Bank Board Bureau (BBB)

Introduction

- Banks Board Bureau (BBB) is an autonomous advisory body created by the government to enhance the governance of the Public Sector Banks and state-owned financial institutions.
- The BBB was created after the recommendations of the Committee to Review Governance of Boards of Banks in India (Chairman -PJ Nayak Committee – 2014).
- It was created in February 2016 and started functioning from April 2016.

Composition Of BBB

- Banks Board Bureau comprises the Chairman, three ex-officio members i.e Secretary, Department of Public Enterprises, Secretary of the Department of Financial Services and Deputy Governor of the Reserve Bank of India, and five expert members, two of which are from the private sector.

Main functions of the

- Apart from recommending personnel for the PSBs, the Bureau has also been assigned with the task of recommending personnel for appointment as directors in government-owned insurance companies.
- It engages with the board of directors of all the public sector banks to formulate appropriate strategies for their growth and development.
- It is tasked with improving corporate governance at public sector banks, building capacities, etc.

Issues with BBB

- The Bureau when it was eventually formed did not have the power to oversee all senior appointments, including board-level choices.
- It was reduced essentially to recommending names of the heads of PSBs and financial institutions.
- Some new members of boards “non-official directors” are also members of the ruling, who act according to political desires.
- The Power, to choose the heads of institutions such as IIFCL, IFCI, SIDBI and Exim Bank, was taken away from it and given to the finance ministry.