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Woman director norm : bourses ask PSBs to pay fine for non-compliance

KR SRIVATS

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Several listed public sector banks (PSBs) have received letters from stock exchanges asking for payment of fine for non-compliance with the mandatory woman director norm.

PSBs are in a fix as banking related laws, which prescribe the Board composition structure, do not require appointment of a woman director.

With SEBI now prescribing a four-stage penalty structure wherein fines increase with

passage of time, PSBs are looking to approach the Department of Financial Services (DFS) in the Finance Ministry for guidance on this matter, banking industry sources said.

More than 1,000 companies on the BSE and nearly 200 on the NSE have not complied with the SEBI requirement, inviting minimum penalty of ₹50,000.

SEBI recently said that listed companies can escape further regulatory action — beyond monetary fine — if they comply within the next six months,

that is till September 30. According to the recent SEBI announced fine structure, listed companies that comply between April 1 and June 30 will have to pay ₹50,000 as penalty.

For those who comply between July 1 and September 30, the penalty would be ₹50,000 and an additional ₹1,000 a day till the date of compliance.

Listed companies that comply on or after October 1, will have to pay ₹1.42 lakh, plus ₹5,000 a day till the date of compliance.