

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:5147
ANSWERED ON:25.04.2003
PRIVATISATION OF BANKS
CHANDRA NATH SINGH;MAHBOOB ZAHEDI;NIVEDITA MANE

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the Government propose to allow upto 67 per cent share participation by private organisation in Public Sector Banks;
- (b) if so, the details thereof;
- (c) whether the Government have already released 20-40 per cent shares of thirteen Public Sector Banks for participation by private organisations;
- (d) if so, the names of such banks with percentage release of shares to private parties during the last three years;
- (e) whether 41 percent Government shares in State Bank of India have already been handed over to private organisations;
- (f) if so, the details thereof; and
- (g) the reasons for such violation of Nationalisation Act?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Yes, Sir. It is proposed to amend Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 with a view to modifying the stipulation of minimum prescribed Government shareholding in nationalised banks from 51 % to 33% to enable nationalised banks to raise capital from market without affecting their public sector character. Accordingly, Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Amendment Bill, 2000 was introduced in Lok Sabha in December, 2000 which has been referred to Standing Committee on Finance.

(c) and (d) A list containing the names of banks who have so far gone for public issue, details of fresh equity, details of amount raised and extent to which Government's shareholding has been diluted in these banks is enclosed as statement.

(e) to (g) As per State Bank of India Act, 1955, the RBI needs to hold a minimum of 55% of shareholding. As such there is no violation of State Bank of India Act, 1955. The present holding of SBI shares are:

RBI	:	59.73%
Others	:	40.27%