

EX-CAG VINOD RAI JOINS UNITY SMALL FINANCE BANK AS INDEPENDENT CHAIRMAN

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The Reserve Bank of India (RBI) on Thursday approved the appointment of former comptroller and auditor general (CAG) of India Vinod Rai as independent chairman of Unity Small Finance Bank (Unity SFB), the newest private lender in India.

Rai, a former chairman of Banks Board Bureau which advises the Centre on top-level appointments at public sector banks and on tackling bad loans, has also served in the ministries of finance, commerce and defence.

"Rai will add significant value to the board of Unity SFB. Moreover, his vast experience as a board member in several PSUs and private banks will help in building a strong foundation and shaping the long-term strategy," Unity SFB said in a statement.

A 51:49 joint venture between Centrum Group and payments company BharatPe, Unity SFB started operations in November 2021. Its other board members include former central bank official Sandip Ghose; former chairman and managing director of Syndicate Bank and former deputy managing director of Small Industries Development Bank of India (SIDBI) Basant Seth; and former RBL Bank chairman Subhash Kutte. Last year, Rai had failed to secure a third term as a non-independent and non-executive director on the board of IDFC Ltd, after 62.3% of its shareholders voted against the proposal.

Unity SFB's proposed merger with debt-ridden Punjab and Maharashtra Cooperative Bank (PMC) is under review. According to the licence agreement, Unity SFB, will have to take over the crippled PMC Bank as and when the finance ministry clears the merger scheme. Punjab & Maharashtra Cooperative (PMC) Bank was hit by a 7,000 crore loan scam and has been under the RBI administrator since September 2019. "RBI announced the draft scheme of amalgamation and put it up for public comments and is currently reviewing those comments," a Centrum official said on the condition of anonymity.

"Once the amalgamation scheme is announced, a week after that, the process of amalgamation will begin, which will take a month or two. The amalgamation scheme should be notified within this month, and the process will begin once the scheme is announced," he added. Once the merger is complete, search for a permanent chief executive for Unity SFB will also start. Currently, the bank is headed by interim CEO Inderjit Camotra.

Rai's appointment at Unity SFB comes at a time BharatPe founder and managing director Ashneer Grover is in the spotlight after he was recorded threatening a Kotak Mahindra Bank employee on phone. Grover has said he is going on leave till March-end and will "return on or before 1 April", after rejuvenating and refreshing himself. "...I am excited about what we plan to build at Unity SFB with our partner Centrum," he added.

Unity SFB is the 12th small finance bank and opened its first branch in Mumbai on 1 November 2021 with over 1,100 crore of equity capital, over 200,000 customers and an asset base of over 2,400 crore which comes from the existing MSME and MFI credit business of the Centrum Group, Jaspal Bindra, group executive chairman and also the non-executive chairman of Unity SFB, had said.

With inputs from PTI.

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