



ALL INDIA BANK OFFICERS' CONFEDERATION

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State Bank of India Officers' Association

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Press Release

All India Bank Officers' Confederation, the largest officers' organization having membership of around 2,85,000 officers raises its concern on the advertisement notice issued by the Reserve Bank of India for the appointment of a Deputy Governor. The advertisement on the Web site of the Reserve Bank of India (RBI) has sought applications from candidates with over 15 years of experience in banking and financial market operations; Candidates seeking selection must also have been whole-time directors or board members.

The advertisement does not specify whether the candidate should be from the public sector or private sector banks. The advertisement stated that an appreciation, as a practitioner, of the role of banks in large corporate lending, in an environment with strong bond markets is desirable, besides seeking an understanding of bankruptcy/ restructuring/ turn-around/ credit models, and/or overseen the risk management function in a large financial institution. Potentially, the RBI could appoint a deputy governor from the private sector for the first time when the term of SS Mundra ends in July this year. The recruitment notice clearly indicates that candidates from the private sector may also be considered for appointment as the Deputy Governor of our Central Bank which will defy the age old practices while appointing the Deputy Governor of the Reserve Bank. It is also very pertinent to note that prior to his appointment as the Deputy Governor at RBI in 2013, the present RBI Governor Mr. Urjit Patel was advisor (Energy and Infrastructure) with Boston Consulting Group and he had also worked with Reliance Industries in the past. So, we have legitimate apprehension that Mr. Patel too will be inclined to appoint a Deputy Governor from the private sector replacing SS Mundra which will not be in the interest of the nation.

The RBI has traditionally appointed four deputy governors: Two of them are from within the central bank, one is an economist generally from the government, and the other is from the banking sector. So far, the deputy governor from the banking sector has been from the public sector banks. While N S Vishwanathan and B P Kanugo are from the RBI itself, Viral Acharya was recently appointed to the position meant for an economist in charge of monetary policy and SS Mundra is the banking sector representative. SS Mundra was earlier the Bank of Baroda Chairman and Managing Director who was appointed in 2014 for a period of three years.

The RBI, however, did not specify whether the applications are being sought for a replacement for Mundra who has been closely involved in the bad loan resolution process. However, we can well assume that the Finance Ministry has initiated the process to appoint a new Reserve Bank Deputy Governor replacing S S Mundra whose term is coming to an end in July this year. SS Mundra's predecessor was KC Chakraborty who had headed Punjab National Bank before his appointment in RBI as Deputy Governor. Moreover, in the latest advertisement, the Centre has dispensed with "experience as a CEO" being a criterion for the "Banker" candidate which undeniably raises an iota of suspicion that the concerned candidate has already been pre-selected who must be definitely from the private sector.

The eligibility criteria of the latest advertisement show that the government is seeking candidates from beyond its traditional recruitment base. Besides practicing bankers from both private and public sectors, it makes even consultants who have worked closely with banks eligible for the post. It is very unfortunate to see that at a time when the stressed assets of the public sector banks are alarmingly high and needs to be decisively dealt with by the experience of the apex bank, the government is trying to encourage the candidates from private sector. We are well aware that the larger portion of the banks' stressed assets are attributed to the private corporate defaulters, and hence we have the apprehension that the Deputy Governor, if selected from the private sector, may not be in the right position to deal with the stressed assets which mainly pertain to the private corporate.

We would like to state in straight and clear terms that we vehemently oppose such move by the Ministry of Finance to encourage the appointment of Deputy Governor from the private sector by ignoring the tradition. We strongly demand that the RBI come up with a revised advertisement or strictly refrain from appointing any candidate as the replacement for SS Mundra from the private sector. We also want to reiterate that we are already in an agitation under the umbrella of UFBU protesting the privatization and merger drive of the RBI and the government at the centre. Now, with this sort of unfortunate development with regard to the appointment of RBI Deputy Governor, we would like to put on record in strong words that if our protest goes unheard and the government does not intervene with some immediate steps to address our rightful issues, we will be left with no other option other than strengthening our agitation by even resorting to Bank Strike, if necessary, which might not be in the best interest of the government and the RBI.



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