

No scrapping of Banks Board Bureau, says financial services secretary Rajeev Kumar

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Ending suspense over the fate of the Banks Board Bureau (BBB), the finance ministry has said the BBB will continue to exist even after March 31, when the term of its current members is to expire. Financial services secretary Rajeev Kumar told FE: “The BBB will continue to function even after March 31.” Kumar, however, declined to comment if current chairman Vinod Rai and other members will get an extension or new office bearers will be selected. He said this is ultimately the prerogative of the

Appointments Committee of the Cabinet, headed by the Prime Minister. Commenting on the possible candidates to head the BBB, another source said former State Bank of India chairperson Arundhati Bhattarcharya is among the contenders. However, a final decision could be announced as early as next week. A question mark over the continuation of the BBB was raised after the board, in a report of its work over the past two years, suggested that the finance ministry was sitting over some of its suggestions and sought a more “organic” relationship with it.

The report also suggested that a request for a meeting with finance minister [Arun Jaitley](#), sought on July 26 last year, was still pending. However, subsequently, Rai himself clarified that the FM had met him on several occasions, even after July last year, and took him into confidence on various issues, including on the transfer of two chiefs of public-sector banks — Punjab National Bank (PNB) and IDBI Bank — last year. In an interview to PTI, he also dismissed suggestion that there was a lack of coordination between the board and the government, and that the rapport was total. “The Bureau, as a body of experts on public sector banking, would be able to provide greater utility to the Finance Minister on matters relating to the governance and performance of PSBs, if there were to be greater organic linkage and dialogue with the finance ministry,” the BBB report had said. The report, which highlighted the work done by the BBB in the past two years, came amid intense public scrutiny over the functioning of PSBs following the \$2-billion fraud at PNB.

Official sources had earlier told FE that there was never a communication breakdown between the finance ministry and the BBB and all suggestions by the board were being actively considered by the ministry. The BBB has sought wider mandate from the government, including advising the centre on PSBs consolidation. To usher in governance reforms in PSBs, the government had set up the BBB in 2016, headed by former Comptroller and Auditor-General Rai, in sync with the recommendations of the P J Nayak committee. The bureau started functioning formally from April 01, 2016, as an “autonomous recommendatory body”.

Apart from Rai, the BBB comprises public enterprises secretary Seema Bahuguna, Reserve Bank of India deputy governor NS Vishwanathan, former ICICI Bank joint managing director HN Sinor, former Crisil chief Roopa Kudva and former Bank of Baroda chief Anil K Khandelwal. The financial services secretary is the ex-officio member of the board. As part of its mandate, the BBB