

Bank bureau stares at uncertain future

End well-nigh: The present board, headed by Vinod Rai, has representatives from the RBI also. V.V. Krishnan

The Banks Board Bureau (BBB) is facing an uncertain future with the tenure of its members coming to an end on March 31, 2018.

“The term of all the members will come to end on 31 March. The government is yet to communicate if the terms will be extended or a new board will be formed,” said a person familiar with the development.

‘Reforming PSBs’

The BBB was set up under the government’s Indradanush programme to reform public sector banks. It started operations in April 2016.

The BBB was conceived by the PJ Nayak committee and was seen as a step taken towards reforming the boards of public sector banks. The committee, in its report, had recommended that the government should distance itself from the appointment process of top management and board members of PSBs — a function that could be performed by the BBB.

However, in practise it never happened. While the BBB was involved in shortlisting and interviewing candidates — the final appointment was always made by the government.

There were instances of delays in appointment by the government despite the BBB recommending it. The issue of governance and role of the board in public sector banks came to the fore again after the Rs. 11,500 crore PNB scam broke out last week.

“As part of its mandate, and guided by a spirit of collaboration, the bureau is engaging with various stakeholders. The objective of such engagement being to help prepare the banks in the public sector universe to take on the competition... The bureau is also engaging with the public sector banks (PSBs) to help build capacity to attract, retain and nurture both talent and technology — the two key differentiators of business competencies in the days to come,” the BBB said on its website, referring to its task.

Headed by former Comptroller and Auditor General Vinod Rai, BBB has representatives from government and RBI apart from independent banking professionals.

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