

Finetune The Role of Director for Awesome Tomorrow in the Banking Organisation to Protect the Interest of Stakeholders and Economy

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Abstract:

Only with strong and stable Balance sheet supported by the attractive and progressive performance Profit and Loss Account the Banking organisation will stay in the long run market. For this the role played by the Board of Directors, Administration / Management and operation level is crucial and dynamic in all respects. The banking service to Industry, Service, Business and Agriculture is very important for growth of economy. The Reserve Bank of India in our economy is supreme commander, to control, monitor, guide the Banking organisation in our economy including Castigating process on any bank. Further the Bank is consisting of Board of Directors, Chairman, CEO, Chairman/Managing Director, executive and non-executive directors in all respects with different role and responsibility as per Act / Provision of law. It is very unfortunate that the growth of Non-Performance Assets, un-desirable activity fraud and misconduct is all most news in the print media, T V Channel with social media, which is very concern to the Government, RBI and public confidence since the bank deals with PUBLIC MONEY. As per latest news, it is flabbergasted to learnt the public sector UCO Bank, Chairman and Managing director arrested for misconduct in the bank service for abuse of power and position by law enforcement authority, further various top ranking Banks Board officials are in criminal investigation net. For this the Nominated Director / Shareholders director / Independent Director are busy in the Parent organisation / with own business, hence their attention is passive / no deep attention, in Agenda or content of ruling or at the execution level the branches of bank. Matter related to head of the department administration / management is no DELIGENCE and no commitment at operation level to serve customers. Further the concept of Misconduct at Board level is, OIL BUBBLE it takes too long time to discover/come to surface, the misconduct at DEPARTMENT /ADMISNITRATION LEVEAL is DITTERENT / Soap BUBBLE concept this will not take long time. The concept of Misconduct at Branch / operation level is WATER BUBBLE, this will BURST in very short time in all respects. Now the million-dollar question is, who is misleading / harbouring with handling public money in the bank. The very critical observation is usually RBI will have director in every bank board director's team in all respects. Accordingly, the concept of Hiring

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and Firing must be also applicable to team of board of directors, who have involved in, ultra-vires act of board Agenda, Ruling and execution at base level / branch level. These questionable metrics must be prevented to protect the interest of corporate office, all stakeholders and economy. For this critical, sensitive, sustainable role of RBI nominated director must be finetuned role and commitment banking organisation.

Purpose:

To boost the productivity and efficiency, at Board level, Administration/ Management level and operation level, in which the RBI nominee director as a team leader in the board of directors of the bank to care and serve bank customers.

Design Of The Study:

For this segment, state bank, commercial bank, RRB and coop bank selected, discussed and collected every material from past, present directors in south India.

Findings:

All the directors are having over confidence with Bank, Chairman/ Managing director/ CEO, CMD, Board secretary. All the nominated directors/ shareholders director /independent director are very busy with parent organisation / self-business. And not having any accountability or responsibility for giving positive consent in AGEANDA, RULING and EXECUTION OF PJOLICIES OR DECISIONS OF THE BOARD Deliberation, as per the Act itself. Since it is signed by all directors, others are MISUSING THE POWER AND POSITION IN THE BANK {Abusing process of law}.

Object Of The Critical Article:

To awake the nominated directors / share holders' directors/ independent directors the impact of giving positive consent to UNSUSTAINBALE / ILLEGAL / AGAINST TO LAW OR ACT, AGENDA, RULING and EXECUTION at branch level to public/ others, during the board of directors meeting.

Research Limitations:

The findings and suggestions are related to case study bank only, but the serious irregularities / act of misconduct, is every day's news in the print media, social media and T V, media as on today, ACCORDINGLY this suggestion holds good in all respects.

Originality / Value:

The present study is original and critical impact study, the DRT/ DRAT/ HIGH-Court proceedings also visited in south India, to the best of my knowledge and information.

Key Words:

Cognizance of Misconduct, Attitude, Conduct, Director, Board of Directors, Due process of law, Responsibility, Accountability, Director's duty regulations, Agenda, Ruling, Bias, Hiring and Firing concept, annual report, DRT, DRAT, High court.

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Introduction:

The Banking organisation is the back bone of every economy, for the preputial success of Industry, Business, Service and Agricultural activity in all respects. The Reserve Bank of India is the supreme commander and Castigating authority of every Banking activity, the direction and command given by the RBI, is final and binding to enforce in the Management / Administration in every Banking activity. The Public Sector Bank, Private Sector Bank, Joint Sector bank and foreign banks are the key players in our Economy including the Regional Rural Banks too. The Union Government and State Government also play key role, in monitoring aspect of Banking activity, accordingly every Bank is executing the business, under rule and role of, Board of Directors, Administration /Management and Operating basic unit / branch, with the specific role / duty /Authority and Responsibility as per circular direction /Act and provision of law. The Board of Directors is the Basement of Banking organisation; all departments are the Pilares all and every ground level team are the WINDOWS of Banking segment. The Board of Directors are the combination / representation officials from the Reserve Bank of India, the Central Government, State Government and Share holders' segment too. Further the top-ranking officials like Chairman, Chairman/ Managing director, Chief Operating Officer, CEO and team of Board Secretary office are full time officials of the Bank. The best Governance is most important tool and element of the corporate office at each and every operation levels to protect the interest of Bank and stake holders. As per the T V media, social media, print media exposers of slapping hug financial fine to various banks by Reserve Bank of India, clearly depicts the failure of process excellence and discharging the duty at all levels, due to failure of meeting, the compliances matter of Reports / Statements as per the requirements of controlling authorities in all respects. The full time top ranking officials like Chairman / Chairman Managing director are in the Criminal net of C B I and ENFORCEMENT DIRECTORATE WING is the dangerous dynamics of several Public and private sector banks, this clearly reflecting the quality of Board Agenda, Ruling and Execution at Base level is totally questionable and the integrity is totally suspectable, besides nation and stake holders at risk, further to this exposers major flaw the total dangers growth of fraud and un-desirable activity, with high trend of growth of NPA (Non-performance Assets) is added pain to the stable economy. Even though the directors are part and parcel of every agenda, ruling and execution of business matters, they have been provided with PROSECUTION IMMUNITY PROTECTION from every controlling Authority for the MISCONDUCT OF THE BANKING BUSINESS PROCESS / ULTRA-VIRIOUS Act of Bank, since they are not full-time officials/ directors of bank to interfere with business activity which is day to day activity, further all the nominated directors are having over confidence with the chairman, Managing director, CEO, Chief Operating officer and others, the sad part of board is the bank will conduct only 4 to 6 board meetings in a year it is very difficult to the ground realities of agenda related to totally bias, conflict of interest of information given to the board to obtain the favourable ruling in discussion and process. The misconduct at board level is like a OIL BUBBLE this will take too much time to come to surface, the misconduct at administration / management level is like a detergent / Sope powder bubble this will not take time to expose, the misconduct at operation level is like a water bubble this will explode instantly in all respects, but all type of misconduct will be projected in the T V media, Social Media and Print media which will expose the trust of bank in a public debate. But the larger question is how this type of misconduct is escaping eyes of internal audit, external audit, management audit and surprise inspections of banks. The Reserve Bank Nomani Director must be very high voltage Vigilance mind Structured with high standard banking knowledge is required to protect the interest of economy, stake holders and corporate office too. The fear of misuse of law and Act by the top ranking officials and escaping the responsibility and Accountability of Directors under immunity protection must be

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amended, the Dark secret of MISCONDUCT at various levels must be prevented, one of the latest live case the previous Chairman and Managing director has been arrested by the E D authorities for further deliberations, further it is shameful Act and un-pardonable misconduct must be prevented / averted, the role of nominated directors / RBI director must be altered finetuned to protect the interest of Bank, All stake holders and economy, it is time to widen the role of directors to strengthen efficiency, effectiveness of each AGENDA. RULING and EXECUTION at operation levels to the bank customers, with wishful thinking blended with best vision, Mission, Ethics shaping justice for position and power of director in the Banking organisation as a PASSION, so that this serves as LITMUS TEST of top-ranking officials, ACID TEST of all department officials and ENDURANCE TEST at operation level about service to customers in all respects. With these facts supported by incontrovertible evidence / case study which is live and breaking in the south India, related to Banks. With due permission from the RBI, every bank will appoint type of director according to requirement as per law and decision of board of directors, like non-executive director/Independent director/Nominee director/ Alternative director/ Shadow director/ women director /De-facto director /Residential director/ Additional director / Shareholders director /Optional director. Further in the absence of best governance and sound pillars of checks and balances, the power and position are abused in all respects. With the above Sensitive, Critical, Vigilance angle investigative Empirical research conducted which is, not only live, but also the Breaking suspectable issue in the banking organisations.

Review Of Literature:

In this segment, the study has been conducted, based on observation and discussion with the concerned Banks officials and bank customers besides physically present in the open court and DRT, DRAT, HIGH COURT at south India. The matter has been discussed with various, previous directors of case study bank, this is the first of kind to the best of my knowledge, with different view and dimension.

Objectives Of The Study:

This study primary, tried to establish the Commitment of Bank directors towards, among directors, top ranking officials of bank, bank customers and other workers of bank, to strengthen the Banks, Profit Loss account and Balance sheet to the satisfaction of stake holders in all respects. Problems faced by the nominated directors and to suggest viable, sustainable formula to monitor the duty discharged by the Chairman, Chairman/Managing director, CEO, COO to prevent un-desirable activity / misconduct in the organisation at all stages / slab levels.

The study period:

In this segment, the study is related to Commercial Bank six years, Regional Rural Bank 21 years and coop bank is related to five years respectfully, on a specific selected case only, related to south India area of operations.

Date And Information Collected:

In this critical subject, all the required data and information is collected by discussion, observation of records with related bank officials, Advocate on records, bank customers, court orders too. And this is sufficient to draw the accurate inferences on issue figured during study and to offer sustainable solutions, all related to south India area of operation by Bank.

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Limitations Of The Study:

In this highly sensitive critical study and findings are related to specific Bank / branch, case study only. But it is highly, diluted integrity, public confidence, frauds, related to banks is almost very common news in the print media, T V media, social media. If the solutions/ suggestions offered to this case study may be adopted in other Banks to prevent and avert un-desirable activity in the organisations.

Scope For Further Study And Research:

In this Lazer point and telescopic vision, the projection and content in this critical article is open for further search and study, in MANAGEMENT aspect, LEGAL aspect, ECONOMICS aspects and COMMERCE aspect, with critical interlinking for the best use of FACTORS OF PRODUCTION for corporate existence. For creating good value for discovering best existence and governances.

Case Study:

For this purpose, one case study selected from Commercial Bank, one from co-op bank and one from Regional Rural Bank. Provided loan facility for Business loan, Housing loan and for Transport segment loan, situated in south India.

Loan Sanction By The Co-Op Bank:

Loan limit, is Rs.5 Crores, being year 2019, for Business purpose, with house as security being valued Rs.8.16, Crores.

Loan Sanction By The Regional Rural Bank.

Loan limit Rs. 65 lakhs, for transport business, during the year 1985, with said to be security being Rs. About 85 lakhs.

Loan Sanction By The Commercial Bank.

Loan limit Rs.5.50 crores, for business being cash credit facility during the year 2013.

The Critical Observation Of Above Case Study:

As on present status all the above case study loan accounts are declared as NON-PERFORMANCE LOAN ACCOUNT accordingly the legal recovery proceedings have been enforced in at DRT, DRAT and HIGH COURT at south India. The study confirms the failure of credit management; poor Banking service also contributed in all respects for declare as NPA loan account, the nature of loan sanction is totally fraud in all respects, also narrated in audit reports of respective banks, and what security given to bank is also diluted, not with proper valuations, with deliberately the matter is not projected during the related Board of Directors meetings in the early stages it self , it is also established with discussion , just to harbour the said to be delinquent officials / officers , the matter is not in the agenda of board of directors meetings from several years. The failure of checks and balance of vigilance department and audit department is major contribution Factor of dereliction of duty at all levels in all respects. Though this establishes fraud more than crores rupees, the related bank never preferred C B I, complaint, further the said to be delinquent official's have-not been suspended from the service with very high-power domestic enquiry as per service regulations of related bank is also astonishing factor. As per latest discovery, all said to be delinquent officials facing police criminal case and also on bail, but the Bank is kind enough to award annul increment, other facility while on service cushioned with

International Operations Management Conference on Reengineering Business Ecosystems: Synergies and Innovations in Operations and Beyond – August 18, 2025

higher promotion too. On attaining the superannuation period all the said to be delinquent officials/officers honoured with terminal benefits by the Bank in all respects. But now also in the year 2025 loan recovery proceedings still in the court/ DRT and RTO office.

Case study related to commercial bank is still more thrilling and suspense in all respects, the efforts made by bankers to recover the said to be NPA loan account has been dismissed by the related high court in south India during the year 2023.

The ORDER ON 13/JULY/2023.

1. W.P. NO. 3774/2021 is dismissed.
2. W.P.NO. 2341/2021 (GM- DRAT) is allowed.
3. The impugned order passed by DRAT, Chennai on 04/01/2021 in case R A.(S.A.) NO.2020 (in S.A.NO.104/2019 on the file of DRT – 1, Bangalore) and in R. A.(S.A.). 20/2020 (I.R.No.4267 on the file of DRT-I, Bangalore) dated 04.01.2021 to an extent of directing respondent to deposit a sum of Rs. 87 lakhs before receiving the possession of property from the Bank is set aside
4. Bank is directed to re-deliver the possession of scheduled property to the borrower with in 15 days from the date of this order.

S/D by JUDGE.

The said loan is not at all NPA, WHILE PREFERING THE RECOVERY OF LOAN UNDER, SA ACT. This clearly establish the fact the bank H R department is not properly selected/ trained and placed for loan recovery department under law / Act. This matter is running in court from past five years even now also. It is learnt from secondary source of information the matter is not reflected in the Bank, Board of directors meeting. For the agenda, ruling and execution in relation to ULTRAVIRES -ACT or NATURAL JUSTICE or BOTH, is against to judicial decisions, it has no future to build goodwill and reputation to the bank. It has come to surface the order passed by the Disciplinary authority / Appellate authority is usually coupled with Discrimination, Double Standard and Arbitrary , in relation to Bank / domestic enquiry deliberations, which is leading to suspecting the integrity of all concerned officers / officials.

The Sensitive Matter Discovered:

All the nominated directors are having over confidence regarding the information given in agenda matters, with the Chairman/ Managing director/ CEO/ Chief Operating officer, since they are busy with the mother organisation or own business including Share holder director too, since this type of directors are not part of DAY TO DAY ACTIVITY OF BANKING BUSINESS of Bank, further ,accordingly they are having the NON-PROSECUTING IMMUNITY PROTECTION ,as per law and Act, this is exactly , other top ranking officials of Board taking the shelter under law , since the directors are party for every AGAENDA,RULING and EXECUTION of decisions of board, in the banking business, since clear consent it given in all respects with signature too. And there is strict code of conduct, they are not HAVING POWER to visit to, bank branches / discussion with customers/ type of officials of bank, to discuss any matter related the Bank. Usually, Bank will conduct four to six times a year for Board of Directors Meeting, but to have full physical present is also not possible by all directors, during board meeting.

Following are the sensitive issues discovered in which the directors are in dark not knowing the matter:

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Ecosystems: Synergies and Innovations in Operations and Beyond – August 18, 2025**

1. The Bank Secured Officer conducted public auction of, when the court HAS given STAY IN the sale of House property;
2. The NPA loan account holder, taken the protection of criminal case against bank secured officer and others, under I P C.
3. The bank proceeds loan recovery under S/A- Act in which the loan account is not N P A, as per DRT, DRAT and HIGH COURT.
4. The bank implemented risk fund policy with out R B I, approval.
5. The bank directors are not aware of what type of punishment awarded / charges levelled against delinquent officials.
6. The appeal preferred by the charged sheeted official against APPALET AUTHORITY is pending from six months to 18 months.
7. The financial loss to the bank is not disclosed to directors which is committed by charge sheeted officials / domestic enquiry.
8. The bank branches opened, in which no toilet facility in the building.
9. The bank compromised the quality of lending under 100 well rural development plan, Agriculture irrigation electric pump set is not having, I S I, mark of quality / Brand.
10. Newley appointed managers given independent branch position, only within 45 days, without proper training.
11. The bank officers, who resigned from bank / un-authorised absent from bank service, about 2years, reappointed, when no provision in the service regulations, in the public sector bank.
12. The bank is conducting the domestic enquiry with out any value or respect under NATURAL JUSTICE.
13. BEING a public sector bank, permitted private bank to open current account in all branches.
14. Few officers spend more than 15 years in the same place and position in the public sector bank
15. Heavy punishment awarded to minor misconduct, and minor punishment awarded for major misconduct, in the public sector bank, domestic enquiry deliberations.
16. When the bank obtains four hundred percent security when it turns to NPA status, the account will be settled under ONE TIME SETTLEMENT.

With the above , highly sensitive critical vigilance angle empirical case study clearly depicts , the team of directors of the bank board , is having over confidence with TOP RANKING OFFICIALS of the Bank, due to flaw / defect in discretion provers, asper Act / Provisions of procedure, since not permitted to discuss with administration / management and ground level work force including customers, accordingly this model has to negative impact on every AGEANDA,RULING and IMPLEMENTATIN AT GROUND LEVEL FORCE in the bank. It is right time to inject the new formula / model to boost the productivity and positive impact at all levels of the bank, regarding the role of the nominated directors, as INSTANT FAST TRACK INFORMATION to audit committee and to board of directors, for resolving the observed matter / issue. Usually, all bank will have RBI nominee director in the bank board, if not it must be injected in all kind of lending organisation irrespective of legal mercantile entity in the

International Operations Management Conference on Reengineering Business Ecosystems: Synergies and Innovations in Operations and Beyond – August 18, 2025

economy, to protect the public money in support of public policy. Further it is observed and learnt from the public, the NPA package is not properly handled to prevent and avert NPA issue, in terms of RBI and Government direction.

Critical Suggestions:

If necessary, by amending the Law / ACT, the role of the RBI nominated director must be amended power to, visit / visualization powers to visit bank branches and discussion of various issues with the officials and public / customers just to know the first hand super-fast, information, related to undesirable or integrity questionable if any. The RBI nominated director must visit, DRT/DRAT/ HIGH-COURT, to know the, quality of arguments by the Bank side council, as a litmus test professional approach in presentation of the case before court authorities. The RBI nominated director must be TEAM LEADER in the BOARD OF DIRECTORS OF RELATED BANK, in all respects. Once in two years the Bank must conduct study regarding the BOARD PERFORMANCE EVALUATION by subject expert team to shift the bank for best performance to protect the public money. The critical, VISION IS THE ART OF SEEING THINGS INVISIBLE TO OTHERS (By Jonathan Swift). The participation of each director is very important in the board of directors meeting; it must add value and impact in the deliberations and ruling too. Under the team headed by the RBI director, further the serious descriptive all directors' intervention essential to prevent the ultra-vires agenda / ruling or execution in all respects, to protect the interest of every stake holder in the Bank. It is also suggested to inject the "BOARD ROOM VOICE RECORDER DISK" in every board of director meetings as a tool for giving the consent for every agenda, ruling and execution in the bank by directors.

Conclusion:

The facts and critical study clearly depict, the role of the RBI nominated director must be finetuned to "DIRECTOR BANK VISIONARY ADITOR", with power to visit / discussion / meeting with branch officials, public and customers to provide good service to all. And to assist the bank vigilance department for castigating the said to be misconduct officials. And very important it is time to establish, 'DIRECTOR GENERAL FIANCIAL DISCIPLINE PUBLIC MONEY AND PUBLIC POLICY COUNCIL ' as a supporting unit to RBI, for critical instant observer and reporter to Government to protect the interest of every stake holders of every kind of bank and lending organisations in the economy.