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### **VIJAYAN'S STUMBLE FROM THE SADDLE**

Former Insurance Regulatory and Development Authority or IRDA chairman TS Vijayan is currently in the eye of a storm.

The Union Finance Ministry is now investigating how he was able to secure directorship in one of the private banks within months of demitting office as the top boss of IRDA.

#### **The appointment on Yes Bank board**

“At the outset, the appointment is questionable particularly as it flouts the IRDA guidelines, which prohibit IRDA chairman and its members being appointed on the board of any private or government companies that are linked in any manner to the insurance sector for a period of two years post their retirement from the regulatory body,” notes an investment advisor.

“The bank was trying to attract the ‘right’ board members. What we don’t know is if Mr. Vijayan obtained ‘informal’ approval from GoI before joining the board. It is not unusual for the bank to sound off the RBI before such an appointment, though this shouldn’t be confused for a GoI sign-off for the appointment. However, as a former regulator, he is expected to do the right thing. Whether this is a ‘technical violation’ to be condoned or a more serious breach of the law will be determined by the government rules with regard to such post-retiral appointments,” says an expert on corporate governance.

Vijayan demitted office as the IRDA chairman in February 2018 and became a director on the Yes Bank board in December 2018.

Yes Bank is also a corporate insurance agent distributing both life and general insurance products.

But it wasn't the only thing that went wrong. The former IRDA chief possibly also passed on market-sensitive information.

"Any leak of unpublished price sensitive information is to be taken seriously. In the case of Yes Bank, it needs to be established if there was any specific leak of unpublished price sensitive information (UPSI). This needs to be seen in the context of the steady stream of media reports on the bank's growing problems and the constant withdrawal of deposits from the bank (these accelerated after March 2019)," says Amit Tandon, MD of IiAS, a proxy advisory firm.

It is being said that information about the precarious financial health of Yes Bank helped the Kerala Infrastructure Investment Fund or KIIF to withdraw a sum of ₹250 crore it had as deposits in Yes Bank.

Curiously, enough Vijayan was appointed on the board of KIIF in June 2020. "It is presumptuous to assume that the appointment of Vijayan on the board of KIIF is a quid pro quo for any information exchange. It can be argued equally convincingly that the state government will welcome someone with his experience on the board of KIIF," Tandon cautions.

A questionnaire sent to the Kerala Chief Minister's Office remained unanswered at the time of publishing this report.

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