

RBI deputy gov appointment hits FinMin wall

The appointment of a [deputy governor](#) (DG) in the Reserve Bank of India ([RBI](#)) has hit a hurdle, with the [finance ministry](#) conveying its reservations on the name proposed by the search panel.

A search committee headed by RBI Governor [Raghuram Rajan](#) had called all nine executive directors (EDs) of the central bank for an interview. Eight of them appeared; S Karupphasamy, an ED in charge of [urban banks](#) and information technology, declined. Sources indicate the panel recommended a fairly junior ED on the list. Though seniority is not the criterion, it appears top ministry officials have questioned the need to go so far down. Among the EDs, G Gopalakrishna, who looks after the banking supervision department, is the seniormost.

Top ministry officials met the RBI governor recently to convey the view and how to break the impasse.

One of the four DG posts would fall vacant on January 18, when Anand Sinha retires. He is coordinating the process for issue of new bank licences and is likely to be redesignated officer on special duty, to guide its completion. Apart from banking operations and development, Sinha also looks after non-banking supervision and urban banks risk monitoring, among others. He became a DG in January 2011, for a two-year term.

A DG can be appointed for five years or till the age of 62, whichever is earlier. To be eligible, one needs to be less than 60 years. However, there were instances when both conditions were relaxed.

The central bank has four DGs. Traditionally, two are promoted from within the RBI ranks, another is an economist and the fourth from among commercial banks. The other DGs now are K C Chakrabarty, H R Khan and Urijit Patel.

Chakrabarty was a commercial banker; he will retire in June, after completing five years in RBI.

Khan's three-year term will get over in July and he is eligible for a two-year extension.

(Business Standard)