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# Vinod Rai appointed first Chairman of Banks Board Bureau

By ET Bureau | Updated: Feb 29, 2016, 06.15 AM IST

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NEW DELHI: Former Comptroller & Auditor General of India [Vinod Rai](#) has been named the first chairman of [Banks Board Bureau](#), which will help the government appoint heads of public sector banks and advice on banking reforms.

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The appointment has raised some eyebrows, especially after Rai was given Padma Bhushan this year. Under Article 148 (4) of the constitution, the Comptroller and Auditor General shall not be eligible for further office either under the Government of India or under the Government of any State after he has ceased to hold his office. It is likely that the provision will not apply as this is a part time job post and there is no compensation.

The Bank Board Bureau (BBB), announced by the NDA government to improve governance at public sector banks, will become operational on April 1, the finance ministry said in a statement on Sunday.

It said Prime Minister [Narendra Modi](#) has approved the proposal for setting up BBB and appointment of Rai as part-time chairman of the seven-member board for a tenure of two years.

Other members of BBB include Anil K Khandelwal, former CMD at Bank of Baroda; HN Sinor, former joint MD at ICICI Bank; and, Rupa Kudwa, former MD & CEO at CRISIL. [Financial services](#) secretary, deputy governor of the Reserve Bank of India and secretary public enterprises will be exofficio members.

The bureau will replace the board for appointment of whole time directors as well as nonexecutive chairman of public sector banks (PSBs). It will also engage with boards of directors of all PSBs to formulate appropriate strategies for their growth and development.

The proposal to set up the BBB was forwarded by department of financial services. Rai was secretary in the same department before he moved on to become the C&AG in 2008.

Earlier this month, finance minister Arun Jaitley had said that the government will soon announce several banking sector reforms.

"We will be announcing a series of banking reforms in the days to come," he had said without giving any details.

The government has maintained that BBB is the first step towards a holding company structure for state-run banks.

After the banking conclave, Gyan Sangam, held in January 2015, the finance ministry had noted that this will be followed up by setting up a Bank Investment Committee (BIC).

Public sector banks have been under great scrutiny over the last few months due to mounting bad loans. Stressed assets of state run banks were pegged at over Rs 7 lakh crore at the end of September 2015.

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