

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1359  
ANSWERED ON:02.03.2001  
MUTUAL FUNDS BUSINESS BY BANKS  
ANANTA NAYAK

**Will the Minister of FINANCE be pleased to state:**

- (a) whether Reserve Bank of India has asked the public sector banks to establish their mutual fund business; and  
(b) if so, the steps taken by each public sector bank in this regard ?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) and (b):- The Central Government had issued a Gazette Notification on 29th June, 1987 whereby a banking company may engage in mutual fund business, under Section 6(1)(o) of the Banking Regulation Act, 1949. Thereafter, Reserve Bank of India (RBI) had advised all commercial banks to seek prior approval of RBI for setting up mutual fund business. RBI had granted approval to the following banks to set up mutual funds in the form of a 'Trust', in consultation with Government of India:-

- (i) State Bank of India
- (ii) Canara Bank
- (iii) Punjab National Bank
- (iv) Bank of India
- (v) Indian Bank
- (vi) Bank of Baroda.