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Bank Board Bureau to now advise on capital raising plans and business strategies

By [Dheeraj Tiwari](#), ET Bureau | Oct 20, 2016, 11.41 PM IST

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The government has expanded the role of Banks Board Bureau, which beside selection of candidates will also help banks in their capital raising plans and develop [business](#) strategies.

The biggest mandate that has been given to BBB is to advise the government on extension of tenure or termination of services of the board of directors in state run banks and financial institutions.

"This means that if the managing director or a board level employee of a state run bank is not performing, BBB can advise the government to terminate her services," said a finance ministry official.

BBB, led by chairman [Vinod Rai](#), will also advise the government on the desired structure at the board level, and, for senior management personnel.

"It will also help banks to build a data bank containing data relating to the performance of banks and financial institutions," the BBB noted on its website.

Earlier this month, Rai had told ET that little progress has been made on resolving bad loans as managements are reluctant to take hard decisions on recasting debt despite concerns that the rising burden of non-performing assets (NPAs) is holding back the [economy](#).

"We are not making much progress and I don't think we have anybody else to blame but the banks themselves," he had said , adding that the government and the [Reserve Bank of India](#) had created a conducive [environment](#) for lenders to clean up their books.

The expanded role of BBB will also include advising the government on the formulation and enforcement of a code of conduct and ethics for managerial personal in banks and financial institutions, it noted.

The government had set up BBB in February 2016 with a mandate to recommend candidates for the top post in state run banks and financial institutions. It was also given the mandate to help banks in developing strategies and capital raising plans.

BBB, now, will also advise the government on evolving suitable training and development programmes for management personnel in banks and further develop a robust leadership succession plan for critical positions that would arise in future through appropriate HR processes including performance management systems.

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