from some proprietors who criticized the management's decision as unnecessary and unauthorized.

The question of remunerating bank directors including government appointees for board meetings came up again in 1860 at Madras in the light of the prevailing restriction on payment of fees to government directors. It was felt that as all directors performed similar duties connected with the management of the bank and control of its operations, they deserved the same remuneration. Instances were also cited to show that government officers were remunerated for non-governmental services. The remuneration of Rs 25 for attendance at the bank's weekly meetings to all directors was introduced soon after the Governor General in July 1860 withdrew the restriction placed upon the receipt of fees by government directors.

In the days of the Imperial Bank, while the governor of the central board received a fee of Rs 200 for each meeting besides reimbursement of actual expenses on travel, the members of the central board committee, the local board and the local board committee received a fee of Rs 50 for every meeting.



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SHAREHOLDERS OF THE IMPERIAL BANK

When the three banks were amalgamated, the Indian shareholders of the Imperial Bank were swamped by the European domination of the Bank of Bengal, which held the largest capital stock, and that of the Bank of Madras. The centralization of the management notwithstanding the provision of three local boards and the domination of the management culture of the Banks of Bengal and Madras ensured that there would be very little control exercised by the shareholders, particularly the Indian segment, on the governance of the Imperial Bank.

AUDITORS OF IBI

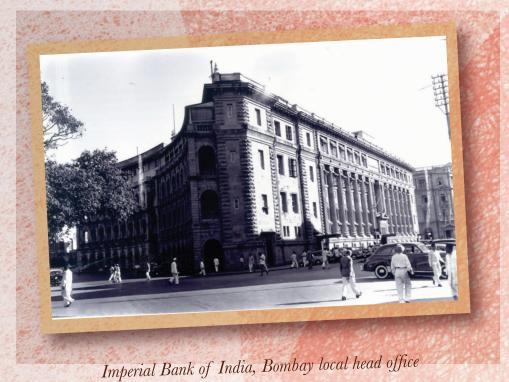
The Imperial Bank Act empowered the central board to appoint three auditors before the first AGM of its shareholders. All subsequent appointments and remuneration were fixed by shareholders at AGMs. In April 1921, the central board appointed the following as auditors

T.Law of Messrs Meugens Peat & Co. ... Calcutta

Shapoorjee Bomanjee Billimoria ... Bombay

Ian Fraser of Messrs Fraser and Ross, CA ... Madras

The above three were auditors of the presidency banks earlier and were paid Rs 6,000 by the Banks of Bengal and Bombay and Rs 5,000 by the Bank of Madras. The Imperial Bank's board resolved payment of Rs 7,500 as fees to each of the auditors exclusive of actual travelling expenses. The enhancement was obviously to take care of the extra work entailed in auditing the accounts of the central office and the three circles. By 1950, the fees had been enhanced to Rs 12,500 each.



BONUS RESIDENT

Bonus was paid even in the days of the presidency banks but was never an annual feature. The Bank of Bombay in years of exceptionally good profits declared bonus for its Indian employees too and provided additional funds for the pension fund created for the benefit of its European officers in 1881.

The Bank of Bengal in 1909 paid a special centenary bonus of a month's pay to its staff, European and Indian, at the head office and branches. Two years later, the bank paid a special bonus of half a month's pay to all Indian employees drawing Rs 50 and below a month, on the occasion of the visit to India of King George V.

The Bank of Madras was the first to introduce bonus as an annual feature from 1907 for its entire staff, both Indians and Europeans, in recognition of their hard work. The Bank of Bombay followed suit in 1914.

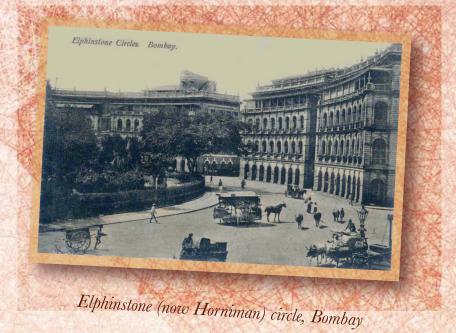
The Imperial Bank paid its first bonus to all categories of staff including its managing director in 1942 during World War II amounting to a month's pay.

The chairman of the AGM remarked

the staff have had a difficult year and it is a pleasure to be able to demonstrate, in tangible form, how much we appreciate the capable manner and cheerful spirit in which they have undertaken the extra and arduous duties that have devolved upon them.

The chairman also paid a 'special' tribute to those members of the staff in Burma, who remained loyal to their responsibilities in the face of grave personal danger. Conveying a 'deep debt of gratitude' to them, he also extended the bank's 'sincere sympathy' to the relatives of the bank's Indian staff in Burma, who lost their lives on the 'arduous journey back to India'.

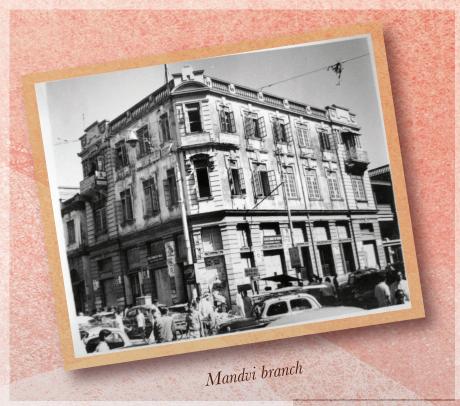
Bonus became a regular feature of the Imperial Bank thereafter which amounted to a month's pay each year. In 1947, the bank also paid an 'Independence' bonus of half a month's pay to all it staff.

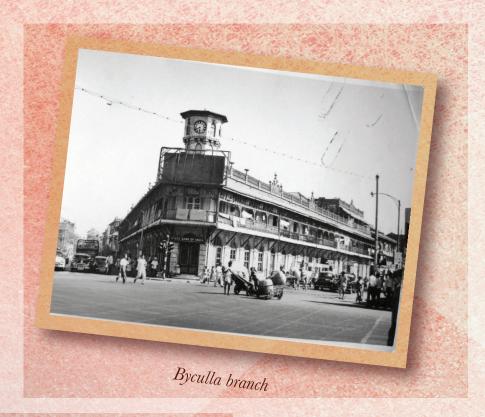


INDIANIZATION OF THE BANKING SERVICE

Yielding to pressures from Indian directors and shareholders to increase the complement of Indians in its managerial staff, the Bank of Bombay was the only presidency bank to draw up a scheme in 1917 for recruiting Indians in the supervisory cadre. Candidates had to be graduates and carry recommendations from the head of the college. The chief requisites were 'honesty, brains and the ability to manage a staff' and assistants had to execute an agreement for five years on completion of a probationary period of six months. The aim was to secure the best talents and the existing staff of the bank were also considered for promotion in deserving cases.

Within a short time branches at Mandvi, Sandhurst Road and Byculla branches in Bombay city and those at Jalgaon and Sukkur were placed under the charge of Indians.

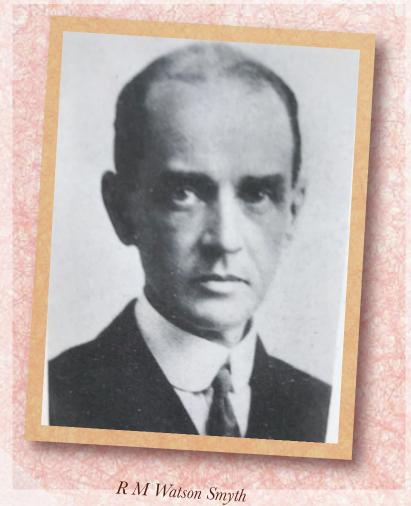






The issue of placing Indians in higher appointments in the Imperial Bank of India was first taken up by Dinshaw Eduljee Wacha, governor of the central board, soon after the formation of the bank. A scheme was soon prepared for the induction of promising young Indians between the ages of 18 and 23 as assistants in the Imperial Bank.

The bank's management in the Bengal circle, however, did not hold very high hopes about the Indianization of the service. R.M. Watson Smyth, president of the Bengal local board and chairman of the first general meeting of the shareholders of the Bengal circle of the Imperial Bank held in Calcutta on 24 August 1921, claimed that the talk of Indianization of the officer corps of the bank was premature since the men of the right quality were not to be found in Bengal. Smyth cynically remarked



The first batch of candidates has been appointed by this circle. Whether they prove successful or not remains to be seen, but I must say that the material which we had to select from was most disappointing....the time is not yet ripe for a great concern like the Imperial Bank to depend less on Great Britain and more on India for the recruitment of the covenanted staff ... Agitation and political propaganda may hurry the evolution of a popular government but you cannot possibly by agitation or legislation make a capable bank official out of unsuitable material, ... we have sufficient experience to see that ... responsible executive banking appointments ... must be developed by degrees and not rushed forward by popular clamour or by legislation promoted thereby.

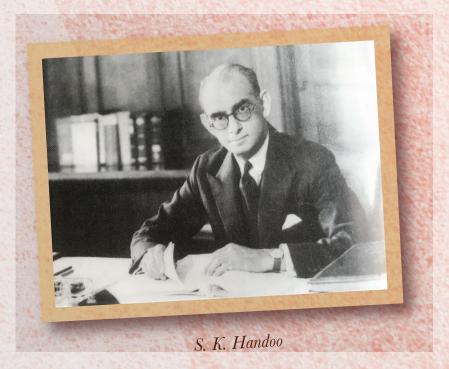
Smyth also added

It is hard enough to get suitable men from home, and it is impossible to find them out here. Over 2000 candidates applied for about 20 vacancies and the candidates who were eventually selected are not up to the standard.

A year later, however, Smyth's successor who presided over the second AGM reported that the majority of the selected assistants that year were 'shaping well'.

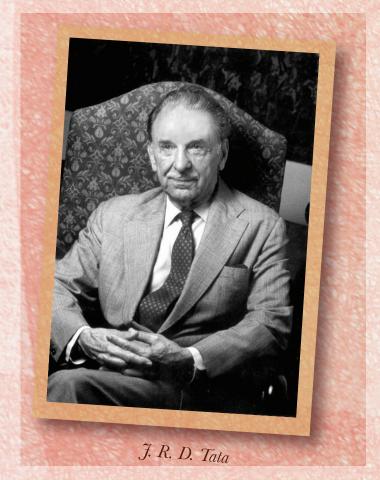
The recruitment of probationary assistants and promotions to superior grades continued to keep pace with the increasing number of branches of the Imperial Bank. Within a little over four years, the number of branches under Indian management had increased from 10 in early 1921 to 74 by the end of July 1925.

S.K.Handoo, who joined as a probationary assistant in 1925, rose to be the Imperial Bank's first Indian deputy managing director in 1950 and its managing director three years later succeeding A.R. Chisholm, the last European managing director of the bank. In 1955, Handoo was appointed as one of the first two managing directors of SBI.



Meanwhile, the recruitment of probationary assistants in India was stopped in 1931 with the onset of the global economic depression. Salaries of the existing staff were also reduced to economize on costs.

The demand for Indianization was, however, once again raised in the early 1940s by the noted Indian industrialist, $\mathcal{J}RD$ Tata, who was then a member of the Bombay local board. In a letter to the bank's management in April 1943, $\mathcal{J}RD$ criticized the 'extremely disappointing' progress of the scheme of Indianization in the bank particularly at the top where it was 'entirely non-existent' even 22 years after its initiation.



Criticizing the bank's policy of continuing the recruitment of probationary officers from England while suspending recruitment of assistants in India, JRD wrote

I have the highest regard for the ability, integrity and loyalty to the Bank of its European personnel, and I have had nothing but the most courteous and friendly treatment from all those with whom I have come in contact. My attitude is based entirely on the following considerations: If the Imperial Bank, whose shareholders, clients and employees are predominantly Indian, is, as I believe it should be, considered an Indian Bank, it is desirable that its control and management should be in Indian hands.

The complete exclusion of Indians in the past from all high positions in the Bank, and the insistence on reservation in the future of 50% of the senior posts for Europeans, can only be justified by the assumption that the Indians are inferior in ability to Europeans or, if they have the ability, that they cannot be trusted.

As an Indian I cannot accept either of these assumptions and, unless, therefore I felt that they no longer governed the policy of the Board and the Management, it would be unfair to myself and to the other Directors if I were to continue as a Member of the Board.

JRD's tirade and the sustained criticism of the bank's apathy towards the Indianization of its service from various quarters—the Indian Central Banking Enquiry Committee, Indian legislators, the Press, merchant chambers of commerce, bank's Indian directors and shareholders—eventually forced the bank's management to revive the scheme of recruitment of probationary assistants from 1943.

It was in this very year that R.K. Talwar who later rose to be the first non-civil servant Chairman of SBI in March 1969 was appointed as an assistant.

Probationary assistants were redesignated as probationary officers in the SBI era.



R. K. Talwar

The Imperial Bank of India Act, 1920 was modelled on the Presidency Banks Act of 1876 and shared many of the features of the earlier Act. The State Bank of India Act, 1955 was similarly drawn up on the lines of the earlier Imperial Bank Act though it was made much more elaborate to meet the diverse needs of the new bank.

CENTRAL BOARD

The State Bank of India Act, 1955 conferred the general superintendence and direction of the affairs and business of the bank on its central board. The board began to exercise all powers and all such acts as would be exercised and done by the bank except those which under the Act were expressly directed or required to be exercised and done in a general meeting. In discharging its functions, the board, as stipulated by the Act, acted 'on business principles, regard being had to public interest'. Perhaps the most striking inclusion in the clauses relating to the management of the State Bank in the Act lay in a later clause which stated that the board would be guided by such directions in matters of policy involving public interest as the central government might, in consultation with the RBI governor and the SBI chairman, give to it.

Even the composition of the central board was much more elaborate than that of the predecessor bank. The SBI Act provided for the appointment of a chairman and vice-chairman by the central government in consultation with RBI and after consideration, except in the case of first appointments, of the recommendations made by the central board in that behalf. The Act of 1955 also revived the posts of two managing directors for the bank, one of the positions having been given up by the Imperial Bank in 1935. Both the managing directors were to be appointed by the central board with the approval of the central government - one to look after commercial banking and the other, a civil servant, to take independent charge of the branch of cooperation and rural banking once the bank entered the new field of development banking in a 'new garb'.

The Act laid down that six directors could be elected in the prescribed manner by those shareholders, other than the RBI, whose names were entered in the various branch registers provided they held a prescribed holding.

It also provided for eight directors to be nominated by the central government in consultation with RBI to represent, as far as possible, territorial and economic interests, ensuring that not less than two possessed special knowledge of the working of cooperative institutions and of rural economy and the others had experience in commerce, industry, banking or finance.

The central government and the RBI were each also to nominate a director to the board under the provisions of the Act.

The strength of the SBI board thus increased from 16 in the days of the Imperial Bank to 20 in 1955. Presidents of local boards became ex officio directors from 1964 and workman and officer directors were appointed from 1974.

Meetings of the central board were presided over by the chairman or in his absence by the vice-chairman and convened at least six times a year and at least once a quarter and held at the central office of the bank or at such other place as would be decided. Five directors including one shareholder director and two nominated by the central government formed the quorum for the transaction of business.



Morarji Desai, Union Finance Minister, addressing the SBI central board on 26 March 1962 with the newly appointed SBI Chairman, B. Venkatappiah, seated on his right

As the apex body of governance, the central board began dealing with policy matters as also matters relating to staff and administration. These included determination of the powers, functions and duties of local boards, appointment of local board members and key executives such as the chairman, vice-chairman and managing director in consultation with the government, allocation of the bank's profits including provisions, determination of the rate of dividend in consultation with the government, declaration of bonus for staff, confirmation of senior staff appointments, promotions of officers from one grade to the next, rules of service of officers, fixing retirement benefits, deciding the time and venue of the AGM, approving the long-term and annual activities of the bank. Reports of special committees were also considered by the board for formulating policies.

Reviews of developmental activities such as branch expansion, assistance to small-scale industries and lending to agriculture, performance of offices/branches in India and abroad, subsidiary banks, overseas expansion were also submitted to the central board at quarterly intervals. Reviews of bad debts, sick units, staff training, customer service, etc. too were submitted.

Soon issues which had 'a qualitative content for discussion' began to be presented at the central board. Notes analyzing the bank's performance in agricultural finance (including performance of the agricultural development branches [ADBs], regional rural banks [RRBs], village adoption approach, progress under farmers' service societies [FSS], primary agricultural credit societies [PACS], etc.), small scale industries

finance (progress under entrepreneur scheme, entrepreneurial development programmes, equity fund), financing of large sick industrial undertakings, progress in formulating and implementing district credit plans, study of loss-making branches, etc. were specifically identified for discussion in the board.



Pranab Mukherjee, Union Finance Minister, addressing the SBI central board, 20 May 1984. Also seen (left to right) A.S.Puri, MD, Dr. Manmohan Singh, Governor, RBI and V.N.Nadkarni, Chairman

Today the major roles of the board include inter alia overseeing the risk profile of the Bank, monitoring the integrity of its business and control mechanisms, ensuring expert management, and maximizing the interests of its stakeholders.

EXECUTIVE COMMITTEE OF THE CENTRAL BOARD (ECCB)

The Act provided for the ECCB to consist of the chairman, vice-chairman, the managing directors, the director nominated by RBI and all or any of the other directors who were normally resident at an area within which the meeting was held. The ECCB meetings began to be held weekly and dealt in any matter within the competence of the central board and assigned to it by the latter. It included granting of loans and advances beyond the powers of the local board, all staff matters including confirmation of probationary officers in service, promotions to assistant and staff officer grades, extension of service, compassionate allowance, retirement, approving capital expenditure, etc. Not less than four directors formed the quorum for the transaction of business.

LOCAL BOARD

The State Bank of India Act provided for a local board at all places where the bank had an LHO. Apart from the chairman as an ex officio member of every local board and local board committee and central board directors residing in the area served by the branch register of the LHO, each local board consisted of not more than four members elected by the shareholders of that branch register or nominated by the central

government in consultation with RBI. Meetings of the local board were convened by the secretary and treasurer of the LHO or in his absence by the deputy secretary and three members formed the quorum for transaction of business. It could exercise all the powers and perform all the functions in relation to the usual business of the bank subject to directives limiting the powers in respect of loans, advances and discounts. Financial powers for granting loans or advances as well as for incurring capital expenditure were vested in the local board up to a certain limit. Powers beyond the laid-down limits were referred to the ECCB for clearance.

COMMITTEE OF THE LOCAL BOARD & SEE

The committee of the local board consisted of the chairman as an ex officio member or in his absence the vice chairman, provided he was a member of the local board, the president or in his absence the vice-president of the local board and any two members of the local board other than the president. The committee dealt with any matter within the competence of the local board. Two members of the committee formed the quorum of the meeting.

Amendments were made in the Act over the years with the approval of the central government as and when deemed necessary.

OTHER BOARD LEVEL COMMITTEES & SECOND SECOND

To facilitate effective Board oversight on the Bank's affairs, several other Board level committees were



DIRECTORS & SECOND

The top management of SBI in 1955 was led by Dr. John Matthai, a former Finance Minister of India, as its first chairman and S. K. Handoo, the former managing director of the Imperial Bank and M. R. Bhide, ICS, joint secretary in the Ministry of Food and Agriculture, Government of India, as joint managing directors. Bhide was given independent charge of the branch of cooperation and rural banking to which the bank was for the first time gaining entry.

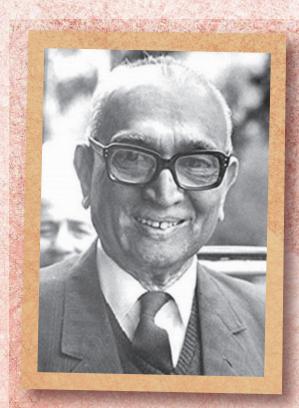
Besides the chairman and the two MDs, several eminent persons in the fields of commerce, industry, jurisprudence, banking and finance and those well versed in the working of cooperative institutions with special knowledge of the rural economy were inducted into the bank's board. Thus stalwarts like R.G.Saraiya, Sachindra Chaudhuri, Professor D. R. Gadgil, H. M. Patel and B. Venkatappiah joined some of the seasoned directors of the Imperial Bank like V. N. Chandavarkar, Badridas Goenka, S. V. Ramamurty and A. D. Gorwala to constitute one of the strongest boards of the bank.

The team led by Chairman Matthai thus lacked neither in variety of skill nor experience and demonstrated that the administration of the bank was in safe hands. It was they and their successors who would ensure that the bank fulfilled the aim of the government in creating it.

While two of the directors of the first central board, viz. Sachindra Chaudhuri and H. M. Patel were later appointed Finance Ministers of India, B. Venkatappiah, then Deputy Governor of RBI, was chosen as Chairman of SBI in 1962 for three years.



Sachindra Chaudhuri, director of SBI between 1955 and 1962 was the Union Finance Minister from 1965 to 1967



H. M. Patel, director of SBI between 1955 and 1958 was the Union Finance Minister between 1977 and 1979

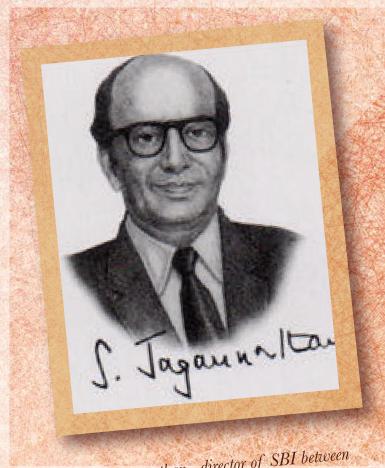


In later years, besides director Piyush Goyal, now a Cabinet Minister of the Government of India having held additional charge as Minister of Finance and Corporate Affairs twice in the past, several directors nominated in the board, viz., L.K.Jha, S. Jagannathan, Dr. I.G.Patel, Dr. C. Rangarajan and Dr. Y. Venugopal Reddy, were appointed Governors of RBI.

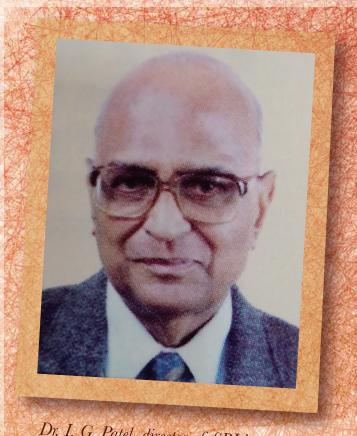
Piyush Goyal, now Union Minister of Commerce and Industry was a director of SBI between 2004 and 2008



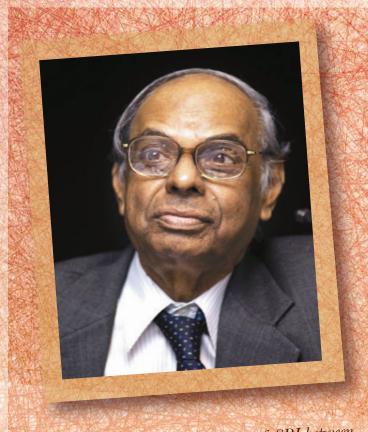
L. K. Jha
director of SBI between 1961
and 1964 was Governor, RBI,
from 1967 to 1970



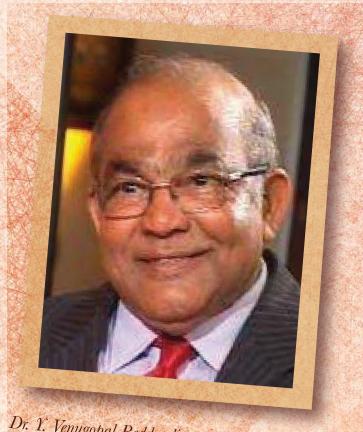
S. Jagannathan., director of SBI between 1966 and 1967 was Governor, RBI between 1970 and 1975



Dr. I. G. Patel, director of SBI between 1995 and 2005 was earlier Governor, RBI between 1977 and 1982



Dr. C. Rangarajan, director of SBI between 1982 and 1991 was later Governor, RBI between 1992 and 1997



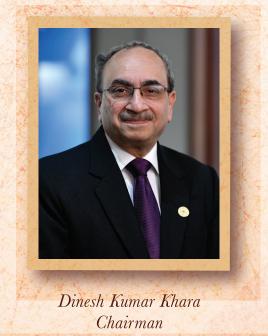
Dr. Y. Venugopal Reddy, director of SBI between 1995 and 1996 was later Governor, RBI from 2003 to 2008

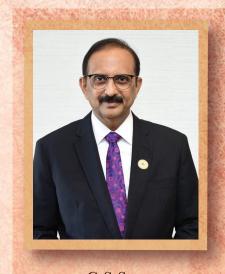
THE CHAIRMAN AND THE MANAGING DIRECTORS 💸 🚞 😂

















Managing Director

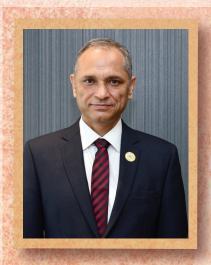
Managing Director

Managing Director

NON - EXECUTIVE DIRECTORS NO SECOND S



Dr. Vivek Joshi
Director



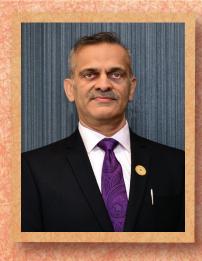
Anil Kumar Sharma
Director



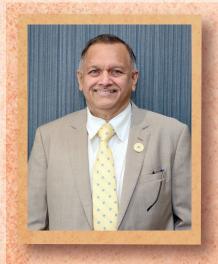
B. Venugopal
Director



Dr. Ganesh Natarajan Director



Ketan S. Vikamsey
Director



S. Mrugank M Paranjape
Director



Prafulla P Chhajed
Director

SBI'S PHILOSOPHY ON CODE OF GOVERNANCE

SBI has remained fully committed to the best practices in corporate governance both in letter and spirit to ensure effective management and control of business, thereby adding value for all its stakeholders. It believes that good corporate governance is much more than compliance solely with legal and regulatory needs.

It was the State Bank which first proposed to the Reserve Bank of India that there should be full disclosure of the profits and reserves of banks in India as was the practice in most countries of the world. Besides toning up the asset portfolio, the disclosure of true profits, according to Chairman R. K. Talwar, would provide a 'convenient yardstick to measure the comparative efficiency of each bank and thus help maintain the spirit of competition' among the leading banks notwithstanding the fact that they all functioned in the public sector.

At the same time the bank did not approve of the 'unhealthy competition' among public sector banks and welcomed the Reserve Bank's guidelines on takeover of borrowal accounts by one bank from another heralding 'an era of greater co-ordination amongst banks in the lending field'.

Again it was the State Bank which raised the issue of inter-bank cooperation in customer service, consortium lending, sharing of developmental responsibilities under the lead bank scheme, sharing of information about large borrowers, evolution of common norms for inventories and follow-up of credit, common service conditions for staff and pooling of training and other facilities.

SBI also takes particular care in complying with the provisions of corporate governance as stipulated by the regulators.