



RAJEEV CHANDRASEKHAR
MEMBER OF PARLIAMENT
RAJYA SABHA

Member of Standing Committee on Information Technology
Member of Consultative Committee on Finance
Member of Parliamentary Forum on Youth
Co-Chairman, Vigilance & Monitoring Committee, Bangalore Urban District

Dear Finance Minister,

08 December, 2010

This is with reference to the response from Shri Namo Narain Meena, Hon'ble Minister of State in the Ministry of Finance, to my Unstarred Question No.2193 of 30 November, 2010 relating to "Norms for Appointment of RBI Directors". A copy of the same is enclosed for your ready reference.

I believe that there is a need for a blanket ban on any borrower or creditor to the Indian banking system, being appointed to the Board of the Reserve Bank of India (RBI) – given the RBI's role as a regulator of Indian Banks, this represents a potential and serious conflict of interest which is extremely difficult to regulate.

I urge you to look into the matter at the earliest.

Yours Sincerely,

Rajeev Chandrasekhar

RAJEEV CHANDRASEKHAR

Shri Pranab Mukherjee
Hon'ble Minister of Finance
Government of India
New Delhi

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2193
TO BE ANSWERED ON THE 30TH NOVEMBER, 2010 / AGRAHAYANA 9, 1932(SAKA)
NORMS FOR APPOINTMENT OF RBI DIRECTORS

QUESTION

2193. SHRI RAJEEV CHANDRASEKHAR :

Will the Minister of FINANCE be pleased to state:

- (a) the norms and criteria for the appointment of Directors on the Board of the Reserve Bank of India (RBI); and
- (b) the steps Government has taken to ensure that borrowers and creditors to the Indian banking system are not appointed to the Board of RBI, which is the regulator of banks?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI NAMO NARAIN MEENA)

(a) and (b) :- Directors on the Board of the Reserve Bank of India (RBI) are appointed in terms of the provisions of section 8 of the Reserve Bank of India Act, 1934 and guidelines dated December 10, 2007 on selection of Part Time Non-Official Directors, duly approved by Appointments Committee of the Cabinet (ACC).

In order to ensure that persons with fit and proper criterion are appointed on the Board of the bank, Government of India (GOI) forwards the Bio-data of the candidates to Central Board of Direct Taxes, Revenue Intelligence, Central Excise Intelligence, Department of Enforcement and to the Reserve Bank of India for doing due diligence.

Based on the GOI guidelines and on the basis of the verification reports of the investigating agencies, besides independent scrutiny of the bank accounts of the persons by RBI, the proposals are recommended to the ACC for appointment.

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