

Banks Board Bureau (BBB) - UPSC Economics Notes

Banks Board Bureau was established in 2016 as a crucial move toward banking reform in general and overhauling public sector banks in particular. Since India marked its 50th anniversary of nationalizing its banks in 2019, the subject of "Banks Board Bureau" has been in the news. In public sector banks, public sector insurance companies, and financial institutions, this bureau was established to develop and implement acceptable processes for board member appointments, extensions, and terminations.

What exactly does Banks Board Bureau do?

- BBB Full Form - Banks Board Bureau.
- Banks Board Bureau Chairman is Bhanu Pratap Sharma.
- The Central Government's autonomous self-governing entity is the Banks Board Bureau. It is an advisory body made up of esteemed professionals and government representatives to enhance the management of public sector banks.
- The Banks Board Bureau began operations on April 1, 2016, and has its headquarters in the Reserve Bank of India's Central Office in Mumbai.
- BBB was a component of the Indradhanush Mission's seven-point approach for modernizing Public Sector Banks. It is an independent body of prominent officials and professionals for the PSBs (Public Sector Banks).
- The Bureau is a non-profit autonomous agency that was initially anticipated to fulfill its expenses with upfront support from the Reserve Bank of India and then disperse the expenses among the PSBs.

Functions of Banks Board Bureau

1. To be in charge of choosing and appointing members of the board of directors (whole-time directors and non-executive chairman) for PSBs and FIs;

2. To provide advice to the government on issues involving appointments, confirmation of appointments, extensions of terms, and resignations from the Board of Directors at the aforementioned levels;
3. To provide advice to the government on the ideal board structure and senior management team for each PSB and FI;
4. To assist banks in creating an effective leadership succession plan for important jobs that will become available in the future through suitable HR procedures, including performance management systems.
5. Creating a database with information on the performance of PSBs/FIs and their officers;
6. To provide advice to the government on the creation and implementation of an ethics and conduct code for managers in PSBs and FIs;
7. To provide advice to the government on creating appropriate management training and development programs for PSBs and FIs;
8. To support banks in the creation of business plans, capital raising plans, etc.

Composition of Banks Board Bureau

- In August 2015, as part of the Indradhanush Mission's seven-point plan to restructure PSBs, the Union Government launched BBB based on the suggestions of the Nayak committee, which had been established by the RBI.
- The first Banks Board Bureau, which has its headquarters in Mumbai, Maharashtra, was established in February 2016 and is presided over by former Comptroller & Auditor General Vinod Rai.
- The previous Government Appointments Board was replaced by the Banks Board Bureau.
- By creating BBB, the government hoped to usher in a new era of power and corporate tactics for state-owned banks that would allow them to compete with their more privileged private sector counterparts.

- The Chairman, three ex-officio members (the Secretaries of the Departments of Public Enterprises and Financial Services, as well as the Deputy Governor of the Reserve Bank of India), and five expert members—two of whom are from the private sector—make up the Banks Board Bureau.

Facts related to Banks Board Bureau for UPSC

- The Banks Board Bureau appointed SN Rajeswari as Chairman and Managing Director (CMD) of the Delhi-based Oriental Insurance Company (OIC)
- The BBB began operating in April 2016.
- Banks Board Bureau was cited as necessary by the PJ Nayak Committee (2014) to Review Governance of Bank Boards in India.
- The Banks Board Bureau is an independent advisory body because the Ministry of Finance, which has the final say on all decisions (with the PM's input), adopts its recommendations.
- Currently, Banks Board Bureau for PSBs has 7 members: 1 Chairman – Bhanu Pratap Sharma, 1 Secretary – Debasish Panda, 2 Ex-Officio Members – Sailesh & N S Vishwanathan 3 Part-Time Members – Vedika Bhandarkar, Panja Pradeep Kumar & Pradip Panalal Shah.
- The Banks Board Bureau's primary duties To endorse employees of Public Sector Banks to suggest executives for government-run insurance companies.
- Bhanu Pratap Sharma, who previously served as the Secretary of the Department of Personnel & Training of the Government of India, is the head of the Banks Board Bureau as of August 2020.