

Banks Board Bureau holds maiden meeting

Our Bureau

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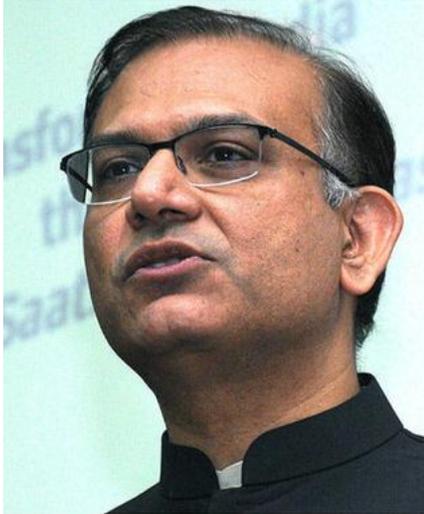
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Excellent discussions, tweets Jayant Sinha; members get familiar with their roles



Minister of State for Finance Jayant Sinha

Mumbai, April 8:

The maiden meeting of the Banks Board Bureau took place in Mumbai on Friday, with the members familiarising themselves about their roles relating to recommending selection of heads of public sector banks and financial institutions, and helping banks develop strategies, including consolidation and capital raising plans.

The autonomous Banks Board Bureau (BBB), which is headed by Vinod Rai, former Comptroller and Auditor General of India, has three members and three ex-officio members.

The Bureau has been set up by the government following the recommendation of the Reserve Bank of India-appointed PJ Nayak Committee to review governance of boards of banks in India. It is housed in RBI's Central Office in Mumbai.

Jayant Sinha, Minister of State of Finance, who inaugurated the meeting, in his tweet said: "Excellent discussions at the Bank Boards Bureau meeting today!" Besides Sinha, RBI Governor Raghuram Rajan and Deputy Governor SS Mundra were present at the deliberations of the Board.

The Nayak Committee had recommended that the process of board appointments, including appointments of whole-time directors, needs to be professionalised and a three-phase process is envisaged.

In the first phase, until a Bank Investment Company (to which the government will transfer its holdings in banks in the future) becomes operational, a BBB will advise on all board appointments, including those of Chairmen and Executive Directors.

In the second phase this function would be undertaken by the Bank Investment Company (BIC), which would also actively strive to professionalise bank boards. In the third phase BIC would move several of its powers to the bank boards.

Board members

The members of BBB are: Anil K Khandelwal, Former Chairman and Managing Director of Bank of Baroda; HN Sinor, Former Joint Managing Director of ICICI Bank; and Rupa Kudwa, Former MD and CEO of CRISIL.

Ex-officio members of BBB are: Anjuly Chib Duggal, Secretary, Department Financial Services; Ameising Luikham, Secretary, Department of Public Enterprises; and R Gandhi, Deputy Governor, RBI.

The government, as per the suggestion of the Nayak Committee, should consider reducing its holding in banks to less than 50 per cent, to restore the level-playing field for public sector banks in matters of vigilance enforcement, employee

compensation and applicability of right to information. Vigilance enforcement and compensation policy will thereafter be the responsibility of bank boards.

The members' roles relate to recommending selection of heads of public sector banks and financial institutions, and helping banks develop strategies, including consolidation and capital raising plans

(This article was published in the Business Line print edition dated April 9, 2016)

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