

# Appointment of directors in banks to be streamlined

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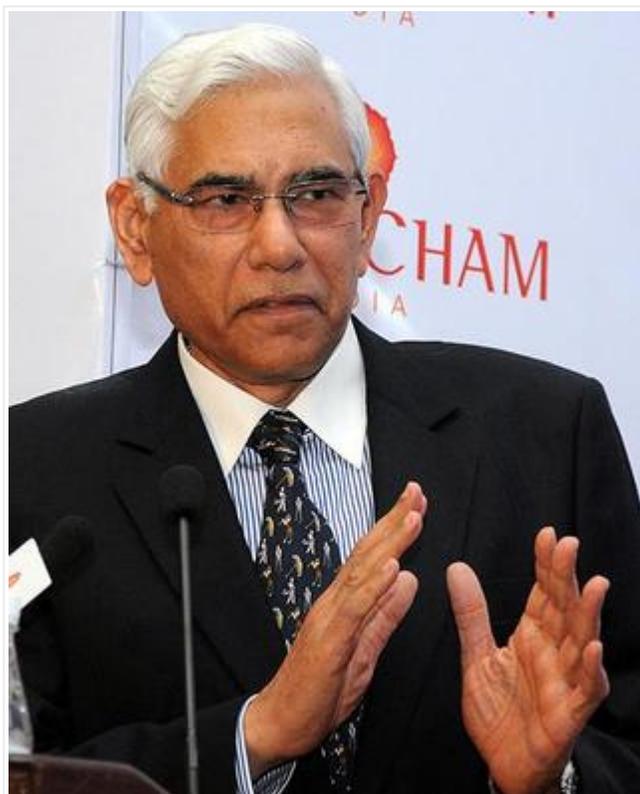
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Banks Board Bureau working on method to ensure appointees have the skills to address the bad loans challenge



## Mumbai, March 22:

The Banks Board Bureau has embarked on an exercise to evolve a methodology for appointment of whole-time directors on the boards of public sector banks and financial institutions.

This move comes in the backdrop of these financial intermediaries facing serious challenges on the bad loans front, which in turn is undermining their profitability.

Through the methodology, the Bureau will try to ensure that whole-time directors such as Managing Director & Chief Executive Officer and Executive Director to be appointed in the future at these institutions have the requisite skill sets to lead as well as nurse them back to health.

The Bureau may seek the assistance of management consulting firms in developing a methodology for whole-time director (WTD) appointments, said a senior public sector bank official.

Besides, the Bureau is also looking to help banks develop a robust leadership succession plan for important positions, such as credit, recovery, risk management, and human resources.

According to S Ravi, practising chartered accountant, the decision to appoint a WTD should be based on the requirement of each bank.

“For example, a person with experience in asset resolution should be appointed WTD of a bank with high level of bad

loans.

“Also, prior experience as head of a bank’s subsidiary would prove useful when conducting board meetings,” he said. The six-member BBB, which started functioning from April 1, 2016, was set up by the government to improve governance in public sector banks.

It is tasked with the responsibility of recommending for selection heads of public sector banks and financial institutions and help banks develop business strategies and capital-raising plans

In FY17, the BBB, which is headed by former Comptroller and Auditor General Vinod Rai, made its recommendations for three vacancies of MD and CEO in PSBs — Pawan Kumar Bajaj (United Bank of India), Ravindra Prabhakar Marathe (Bank of Maharashtra), Suresh N Patel (Andhra Bank).

It also recommended a candidate (Dinesh Kumar Khara) for an MD vacancy in State Bank of India.

Further, the BBB recommended 18 candidates for ED level vacancies in PSBs for 2016-17.

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***by the government on***

***April 1, 2016, to improve governance in public  
sector banks***

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